

District of Ontario
Division No. 12 - Ottawa
Court File No. BK-33-03025642
Estate No. 33-3025642

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS
AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC. AND OEM
AUTOMOTIVE HOLDINGS INC.

SECOND REPORT OF THE PROPOSAL TRUSTEE
February 21, 2024

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INTRODUCTION

1. On December 22, 2023 (the “**Filing Date**”), OEM Automotive Solutions Inc. (“**Solutions**”), OEM Automotive Cornwall Inc. (“**Cornwall**”), and OEM Automotive Holdings Inc. (“**Holdings**”, collectively with Solutions and Cornwall, the “**Companies**”) each filed a Notice of Intention to Make a Proposal (“**NOI(s)**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in each of the Companies’ proposal proceedings (collectively, the “**Proposal Proceedings**”).
2. On January 11, 2024, the Proposal Trustee prepared a report (the “**First Report**”) to the Ontario Superior Court of Justice (the “**Court**”) in advance of the Companies’ motion (the “**Motion**”) to a judge on January 17, 2024. A copy of the First Report without appendices is attached hereto as **Appendix “A”**.
3. On January 17, 2024, the Court issued an order (the “**Initial Order**”) to grant the following material relief:
 - (a) the administrative consolidation of the three NOI proceedings;
 - (b) extension of the time to file a proposal pursuant to s 50.4(9) of the BIA, up to and including March 5, 2024;
 - (c) approval of the First Report of the Proposal Trustee dated January 11, 2024, and the actions, activities and conduct of the Proposal Trustee, as described in the First Report;
 - (d) approval of a Sale and Investment Solicitation Process (the “**SISP**”), to be administered by the Proposal Trustee;
 - (e) the enhancement of certain powers of the Proposal Trustee to facilitate the SISP and also to mitigate a dispute among shareholders;
 - (f) approval of interim financing, funded by the Companies’ senior secured lender, Bank of Montreal (“**BMO**”), along with an interim financing charge to secure the Companies’ obligations under the interim financing facility (“**Interim Financing Loan**”);
 - (g) approval of the Proposal Trustee’s engagement of Dealer Solutions North America Inc. (the “**Sales Agent**”) to assist with the implementation of the SISP;
 - (h) an administrative charge to secure payment of the Proposal Trustee, Sales Agent, and other key insolvency professionals; and

- (i) a directors' charge to secure the Companies obligation to indemnify the directors and officers for post-filing liabilities that may arise.

A copy of the Initial Order and Endorsement is attached hereto as **Appendix "B"** and **Appendix "C"** respectively.

PURPOSE

4. The purpose of this second report of the Proposal Trustee (the **"Second Report"**) is to advise the Court with respect to:
 - (a) the Companies' operations since the date of the First Report;
 - (b) the Proposal Trustee's activities since the First Report;
 - (c) an update on the SISP;
 - (d) the Companies' actual cash flow results for the 7-weeks ended February 11, 2024 versus the same budgeted period as outlined in the Companies' cash flow forecasts for the period December 22, 2023 to April 14, 2024 (the **"Cash Flow Period"**), separately for each of the Companies (the **"Cash Flow Forecasts"**) projections and the Proposal Trustee's comments regarding the variances. Copies of the Cash Flow Forecasts are attached hereto as **Appendix "D"**;
 - (e) fees and disbursements of the Proposal Trustee and its counsel;
 - (f) the Companies' motion to seek an order (the **"Proposed Order"**) to:
 - (i) extend the time for the Companies to file proposals under section 50.4(9) of the BIA by 45 days to and including April 14, 2024;
 - (ii) approve the Second Report, and the actions, activities and conduct of the Proposal Trustee as described in the Second Report; and
 - (iii) approve the fees and disbursements of the Proposal Trustee and its counsel, as set out in the Second Report and the fee affidavits appended to the Second Report (the **"Fee Affidavits"**); and
 - (g) the Proposal Trustee's recommendations on the relief being sought by the Companies.
5. The Proposal Trustee understands that the Companies will be relying on the affidavit of Ms. Caroline Bourret (**"Ms. Bourret"**) sworn February 21, 2024 (the **"Second Bourret Affidavit"**) in support of the relief sought in the Proposed Order.

6. The Second Bourret Affidavit, and all other materials filed with the Court in these Proposal Proceedings are accessible on the Proposal Trustee's websites at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/oem-automotive-solutions-inc> (the "Proposal Trustee's Websites").
7. This Second Report should be read in conjunction with the Second Bourret Affidavit. Additional background and financial information with respect to the Companies was provided in the First Report and the first Bourret Affidavit sworn January 9, 2024.

TERMS OF REFERENCE

8. In preparing this Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Companies, discussions with management of the Companies ("Management"), and information from other third-party sources (collectively, the "Information"). Except as described in the First Report in respect of the Cash Flow Forecasts:
 - (a) the Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee 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 Proposal Trustee 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 Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
9. Future oriented financial information referred to in this Second 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.

10. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Second Report concerning the Companies and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

THE COMPANIES' OPERATIONS

12. Since the First Report, the Companies Management have been taking steps and focusing on stabilizing the operations. Management, with the assistance of the Proposal Trustee, has engaged in various discussions with stakeholders, suppliers, customers, and employees. As of the date of this Second Report, the Companies have maintained their business operations without significant disruption or issues.
13. Further details concerning the Companies' activities are set forth in the Second Bourret Affidavit.

PROPOSAL TRUSTEE'S ACTIVITIES

14. Since the date of the First Report, the Proposal Trustee has undertaken the following activities:
 - (a) attended the Companies' first motion, which occurred on January 17, 2024;
 - (b) uploaded all court materials and certain other relevant documents, including the SISP update, to the Proposal Trustee's Website;
 - (c) engaged with its legal counsel, Fogler, Rubinoff LLP ("**Fogler**"), regarding matters related to these Proposal Proceedings;
 - (d) monitored the Companies' receipts and disbursements on a weekly basis;
 - (e) participated in various calls with the Companies' external accounting/finance consultants regarding the status of the Companies' books and records;
 - (f) continued to monitor the Companies' vehicle sales and repayments to ensure no additional financed vehicles are sold in violation ("**SIV**"), in which sale proceeds are used to fund business operations instead of paying down the financing facility as required;
 - (g) continued to assist the Companies with stakeholder communications;
 - (h) continued to respond to calls, e-mails and letters received from creditors and other parties;

- (i) assisted the Companies in maintaining supplier/services from certain suppliers;
- (j) assisted the Companies' in setting up the count procedures for the parts inventory count;
- (k) reviewed the Companies' registrant information number ("**RIN**") vehicle listing;
- (l) participated in and facilitated various discussions with Volkswagen Canada ("**VW**") and its legal counsel;
- (m) corresponded with shareholders and/or their respective legal counsel;
- (n) reviewed the Companies' actual cash receipts and disbursements and variances to budget for the same time period as outlined in the Cash Flow Forecasts;
- (o) various correspondence with BMO regarding the bi-weekly reporting as outlined in the Interim Financing Loan term sheet;
- (p) assisted the Companies with interim funding requests;
- (q) review of BMO's security position and discussion with respective counsel regarding the same;
- (r) assisted with the preparation of the SISP and related materials, including:
 - (i) supervised and assisted with activities related to the SISP;
 - (ii) reviewed and refined the perspective purchaser list;
 - (iii) reviewed and assisted in drafting the teaser document, confidential information memorandum (the "**CIM**"), and non-disclosure agreement (the "**NDA**");
 - (iv) set up a virtual data room ("**VDR**"), compiled financial and operational information to aid potential purchasers in their due diligence process;
 - (v) drafted SISP process letter;
 - (vi) drafted expression of interest ("**EOI**") bid sheet to help potential purchasers submit EOI;
 - (vii) worked with Fogler to draft the asset purchase agreement ("**APA**");
 - (viii) initiated new real estate appraisals and environmental assessments;
 - (ix) various correspondence with the Sales Agent to address any due diligence questions and SISP inquiries Potential Purchasers had; and

- (x) provided updates to BMO regarding the SISP.
 - (s) prepared this Second Report; and
 - (t) attended to other matters pertaining to the administration of these Proposal Proceedings.
15. The Proposal Trustee is requesting approval of this Second Report and the activities of the Proposal Trustee described herein.

SALES PROCESS UPDATE

16. Immediately following the issuance of the Initial Order on January 17, 2024, which included the Court's approval of the SISP, the Sales Agent, among other things, has:
- (a) canvased the market and prepared a list of potentially interested parties, including:
 - (i) posted the opportunity for a sale of, or investment in, all or part of the Companies' property (the "**Opportunity**") on its own website and LinkedIn account;
 - (ii) emailed the Opportunity to over 4000+ dealers from its own database; and
 - (iii) included parties that had approached the Companies, Proposal Trustee, VW or the Sales Agent indicating an interest in the Opportunity.
 - (b) prepared a process summary (the "**Teaser Letter**") describing the Opportunity;
 - (c) prepared a CIM detailing the financial and operational information of the Companies;
 - (d) worked with the Proposal Trustee and Management to populate the VDR with financial and operational documents that may be required for the due diligence process; and
 - (e) sent the Teaser Letter and NDA to interested parties;
17. 63 parties were identified through the above marketing process (the "**Known Potential Bidders**") and out of these Known Potential Bidders, 37 parties are interested, 32 parties have signed NDAs and have showed an active interest in participating in the SISP.
18. As of the date of this Second Report, the Proposal Trustee has already received a nonbinding EOI from one (1) of the Known Potential Bidders in advance of the February 29, 2024 EOI bid date ("**EOI Bid Date**").

19. Given the level of interest and feedback to date, the Sales Agent expects to receive multiple EOIs by the EOI Bid Date. These EOIs will then be assessed by the Proposal Trustee and Sales Agent and shortly thereafter, the respective parties will be notified if they have selected to participate in the next phase of the SISP.

CASH FLOW PROJECTIONS

20. The Proposal Trustee has reviewed the actual cash flow from operations for the seven-week period ending February 11, 2024, through monitoring the banking activities of the Companies.
21. The Companies' actual cash flow from operations for the seven-week period ending February 11, 2024, exceeded the corresponding Cash Flow Forecasts amounts for that same period by approximately \$475,382. This positive variance is largely due to approximately \$350,000 in collection from higher vehicle sales (of this amount, approximately \$248,000 was from the sale of seven (7) vehicles, in which sale proceeds were used to repay the corresponding floor line financing facilities during the week of February 18, 2024) and approximately \$125,000 was in delayed payment to professionals, both of which are primarily timing differences expected to reverse in the coming weeks. A summary of the variance analysis regarding the same are attached hereto as **Appendix "E"**.
22. The Cash Flow Forecasts project that during the Cash Flow Period, the Companies should have sufficient financing to operate and for the Proposal Trustee to implement the SISP, given the positive timing variances experienced to date and via funding from the Interim Financing Loan. Consistent with the Cash Flow Forecasts, \$225,000 has been advanced to the Companies from the Interim Financing Loan to date.

APPROVAL OF THE PROPOSAL TRUSTEE'S FEES AND DISBURSEMENTS

23. The Proposal Trustee and its legal counsel, Fogler, have been paid their fees and disbursements at their standard rates and charges by the Companies from time to time, as part of the costs of the Proposal Proceedings.
24. The Proposal Trustee and Folger have maintained records of their professional time and costs. The Proposal Trustee now requests approval of its interim fees and disbursements for the period from December 22, 2023 to January 19, 2024, and the interim fees and disbursements for Folger for the period from December 28, 2023 to January 26, 2024.
25. The total interim fees and disbursements of the Proposal Trustee for the period of December 22, 2023 to January 19, 2024 total \$146,601.65, including fees in the amount of \$124,373.00, disbursements in the amount of \$5,362.97, and HST in the amount of \$16,865.68, as more

particularly described in the affidavit of Clark Lonergan sworn February 21, 2024 (the “**Lonergan Fee Affidavit**”), a copy of which is attached hereto as **Appendix “F”**.

26. The total interim fees and disbursements of Fogler principally from, December 28, 2023 to January 26, 2024 total \$53,145.12, including fees in the amount of \$46,575.00, disbursements in the amount of \$464.13, and HST in the amount of \$6,105.99, as more particularly described in the affidavit of Scott Venton sworn February 21, 2024 (the “**Venton Fee Affidavit**”), a copy of which is attached hereto as **Appendix “G”**. In its invoice to the Proposal Trustee dated January 30, 2024, a copy of which is attached as an exhibit to the Venton Fee Affidavit, Fogler's has provided a courtesy discount in the amount of approximately \$5,339 and has discounted its hourly rates.
27. The Proposal Trustee respectfully submits that the fees and disbursements of the Proposal Trustee and its counsel, as set out in the Fee Affidavits, are reasonable in the circumstances and have been validly incurred in accordance with Proposal Proceedings. Accordingly, the Proposal Trustee respectfully requests the approval of the fees and disbursements of the Proposal Trustee and that of its counsel, as set out in this Second Report.

THE RELIEF AND ORDER BEING SOUGHT BY THE COMPANIES

Proposed Stay Extension

28. Under the BIA, the current stay of proceedings will expire on March 5, 2024 (the “**Stay Period**”).
29. The Companies seek an extension of time to file a proposal for an additional approximate 45 days to and including April 14, 2024 (“**Proposed Stay Extension**”). The Proposed Stay Extension should continue to permit the Proposal Trustee and its Sales Agent to advance the SISP. Without the Proposed Stay Extension, the Companies will not be in a position to carry out the SISP or, if deemed advantageous, make a viable proposal to their creditors and will become bankrupt to the detriment of their stakeholders.
30. It is the Proposal Trustee’s view, based on the Cash Flow Forecasts, that the Companies will have sufficient liquidity to continue the SISP and to satisfy post filing obligations as they come due during the Proposed Stay Extension.
31. Based on the information presently available, the Proposal Trustee believes that the Companies’ creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

CONCLUSION AND RECOMMENDATIONS

32. The Proposal Trustee confirms that the Companies have acted and continue to act in good faith and with due diligence.
33. For the reasons stated in this Second Report, the Proposal Trustee supports the relief sought by the Companies in connection with the February 27, 2024 Motion. The Proposal Trustee respectfully submits to the Court this, its Second Report.

All of which is respectfully submitted this 21st day of February, 2024.

**BDO CANADA LIMITED, in its capacity
as Proposal Trustee of OEM Automotive
Solutions Inc., OEM Automotive Cornwall Inc.,
and OEM Automotive Holdings Inc., and not in
its corporate or personal capacity.**

A handwritten signature in black ink, appearing to read "Clark Lonergan", written in a cursive style.

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

Second Report of the Proposal Trustee
Appendix “A”

District of Ontario
Division No. 12 - Ottawa
Court File No. BK-33-03025642
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SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

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AMENDED
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OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC. AND OEM
AUTOMOTIVE HOLDINGS INC.

FIRST REPORT OF THE PROPOSAL TRUSTEE
January 11, 2024

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- Appendix B - Affidavits of Mailings and Creditor's Package
- Appendix C - Companies' Initial Cash Flow projections for the period ended March 31, 2024
- Appendix D - Trustee's Report on Cash Flow Statements
- Appendix E - Initial Cash Flow Variance Analysis for the 2-week period ending January, 7, 2024
- Appendix F - Cash Flow Forecasts for the period December 22, 2023 to April 14, 2024
- Appendix G - Sales and Investment Solicitation Process
- Appendix H - Sales Agent Agreement dated January 9, 2024

INTRODUCTION

1. On December 22, 2023 (the “**Filing Date**”), OEM Automotive Solutions Inc. (“**Solutions**”), OEM Automotive Cornwall Inc. (“**Cornwall**”), and OEM Automotive Holdings Inc. (“**Holdings**”, collectively with Solutions and Cornwall, the “**Companies**”) each filed a Notice of Intention to Make a Proposal (“**NOI(s)**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in each of the Companies’ proposal proceedings (collectively, the “**Proposal Proceedings**”). Copies of the respective certificates of filing of a Notice of Intention to Make a Proposal (the “**Certificates of Filing**”) issued by the Office to the Superintendent of Bankruptcy (the “**OSB**”) are attached hereto as **Appendix “A”**.

PURPOSE

2. The purpose of this first report of the Proposal Trustee (the “**First Report**”) is to advise the Court with respect to:
 - (a) an overview of the Companies;
 - (b) background on the circumstances leading to the Companies’ decision to commence the Proposal Proceedings;
 - (c) the Companies’ creditors;
 - (d) the Companies’ operations and communications with stakeholders since the commencement of these Proposal Proceedings;
 - (e) the Proposal Trustee’s activities since its appointment;
 - (f) an overview of the Companies’ 16-week cash flow forecasts, inclusive of the Initial Cash Flows (herein defined), for the period December 22, 2023 to April 14, 2024 (the “**Cash Flow Period**”), separately for each of the Companies (the “**Cash Flow Forecasts**”) projections and the Proposal Trustee’s comments regarding the reasonableness thereof;
 - (g) the Companies’ motion to seek an order (the “**Proposed Order**”) to:
 - (i) administratively consolidating the estates or Proposal Proceedings of the Companies;
 - (ii) extending the time for the Companies to file proposals under section 50.4(9) of the BIA by 45 days to and including March 5, 2024;

- (iii) approving the First Report, and approving the activities of the Proposal Trustee described in the First Report;
- (iv) approving the sale and investment solicitation process (the “**SISP**”), and authorizing the Proposal Trustee to conduct the SISP;
- (v) authorizing and approving the engagement of Dealer Solutions North America Inc. (“**DSMA**” or the “**Sales Agent**”) to assist with the implementation of the SISP;
- (vi) enhancing certain powers of the Proposal Trustee;
- (vii) authorizing the Companies to enter into an interim financing term sheet with the Bank of Montreal (“**BMO**”) dated on or about January 8, 2024, as interim lender (the “**Interim Financing Term Sheet**”); and
- (viii) granting the super-priority Administration Charge, Directors’ Charge and Interim Financing Charge (each herein defined).

(h) the Proposal Trustee’s recommendations on the relief being sought by the Companies.

3. The Proposal Trustee understands that the Companies will be relying on the affidavit of Ms. Caroline Bourret (“**Ms. Bourret**”) sworn January 9, 2024 (the “**Bourret Affidavit**”) in support of the relief sought in the Proposed Order.
4. The Bourret Affidavit, and all other materials filed with the Court in these Proposal Proceedings are accessible on the Proposal Trustee’s websites at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/oem-automotive-solutions-inc>; www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/oem-automotive-cornwall-inc; www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/oem-automotive-holdings-inc (the “**Proposal Trustee’s Websites**”).

TERMS OF REFERENCE

5. In preparing this First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Companies, discussions with management of the Companies

(“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this First Report in respect of the Cash Flow Forecasts:

- (a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee 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 Proposal Trustee 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 First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
6. Future oriented financial information referred to in this First 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 Proposal Trustee’s understanding of factual matters expressed in this First Report concerning the Companies and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

OVERVIEW OF THE COMPANIES

9. This First Report should be read in conjunction with the Bourret Affidavit for additional background and financial information with respect to the Companies. Any terms not expressly defined herein are otherwise defined in the Bourret Affidavit.
10. OEM Automotive Solutions Inc. is a privately held corporation, federally incorporated company, pursuant to the *Canada Business Corporations Act*, R.S.C, 1985 c. (the “**CBCA**”) on February 1, 2014. Solutions operates as a Volkswagen dealership in Cornwall, Ontario, servicing the City of Cornwall and South-Eastern Ontario, providing sales, leasing and repair services in respect of new and used Volkswagen vehicles, as well as other used original

equipment manufacturers (“**OEM(s)**”) trade-in used vehicles. Solutions employees twenty-five (25) non-unionized employees.

11. OEM Automotive Cornwall Inc. is a privately held corporation, federally incorporated company pursuant to the CBCA on August 21, 2019. Cornwall operates as a real estate holding company which owns the real property, located at 628 Pitt Street, Cornwall, Ontario (the “**Body Shop Property**”) which Solutions operates as an automotive body shop from.
12. OEM Automotive Holdings Inc. is a privately held corporation, federally incorporated company, pursuant to the CBCA on June 5, 2019. Holdings operates as a real estate holding company which owns the real property, located at 632 Pitt Street, Cornwall, Ontario (the “**Dealership Property**”, together with the Body Shop Property, the “**Real Property**”) which Solutions operates the Cornwall Volkswagen dealership from.
13. The Companies are related, share management, back-office and accounting functions, and have the same directors. All business activities are managed through Solutions.
14. The Companies purchased the pre-existing retail Volkswagen dealership located in Cornwall, Ontario in or around November 2019. In need of a potential investor for the acquisition, Ms. Bourret partnered with Mr. Cameron Grant (“**Mr. Grant**”), whose family operated a body shop which had a pre-existing relationship Cornwall Volkswagen, for the purchase.
15. The Companies are each wholly owned subsidiaries of Seaway Auto Group Inc. (“**Seaway**”). Seaway shareholders include Ms. Bourret (51%) and 11678833 Canada Inc. (“**116 Canada**”) (49%), which is beneficially owned by Mr. Grant and his family.

CIRCUMSTANCES LEADING UP TO THE PROPOSAL PROCEEDINGS

16. According to the Bourret Affidavit, the business relationship between Mr. Grant, Grant’s family and herself was strained from the beginning, with disputes among the shareholders culminating in certain claims and counterclaims made in proceedings filed in the Ontario Superior Court of Justice, which ultimately resulted in judgement and costs rendered against Mr. Grant, his brother and 116 Canada (the “**Shareholder Dispute**”). These awarded judgments have not been satisfied to date.
17. The Shareholder Dispute, coupled with the lingering effects of the COVID-19 pandemic (OEM parts and vehicles supply shortages), the loss of key management resources and the current higher interest rate market conditions significantly impacted Ms. Bourret’s ability to adequately manage and operate the Volkswagen dealership. As a result of these factors, the Companies faced a critical cash shortage in late 2023, resulting in limited liquidity, if any and greater than \$600,000 in sold in violation (“**SIV(s)**”) vehicles owing to the Company’s senior

secured creditor, BMO, who is owed more than \$5 million currently. Generally, a SIV amount arises when a dealership sells a vehicle, which is financed, and uses the sales proceeds to fund business operations versus paying back the vehicle floor line financing facility as required.

18. Additionally, given the loss of the Companies' finance and service department personnel, its books and records remain significantly out of date, with 2022 year-end financials not closed and the 2023 monthly financials and bank reconciliations not updated since early 2023.
19. BMO requested that Ms. Bourret and/or Mr. Grant inject funds immediately to cure the significant SIV balance and to provide sufficient capital for the Companies to continue to operate as a going concern. Ms. Bourret and Mr. Grant indicated that they did not possess the necessary liquid funds and/or even if they did, that they would not inject funds into the Companies given their current financial position.
20. As a result of the financial and operational challenges faced by the Companies, further negatively impacted by the on-going Shareholder Dispute, BMO made formal demand for repayment and notice of intention to enforce security on December 13, 2023. The Companies were unable to issue full repayment in response to BMO's demand and as a result are insolvent.
21. Following discussions with BMO, the Proposal Trustee and counsel, the shareholders agreed that these Proposal Proceedings, funded by BMO as interim lender, would be a preferred means by which to pursue a sale and/or restructuring under the BIA to preserve and realize value for all stakeholders.
22. On December 22, 2023, the Companies commenced the Proposal Proceedings under the BIA for the purpose of, among other things, creating stability for the Companies to regularize business and to permit the Proposal Trustee to conduct a SISP for the marketing and sale of the Companies' business as a going-concern in whole or in part, or to seek an investment in the Companies' business.

CREDITORS

Secured Claims

Bank of Montreal

23. BMO established certain credit facilities in favour of the Companies:
 - (a) five (5) facilities in favour of Solutions in a maximum aggregate principal amount of (CAD) \$6,413,640;

- (b) a term loan in favour of Holdings in the amount of (CAD) \$1,040,000;
- (c) a term loan in the amount of (CAD) \$560,000 in favour of Cornwall; and
- (d) corporate MasterCard.

(collectively, the “**BMO Credit Agreements**”).

- 24. BMO holds, among other things, a general security interest against all of the Companies’ assets which has been registered under the *Personal Property Security Act* (Ontario) (the “**PPSA**”). As of the date of this First Report, the Companies are indebted to BMO in the approximate amount of \$5.1 million.
- 25. In connection with the BMO Credit Agreements, the Companies and others granted various additional security, including collateral mortgages and general assignment of rents against the Real Property in favour of BMO, and guarantees including a limited guarantee from Seaway Toyota (1990) Inc. (the “**Grants Seaway**”), a body shop entity owned by the Grant family, and a joint and several limited guarantee from Ms. Bourret and Mr. Grant.

Glenn Joseph MacDonell

- 26. Pursuant to a vendor takeback with Glenn Joseph MacDonell (“**MacDonell**”) dated November 12, 2019 (the “**VTB**”), MacDonell advanced \$1,000,000 to Holdings and Cornwall to purchase the premises on Pitt Street in Cornwall. In connection with the VTB, the Companies granted various security documents in favour of MacDonnell. Cornwall and Holdings both granted collateral mortgages in the amount of the funds advanced. The Proposal Trustee understands that the VTB is subordinate to BMO.
- 27. The parcel search, appended to the Bourret Affidavit, for the real property owned by Holdings and the real property owned by Cornwall reflect that BMO holds the first-ranking mortgage security against both of the properties.

Various Related Party Loans

- 28. The Proposal Trustee understands that various loans related to Ms. Christina Grant, 1921534 Ontario Ltd., and Grant Seaways were provided to 116 Canada in the amount of \$1,800,000 and in turn, 116 Canada lent the funds to Seaway for the initial purchase transaction associated with the purchase of the Cornwall VW. Various guarantee, indemnity, assign and postponement agreements by certain or all of the parties, were executed regarding the same. Further details regarding these amounts can be found in the Bourret Affidavit.
- 29. In addition to the foregoing, such parties as disclosed in the searches appended to the Bourret Affidavit have registered security interests against one or more of the Companies. The

Proposal Trustee understands that the security held by BMO, ranks first in priority over all of the Companies' personal property, other than in respect to any priority claims that may exist in law.

Equipment Loan

30. De Lage Landen Financial Services Canada Inc. has a registered security interest in the tractor purchased by Solutions.
31. The Proposal Trustee has not obtained an independent, written opinion from its legal counsel, Fogler, Rubino LLP ("Fogler"), with respect to the validity and enforceability of the BMO Credit Agreements and/or the other secured debts and their related security documents noted above, as there is no pressing need to do so at this time and incur the associated costs.

Government Remittances and Municipal Property Taxes

32. The Companies use an external payroll provider and as such are current with all government remittances for source deductions, save and except for source deductions accrued and accruing in respect of standard payroll processing, which will continue in the ordinary course.
33. The Proposal Trustee understands that a large installment was made to the Canada Revenue Agency (the "CRA") related to a potential harmonized sales tax (the "HST") amounts owed. Given the state of the Companies books and records, it is unknown what pre-filing HST, if any, may be owing.
34. The Proposal Trustee understands that Holdings and Cornwall are current with their respective property tax instalments.

Unsecured Creditors

35. As previously outlined, the Companies books and records have not been updated since early 2023, including the respective monthly bank reconciliations. As a result, Ms. Bourret resorted to paying vendor accounts, as invoices were presented, via pre-authorized debit or electronic funds transfers (limited, if any outstanding cheques) and utilized the Companies' bank statements as a ledger to track who has been paid. This is not an appropriate or adequate form of bookkeeping. The Companies, with the assistance of the Proposal Trustee, attempted to reconstruct an accounts payable ledger as at December 22, 2023, with \$250 place holders for unknown vendor balances, to insure the potential creditors, subject to the Proposal Proceedings received notice. Each affidavit of mailing and the associated creditor package for each of the Companies is attached hereto as **Appendix "B"**.

UPDATE ON THE COMPANIES' ACTIVITIES

36. Since the Filing Date, the Companies have been taking steps and focusing on stabilizing operations. Management, with the assistance of the Proposal Trustee, has engaged in various discussions with stakeholders, suppliers, customers, and employees. As of the date of this First Report, the Companies have maintained their business operations without significant disruption or issues.

PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

37. The Proposal Trustee established the Proposal Trustee's Websites for these Proposal Proceedings. All court documents and certain other relevant documents have and will continue to be posted as they are made available.
38. In accordance with its obligations under the BIA, the Proposal Trustee prepared and sent a notice on December 27, 2023, which includes information about the Proposal Proceedings, to all known creditors, based on the contact information of such known creditors who have a claim against the Companies of more than \$250, by prepaid ordinary mail and email where unknown.
39. In accordance with subsection 50.4(2)(c) of the BIA, the Proposal Trustee assisted the Companies in the preparation of their respective cash-flow projections and related assumptions for the 14-week period ending March 31, 2024, together with management's report on the cash-flow projection (the "Initial Cash Flows"). Copies of the Initial Cash Flows are attached hereto as **Appendix "C"**.
40. In accordance with subsection 50.4(2)(b) of the BIA, the Proposal Trustee reviewed the Initial Cash Flows, and assessed their reasonableness.
41. The Proposal Trustee also completed statutory forms and e-filed such reports with the OSB.
42. Furthermore, since the issuance of the Certificates of Filing, the Proposal Trustee, among other things, has:
- (a) participated in various calls with the Companies' external accounting/finance consultants to gain a better understanding of the Companies' books and records, 2022 financial statement audit, current treasury functions, payroll, etc.;
 - (b) participated in various meetings with the Companies' sales manager and Ms. Bourret to understand vehicles sales, dealer trades, used vehicle purchases, used vehicle auction sales, etc.;
 - (c) created and updated the Companies' outstanding SIV balance;

- (d) assisted the Companies with stakeholder communications;
 - (e) responded to calls, e-mails and letters received from creditors and other parties with respect to the Proposal Proceedings;
 - (f) participated in various discussions with Volkswagen Canada (“VW”) and its legal counsel;
 - (g) created the SISP procedures and timelines;
 - (h) responded to multiple calls and emails from Mr. Grant’s representatives and/or his counsel;
 - (i) participated in various discussions with the Companies and certain stakeholders in connection with the engagement of the Sales Agent, marketing plan and timelines associated with the SISP;
 - (j) created a weekly monitoring protocol with the Companies in order for the Proposal Trustee to be able to review and report on the Companies’ weekly cash receipts and disbursements; and
 - (k) reviewed the Companies’ actual receipts and disbursement.
43. Prepared this First Report, including reviewing the Companies’ assets and operations in, reviewing various financial reports, appraisals and valuations and other related analysis.

CASH FLOW PROJECTIONS

44. Based on the Proposal Trustee’s review of the Initial Cash Flows, there were no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s reports on the Initial Cash Flows (the “**Trustee’s Report on Cash-Flow Statement(s)**”) are attached hereto as **Appendix “D”**.
45. The Initial Cash Flows indicated that the Companies had sufficient liquidity to get to March 31, 2024, if BMO did not require the immediate payment of the outstanding SIV vehicle balance from current funds on hand, froze certain principal payments on its facilities and allowed the Companies to utilize its undrawn \$300,000 line of credit. Given the support of BMO, it was anticipated that the Companies could stay current with post-filing obligations up to March 31, 2024.
46. The Companies actual cash flow from operations for the two-week period ending January 7, 2024, exceeded the corresponding Initial Cash Flow amounts for that same period by approximately \$362,528. This positive variance is largely due to higher collections from vehicle sales and other revenue streams, coupled with delays in the disbursement of

professional fees, which is expected to reverse in the coming weeks. This variance is partially offset by earlier curtailment payment and parts purchases. Approximately \$155,000 of this positive timing variance relates to unanticipated SIV vehicle sale proceeds that were received after the Filing Date which will be used to paydown the corresponding floor line facility. A summary of the variance analysis regarding the same are attached hereto as **Appendix “E”**.

47. The Initial Cash Flows indicated that the Companies’ liquidity would be exhausted by the end of March 2024, which poses a problem given the Companies’ refined assumptions and an outside closing date included in the SISP which is April 30, 2024.
48. Given the Companies’ refinement of assumptions and SISP timelines, the Companies, with the assistance of the Proposal Trustee, have prepared the Cash Flow Forecasts for the purpose of projecting the Companies’ estimated liquidity needs during the Cash Flow Period which should be sufficient to substantially complete, if not compete the SISP. A copy of the Cash Flow Forecasts is attached hereto as **Appendix “F”**.
49. The Proposal Trustee has reviewed the Cash Flow Forecasts, including its assumptions, through inquiries, analytical procedures and discussions and review of documents related to the Information supplied by Ms. Bourret and employees of the Companies. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe, as at the date of the First Report, the Assumptions are not suitably supported and consistent with the plans of the Companies or do not provide a reasonable basis for the Cash Flow Forecasts.
50. The Cash Flow Forecasts show that during the Cash Flow Period, the Companies will experience a net cash outflow of approximately \$680,000. The Cash Flow Forecasts project that during the Cash Flow Period, the Companies should have sufficient liquidity, given the actual cash on hand as at the Filing Date, the positive timing variances experience to date, and via funding from the new Interim Financing Loan which is, subject to Court approval.

THE RELIEF AND ORDER BEING SOUGHT BY THE COMPANIES

Proposed Consolidation of the Estates

51. The Proposed Order seeks an administrative consolidation of the multiple estates included in the Proposal Proceedings. The Companies are related parties with a single business enterprise and a common senior, secured creditor. Additionally, the SISP contemplates the solicitation of offers to purchase the Companies’ assets, undertakings, and properties, in whole or in part, and/or invest in the Companies’ business, and that such process be administered in a unified manner. The relief is sought by the Companies to avoid a duplicity of proceedings and unnecessary costs.

52. In the view of the Proposal Trustee, the Companies' creditors will not be prejudiced by the proposed administrative consolidation of the Proposal Proceedings. Additionally, it is the most efficient, cost effective and practical approach to manage the Proposal Proceedings.

Proposed Stay Extension

53. Under the BIA, the initial stay of proceedings will expire on January 20, 2024 (the "**Stay Period**").
54. The Companies seek an extension of time to file a proposal for an additional approximate 45 days to and including March 5, 2024 ("**Proposed Stay Extension**"). The Proposed Stay Extension should permit the Proposal Trustee and its Sales Agent to commence and advance the SISP. Without the Proposed Stay Extension, the Companies will not be in a position to carry out the SISP or, if deemed advantageous, make a viable proposal to their creditors and will become bankrupt to the detriment of their stakeholders.
55. It is the Proposal Trustee's view, based on the Cash Flow Forecasts, that the Companies will have sufficient liquidity to commence and advance the SISP and to satisfy post filing obligations as they come due during the Proposed Stay Extension.
56. Based on the information presently available, the Proposal Trustee believes that the Companies' creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

Proposed Priority Charges

57. The Proposed Order provides for three (3) priority charges (collectively, the "**Charges**") on all of the current and future assets, undertakings, and properties of the Companies, wherever located, including all proceeds thereof that rank in the following order:
- (a) first, the Administration Charge (defined below);
 - (b) second, the Interim Financing Charge (defined below); and
 - (c) third, the Director's Charge (defined below).
58. The Proposal Trustee understands that the Companies have provided their secured creditors with notice, with such secured creditors having been included on the service list in connection with these Proposal Proceedings, prior to the relief being sought in the Proposed Order.

ADMINISTRATION CHARGE

59. The Proposed Order provides for a charge up to a maximum amount of \$400,000 (the “**Administration Charge**”) in favour of counsel to the Companies, the Proposal Trustee and its independent counsel and any fees related to the Sales Agent engaged by the Proposal Trustee, as security for the professional fees and disbursements incurred prior to and after the commencement of the Proposal Proceedings. Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by the Interim Financing Loan.
60. The Proposal Trustee is of the view that given the current liquidity constraints of the Companies, the proposed Administration Charge is required and reasonable in the circumstances. The Proposal Trustee is of the view that the Administration Charge is necessary for the effective participation of the professionals in the Proposal 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.
61. The Proposal Trustee revisits the Administration Charge below in this First Report.

INTERIM FINANCING CHARGE

62. The Companies are seeking approval of the Interim Financing Term Sheet pursuant to which BMO, in its capacity as the proposed lender under the Interim Financing Term Sheet (the “**Interim Financing Lender**”), has offered to make available to the Companies a debtor-in possession (“**DIP**”) loan in the maximum amount of \$500,000 (the “**Interim Financing Loan**”) in order provide sufficient liquidity for the Companies, and for the Proposal Trustee and its Sales Agent to complete the Court approved SISF.
63. In addition to the approval of the Interim Financing Term Sheet, the Proposed Order also provides for the creation of a related charge of up to \$500,000 (the “**Interim Financing Charge**”) to match the maximum allowed borrowings pursuant to the Interim Financing Term Sheet.
64. The material items, terms and conditions of the Interim Financing Term Sheet include the following:
- (a) principal amount: up to a maximum amount of \$500,000 (the “**Maximum Amount**”);
 - (b) purpose of the loan: to fund (i) working capital needs of the Companies; (ii) the Interim Financing Lender’s fees and expenses; (iii) professional fees and expenses

incurred by the Companies and the Proposal Trustee and its legal counsel in respect to the Proposal Proceedings; (iv) the costs associated with the SISP and (v) such other costs and expenses of the Companies as maybe agreed upon, in writing;

- (c) interest rate: prime rate plus 200 basis points (approximately 9.2% currently), payable on the Maturity Date (defined herein);
- (d) commitment fee: equal to 5% of the Maximum Amount payable on the Maturity Date;
- (e) Interim Lenders Charge and Court Approval: the Interim Financing Loan is to be secured by a Court-ordered priority charge over all of the Companies' present and after-acquired property, assets and undertakings subject only to the Administration Charge. The Interim Financing Loan will be available to the Companies subject to certain conditions including the issuance of the Proposed Order by no later than 5:00 pm on January 19, 2024, approving the Interim Financing Term Sheet, the Interim Financing Loan and the Interim Financing Charge; and
- (f) repayment: the Interim Financing Loan is to repaid on the maturity date, which is defined as the earlier of:
 - (i) the occurrence of an event of default;
 - (ii) the day on which the stay of proceedings under the Proposal Proceedings is lifted without the consent of Interim Financing Lender or the date on which the Proposal Proceedings are terminated;
 - (iii) the date upon which a transaction for the sale of substantially all of the business and assets of the Companies are complete; and
 - (iv) April 30, 2024 (or such other date as the Interim Financing Lender in its sole discretion may agree to in writing with the Companies.

(the "**Maturity Date**").

- 65. A copy of the Interim Financing Term Sheet is attached as Exhibit V in the Bourret Affidavit.
- 66. The Proposal Trustee believes the terms offered by the Interim Financing Lender are reasonable and competitive in the circumstances.
- 67. The Proposal Trustee is of the view that the Companies' request for approval of the Interim Financing Term Sheet and the Interim Financing Charge is required and reasonable in order to provide the Companies necessary financing to maintain ongoing operations and conduct

the SISP. Absent approval of this financing, the Companies will be forced to shut down operations and commence a liquidation of its assets, resulting in lost jobs for the Companies' employees and lost value for the Companies' creditors and stakeholders.

DIRECTORS CHARGE

68. As part of these Proposal Proceedings, the Companies are seeking a charge up to a maximum amount of \$100,000 for the Companies' directors (the "**Director's Charge**"), ranking in priority to all other claims and encumbrances, with the exception of the Administration Charge and the Interim Financing Charge, as security for the Companies' indemnification for possible liabilities that may be incurred by the directors and officers after the Filing Date, including HST arrears, wages, vacation pay, and source deductions.
69. The Proposal Trustee believes that the directors are crucial to maintaining the Companies' operations and assisting the Proposal Trustee with the SISP. As such, the quantum of the Director's Charge is reasonable in the circumstance as, among other things, there is also no existing coverage for directors and officers under the Companies' existing insurance policies.
70. The Proposal Trustee revisits the Director's Charge below in this First Report.

PROPOSED SALES INVESTMENT AND SOLICITATION PROCESS

71. Any terms not expressly defined in this section are otherwise defined in the SISP.
72. The Proposal Trustee, in consultation with the Companies and Interim Financing Lender, developed the SISP, intended to solicit interest in and opportunities for an investment in or sale of all or substantially all of the Property or business of the Companies. A copy of the SISP's detailed process and procedure is attached hereto as **Appendix "G"**.
73. The Proposal Trustee, in consultation with the Companies and Interim Financing Lender, entered into an advisory agreement with the Sales Agent, pending Court approval, to administer the SISP (the "**Sales Agent Agreement**"). A copy of the Sales Agent Agreement is attached hereto as **Appendix "H"**.
 - (a) The Proposal Trustee approached two (2) qualified national firms with a request for proposal ("**RFP**") to be its sales agent to assist in conducting the SISP. Two (2) proposals regarding the sales agent role were received and DSMA was chosen given their previous familiarity with the Companies, Eastern Ontario regional deal team, industry expertise and pricing that was consistent with the other sales agent's proposal. Ms. Bourret additionally had a strong preference for DSMA.

- (b) As outlined in the Sales Agent Agreement, DSMA’s fees will be based on an hourly rate per person for hours worked on the mandate, with a \$150,000 minimum fee requirement.

74. The Proposal Trustee and Sales Agent are qualified to administer the SISP for the following reasons:

- (a) they have considerable experience conducting similar sales processes;
- (b) they have extensive industry and institutional contacts who they ensure will be made aware of this opportunity;
- (c) they are independent of the Companies; and
- (d) they will ensure that the SISP is thorough, transparent, and an efficient process for the benefit of the Companies’ stakeholders.

Sales Process Summary & Proposed Timeline

75. The SISP shall commence immediately following the issuance of the Proposed 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	Monday, January 29, 2024
Expression of Interest Date (EOI Deadline)	Thursday, February 29, 2024 (5:00 PM Eastern Time)
EOI Offer Selection Date	Tuesday, March 5, 2024
Binding Letter of Intent Date (LOI Deadline)	Friday, March 15, 2024 (5:00 PM Eastern Time)
Offer Selection Date	Tuesday, March 19, 2024
Definitive Transaction Agreement	Wednesday, April 3, 2024
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing the Transaction (outside date)	No later than Tuesday, April 30, 2024

76. The SISP serves to solicit and identify parties that wish to make a formal offer to purchase or make an investment in the Companies or their Property or business (the “**Opportunity**”).

77. The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Companies, as a going concern or a sale of all, or substantially all of the Property.
78. The Sales Agent, in conjunction with the Proposal Trustee, will develop a list of potential bidders (the “**Known Potential Bidders**”). This list will be comprised of those that have previously shown interest in transacting with the Companies, and other potential strategic and financial parties who the Companies and the Sales Agent believe may be interested in the Opportunity.
79. The Sales Agent will also prepare a process summary describing the Opportunity (the “**Teaser Letter**”) and a non-disclosure agreement (the “**NDA**”).
80. 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 Companies or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
81. Any party who wishes to participate in the SISP (“**Potential Bidder(s)**”) must provide to the Sales Agent an executed NDA and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
82. The Sales Agent, with the approval of the Proposal Trustee, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered the NDA to the Sales Agent and provided information as to their financial wherewithal to close a Transaction, such access to due diligence material and information relating to the Property as the Sales Agent and the Proposal Trustee deem appropriate.
83. To be considered for inclusion in the next round of the process, Expressions of Interest (“**EOI**”) must be received by the Proposal Trustee and Sales Agent no later than 5:00 PM (Eastern Time) on February 29, 2024, 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 Proposal Trustee. The EOI should describe in sufficient detail all material matters relating to the proposed Transaction. While EOI’s may be non-binding, at a minimum an EOI should include clear statements with respect to the following information:
 - (a) identity of the entity or entities acquiring the Companies, or each of Solutions, Cornwall or Holdings, (i.e., if acquiring the Companies indirectly, through a

subsidiary, a limited partnership or other entity), including the identity of any entity that controls such acquiring entity. Additionally, given the nature of Solutions business, the EOI must state the individual/party that will be the dealer principal with Volkswagen Canada;

- (b) 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**”);
- (c) indication of deal structure, including but not limited to: an investment in Cornwall VW (shares, preferred shares, debt purchase, etc., an “**Investment Proposal**”) or an acquisition of all, substantially all or a portion of the Property (outright purchase of the shares of Cornwall VW, “**Share Purchase Agreement**” or purchase of select, or all or substantially all of the assets of Cornwall VW, “**Asset Purchase Agreement**”, together a “**Sale Proposal**”);
- (d) proposed financing for the Transaction and, if 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 LOI with Cornwall VW;
- (f) assumptions and intentions with respect to retention of management and employees;
- (g) outline 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 is conditional on any other items;
- (h) any conditions to closing or any other terms and conditions that would be required in order to complete the Transaction;
- (i) contact Information for those persons who should be contacted with respect to the EOI; and
- (j) disclosure of any other matters that may be helpful in the evaluation of the EOI and complete the Transaction on a timely basis.

84. 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 transactions, (iii) the proposed

transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Sales Agent, the Proposal Trustee and the Interim Financing Lender.

85. 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 March 5, 2024, or at such later time as the Sales Agent and Proposal Trustee deems appropriate, with the approval of the Interim Financing Lender.
86. Potential Bidders with Selected EOIs that wish to make a formal offer to purchase or make an investment in the Companies or their Property (a “**Bidder**”) shall submit a binding Letter of Intent (a “**LOI**”) that complies with all of the following requirements of the Proposal Trustee and the Sales Agent and received by the Proposal Trustee and Sales Agent no later than 5:00 PM (Eastern Time) on Friday March 15, 2024 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 Proposal Trustee and its stakeholders (the “**LOI Deadline**”):
 - (a) the LOI must be either a binding offer to make:
 - (i) a Sale Proposal to acquire all, substantially all or a portion of the Property (outright purchase of the shares of Cornwall VW, or purchase of select, or all or substantially all of the Property of Cornwall VW); and/or
 - (ii) an Investment Proposal for an investment in, restructure, recapitalization or reorganize of the Company (shares, preferred shares, debt purchase, etc.).
 - (b) the LOI (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Companies or its Property and is consistent with any necessary terms and conditions established by the Sales Agent and the Trustee and communicated to Bidders;
 - (c) the LOI includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the LOI includes draft mark-ups of the transaction agreements included in the VDR, including the purchase price (by major asset type/legal entity), investment

amount and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto;

- (e) the LOI includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Trustee and the Sales Agent to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) the LOI is not conditional on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, or (iii) the Company receiving the required approvals or amendments relating to the supply management, distribution and licence agreements required to operate the dealership (other than the dealer principal individual/party approval by VW);
- (g) the LOI 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 bid (including the dealer principal individual/party with VW);
- (h) for a Sale Proposal, the LOI includes:
 - (i) the Purchase Price in Canadian dollars (by major asset type/legal 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 expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required to complete the closing of the transaction;
 - (v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;
 - (vi) any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction; and

- (vii) a commitment by the Bidder to provide a non-refundable deposit, the greater of: an amount of not less than 10% of the Purchase Price offered or \$250,000, upon the Bidder being selected as the Successful Bidder.
- (i) for an Investment Proposal, the LOI includes:
 - (i) a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, 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, the greater of: an amount of not less than 10% of the total new investment contemplated or \$250,000, upon the Bidder being selected as the Successful Bidder.
- (j) the LOI 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 Companies prior to making its offer;
 - (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and
 - (iii) it 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 the

completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Company;

(k) the LOI is received by the LOI Deadline; and

(l) the LOI contemplates closing the transaction set out therein no later than Tuesday, April 30, 2024, subject to obtaining Court approval and VW's approval of the dealer principal.

87. Following the LOI Deadline, the Sales Agent, the Proposal Trustee and the Interim Financing Lender will assess the LOIs received. The Sales Agent, with the approval of the Proposal Trustee, will designate the most competitive LOIs that comply with the foregoing requirements to be "**Qualified Bids**". Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
88. The Sales Agent shall notify each Bidder in writing as to whether its LOI constitutes a Qualified Bid by no later than Tuesday March 19, 2024, or at such later time as the Proposal Trustee deems appropriate.
89. The Proposal Trustee, in consultation with the Sales Agent and the Interim Financing Lender, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant LOIs to be a Qualified Bid.
90. In the event that the Proposal Trustee, in consultation with the Sales Agent, is not satisfied with the number or terms of the Qualified Bids, the Proposal Trustee may, in consultation with the Sales Agent and Interim Finance Lender, extend the Bid Deadline, or may seek Court approval for amendments to the SISP.
91. The Proposal Trustee may, in consultation with the Sales Agent, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.
92. 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 transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Sales Agent, the Proposal Trustee and the Interim Finance Lender.
93. The Proposal Trustee, in consultation with the Sales Agent and the Interim Finance Lender, will:

(a) review each Qualified Bid 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 VW accepting the purchaser and identified individual/party as the dealer principal;
- (iv) the likelihood of the Bidder's ability to close a transaction by April 30, 2024 (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 Company may, consistent with its fiduciary duties, 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 Party**"), and notify or inform the Successful Party that its bid or Qualified Bid is the Successful Bid.

94. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents including the Definitive Transaction Agreement evidencing and containing the terms and conditions upon which the Successful Bid was made by Wednesday April 3, 2024, unless extended by the Proposal Trustee, in consultation with and approval from the Interim Finance Lender, subject to the milestones or deadlines set forth in paragraph 12 of the SISF.

95. A Court date will be scheduled to hear a motion to approve any Transaction with the Successful Party (the "**Sale Approval Motion**"). At the Sale Approval Motion, the Proposal Trustee or the Companies shall seek, among other things, approval from the Court to consummate the Successful Bid. All Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Proposal Trustee and/or Sales Agent on and as of the date of approval of the Successful Bid by the Court.

ADMINISTRATION CHARGE REVISITED

96. As noted above, the Companies are seeking an Administration Charge up to a maximum amount of \$400,000 in favour of counsel to the Company, the Proposal Trustee, the Proposal Trustee's independent counsel and the Sales Agent (the "**Professional Group**") as security for the professional fees and disbursements incurred during the Proposal Proceedings.
97. As set out in the Bourret Affidavit, the Companies believe the Administration Charge is essential to a successful restructuring.
98. In terms of the provision of professional services, it is envisioned that the Proposal Trustee, with the assistance of the Sales Agent, will oversee and implement the Proposal Proceedings and Sales Process and will call upon counsel as appropriate to carry out its obligations relating thereto. A summary of essential services to be provided include:
- (a) administration and monitoring of the Proposal Proceedings, including preparing reports to creditors, the Official Receiver, and this Court as may be required by the BIA, and reviewing the Companies' cash-flows and related financial disclosure;
 - (b) implementation of the Sales Process over a 9-week period, including drafting the solicitation package (including various documents), preparation of the Data Room, assisting Potential Bidders with the due diligence process, reviewing bids and negotiating and drafting Agreement(s);
 - (c) preparing, drafting and filing all court materials, including the motion to approve any proposed sale of the Companies assets;
 - (d) providing general corporate and specialized restructuring advice to the Companies; and
 - (e) Assisting the Companies in the preparation of its financial reporting as may be required under the BIA.
99. Because of their institutional knowledge of the Companies' business and their specialized experience in proposal proceedings generally, the services to be provided by the Professional Group are critical to the success of the Companies' restructuring. Further, the Professional Group has and will work cooperatively to ensure there is no unwarranted duplication of work completed.
100. Fees and disbursements of the Proposal Trustee and its counsel, Fogler, payable pursuant to the Administration Charge will be subject to taxation or court approval pursuant to the Proposed Order.

101. The fees and disbursements secured by the Administration Charge will be paid in the normal course as outlined in the Cash Flow Forecast.

102. As noted above, the Proposal Trustee is of the view that the Administration Charge is appropriate in these circumstances.

DIRECTORS CHARGE REVISITED

103. As noted above, to address the legitimate concerns expressed by the Companies' directors and officers with respect to their potential exposure if they continue to act (rather than resign before a significant portion of the liability can be triggered), the directors and officers have requested reasonable protection against personal liability if they are to remain and assist in these Proposal Proceedings.

104. Having the directors and officers remain and assist in the restructuring will greatly increase the prospects of a successful restructuring, which in turn will maximize value for all stakeholders.

105. In this regard, as noted above, the Companies seek the Director's Charge ranking in priority to all security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, other than the Administration Charge and the Interim Finance Charge to protect the directors and officers from all claims and liabilities that may arise after the filing date as a result of their association with the Companies.

106. As described in the Bourret Affidavit, the Companies have no unpaid and unremitted or outstanding amounts of sales taxes, deductions at source or any other amounts for which the directors and officers of the Companies might be liable. However, the proposed charge provides a contingency in the event that certain obligations arise during the restructuring proceedings or insufficient funds are advanced under the Interim Financing facilities. The Director's Charge would be only available to the Companies directors and officers in the event that any existing insurance policy does not provide coverage.

107. As noted above, the Proposal Trustee is of the view that the Director's Charge is reasonable in the circumstances.

ENHANCED POWERS OF THE PROPOSAL TRUSTEE

108. The Companies are also seeking in the Proposed Order to enhance the Proposal Trustee's powers. Specifically, the proposed enhanced powers authorize and empowers, but does not require, the Proposal Trustee to, among other things:

- (a) exercise any powers which may be properly exercised by a board of directors or any officers of the Companies to cause the Companies, through the Companies' employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") (then engaged, if any), to, without limitation:
- (i) take any and all actions and steps, and execute all agreements, documents and writings, on behalf of, and in the name of, the Companies in order to facilitate the performance of any of the Companies' powers or obligations (collectively, the "**Companies' Powers & Obligations**"):
 - (ii) engage, retain, or terminate the services of any officer, employee, consultant, agent, representative, advisor, or other persons or entities, as the Proposal Trustee deems necessary or appropriate to assist with the exercise of the Proposal Trustee's powers and duties and/or the Companies' Powers & Obligations. For greater certainty, any such officer, employee, consultant, agent, representative, advisor, or other persons or entities engaged or retained pursuant to this paragraph shall thereafter be deemed to be Assistants under the Proposed Order;
 - (iii) perform such other functions or duties, and enter into any agreements or incur any obligations, as the Proposal Trustee considers necessary or desirable in order to facilitate or assist the winding-down or liquidation of the Companies, the realization and/or sale of all of the Companies' current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof (the "**Property**") or the opportunity to invest by way of equity or debt in the Companies' business (the "**Business**"), the distribution of any net proceeds of the Property (the "**Proceeds**"), or any other related activities, including, without limitation, in connection with terminating this Proposal Proceedings;
 - (iv) exercise any rights of the Companies;
 - (v) grant the Proposal Trustee access to all books and records that are the property of the Companies or that are in the Companies' possession or control (the "**Books and Records**");
 - (vi) initiate, prosecute, and/or continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Companies, the Property, or the Proceeds,

and, subject to further order of this Court, to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (vii) deal with any taxing or regulatory authority, including to execute any appointment or authorization form on behalf of the Companies that any taxing or regulatory authority may require, in order to confirm the appointment of an authorized representative of the Companies (which may be a representative of the Proposal Trustee) for such purposes;
 - (viii) engage, deal, communicate, negotiate and, with further order of this Court, settle with any creditor or other stakeholder of the Companies (including any governmental authority);
 - (ix) claim any and all insurance refunds or tax refunds to which the Companies are entitled on behalf of the Companies; and
 - (x) file, or take such actions necessary for the preparation and filing of, on behalf of and in the name of the Companies, (i) any tax returns, and (ii) the Companies' employee-related remittances, T4 statements and records of employments for the Companies' former employees, in either case, based solely upon the information in the Books and Records and on the basis that the Proposal Trustee shall incur no liability or obligation to any person with respect to such returns, remittances, statements, records or other documents.
- (b) monitor the Companies' receipts and disbursements;
 - (c) subject to certain protections in favour of the Proposal Trustee as set out in the Proposed Order, review, and approve (if the Proposal Trustee deems the disbursement necessary or appropriate to maintain or facilitate the Business) all disbursements of the Companies' of \$5,000 or greater;
 - (d) report to this Court at such times and intervals as the Proposal Trustee may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
 - (e) assist the Companies, to the extent required by the Companies, in their dissemination to BMO and its counsel on a bi-weekly basis of financial and other information as agreed to between the Companies and BMO, which may be used in

these proceedings including reporting on a basis to be agreed with BMO, including but not limited to as the foregoing may be required under the Interim Financing Term Sheet;

- (f) advise the Companies in its preparation of the Companies' cash flow statements and reporting reasonably required by BMO, which information shall be reviewed with the Proposal Trustee and delivered to BMO and its counsel on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by BMO, including but not limited to as the foregoing may be required under the Interim Financing Term Sheet;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Companies, to the extent that is necessary to adequately assess the Companies' business and financial affairs or to perform its duties arising under the Proposed Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Proposal Trustee deems necessary or advisable respecting the exercise of its powers and performance of its obligations under the Proposed Order;
- (i) perform such other duties as are required by the Proposed Order or by this Court from time to time; and
- (j) take any steps reasonably incidental to the exercise by the Proposal Trustee of the powers listed above or the performance of any statutory obligations.

109. The Proposal Trustee is of the view that the proposed enhanced powers in favour of the Proposal Trustee are appropriate given operational challenges still impacting the Companies, the lack of full-time senior finance function, the Companies' incomplete and out-of-date financial records, the lack of process and controls surrounding the Companies' treasury functions and the significant workload and demands that are currently placed on Ms. Bourret to both assist the Proposal Trustee with the administration of the Proposal Proceedings and her operating the Companies' business.

CONCLUSIONS AND RECOMMENDATIONS

110. For the reasons previously stated in this First Report, the Proposal Trustee supports the relief being sought by the Companies and the Proposed Order.

All of which is respectfully submitted this 11th day of January, 2024.

**BDO CANADA LIMITED, in its capacity
as Proposal Trustee of OEM Automotive
Solutions Inc., OEM Automotive Cornwall Inc.,
and OEM Automotive Holdings Inc., and not in
its corporate or personal capacity.**

A handwritten signature in black ink, appearing to read "Clark Lonergan". The signature is fluid and cursive, with the first name "Clark" written in a larger, more prominent script than the last name "Lonergan".

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

Second Report of the Proposal Trustee

Appendix “B”



District of Ontario
Division No. 12 - Ottawa
Court File No. BK-33-03025642
Bankruptcy Estate File No. 33-3025642

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

THE HONOURABLE
JUSTICE A. KAUFMAN

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)
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WEDNESDAY, THE 17TH DAY
OF JANUARY, 2024

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C., 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE
CORNWALL INC. AND OEM AUTOMOTIVE HOLDINGS
INC.

ORDER
(Procedural Consolidation, Stay Extension, SISP, Engagement of Sales Agent
Enhanced Trustee Powers & Court-Ordered Charges)

THIS MOTION, made by OEM Automotive Solutions Inc. ("**Solutions**"), OEM Automotive Cornwall Inc. ("**Cornwall**") and OEM Automotive Holdings Inc. ("**Holdings**", and collectively with Solutions and Cornwall, the "**Companies**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**"), for an order (this "**Order**"), among other things:

- (a) if necessary, abridging the time for service and filing of the notice of motion and the motion record or, in the alternative, dispensing with the same;
- (b) administratively consolidating the estates of the Companies;

- (c) extending the time for the Companies to file proposals under section 50.4(9) of the BIA by 45 days to and including March 5, 2024;
- (d) approving the first report of BDO Canada Limited, in its capacity as proposal trustee (in such capacity, the “**Trustee**”) in the Companies’ BIA proposal proceedings (collectively, the “**Proposal Proceedings**”), dated January 11, 2024 (the “**First Report**”), and approving the activities of the Trustee described in the First Report;
- (e) approving the sale and investment solicitation process (the “**SISP**”) attached as Schedule “B” hereto;
- (f) authorizing and approving the Trustee’s engagement of Dealer Solutions North America, Inc. (the “**Sales Agent**”) to assist with the implementation of the SISP;
- (g) enhancing certain powers of the Trustee;
- (h) authorizing the Companies to enter into an interim financing term sheet (the “**Interim Financing Term Sheet**”) with the Bank of Montreal (“**BMO**”), as interim lender, attached as Exhibit “V” to the Affidavit of Caroline Bourret sworn January 9, 2024 (the “**Bourret Affidavit**”); and
- (i) granting the super-priority Administration Charge, Directors’ Charge and Interim Financing Charge (*each as defined in this Order*),

was heard by this Honourable Court (the “**Court**”) on this day by way of judicial video conference in Ottawa, Ontario.

ON READING the Motion Record of the Companies, including the Bourret Affidavit and the exhibits thereto, the First Report and the appendices thereto, and on hearing the submissions of counsel for the Companies, counsel for the Trustee, counsel for BMO, and the other parties listed on the participant information form and no one else appearing although properly served as appears from the affidavit of Amanda Adamo, sworn January 10, 2024 and January 12, 2024, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the Proposal Proceedings of Solutions (Estate Number 33-3025642), Cornwall (Estate Number 33-3025639) and Holdings (Estate Number 33-3025645) are hereby administratively consolidated, and the Proposal Proceedings are hereby authorized and directed to continue, under the following title of proceedings, *nunc pro tunc*:

**Court File No: BK-33-03025642
Estate File No. 33-3025642**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C., 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM
AUTOMOTIVE CORNWALL INC. AND OEM
AUTOMOTIVE HOLDINGS INC.**

3. **THIS COURT ORDERS** that the Companies shall file a copy of this Order in the Court file for each of the Proposal Proceedings but that all other or further materials in the Proposal Proceedings shall be filed with the Court only in the Solutions Estate and Court File, being Court File Number BK-33-03025642 / Estate No. 33-3025642.

4. **THIS COURT ORDERS** that the Trustee is authorized and directed to administer the Proposal Proceedings, on a consolidated basis, for all purposes in carrying out its duties and responsibilities as trustee under the BIA, including, without limitation:

- (a) sending notices to creditors of the Companies pursuant to one consolidated notice;
- (b) calling and conducting any meetings of creditors of the Companies pursuant to one combined advertisement;

- (c) issuing consolidated reports in respect of each of the estates of the Companies;
- (d) preparing, filing, advertising and distributing any and all filings or notices relating to the administration of the estates of the Companies;
- (e) taxing its fees, and those of its counsel; and
- (f) bringing motions to this Court.

5. **THIS COURT ORDERS** that the administrative consolidation of the Proposal Proceedings shall not:

- (a) affect the separate legal status and corporate structures of any of the Companies;
- (b) cause any of the Companies to be liable to any claim for which it is otherwise not liable; or
- (c) affect the Trustee's or any creditor's right to seek to disallow any claim, including on the basis that such claim is duplicative.

EXTENSION OF TIME

6. **THIS COURT ORDERS** that the time for the filing of a proposal by the Companies is hereby extended in accordance with section 50.4(9) of the BIA up to and including March 5, 2024.

APPROVAL OF FIRST REPORT

7. **THIS COURT ORDERS** that the First Report and the actions, activities and conduct of the Trustee described therein be and are hereby approved; provided, however, that only the Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

ENHANCEMENT OF TRUSTEE'S POWERS

8. **THIS COURT ORDERS** that, without in any way limiting the powers and duties of the Trustee under the BIA, the Trustee is empowered and authorized, but not obligated, to do any of the following in the name of and on behalf of the Companies, where the Trustee considers it necessary or desirable:

(a) exercise any powers which may be properly exercised by a board of directors or any officers of the Companies to cause the Companies, through the Companies' employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") (then engaged, if any), to, without limitation:

(i) take any and all actions and steps, and execute all agreements, documents and writings, on behalf of, and in the name of, the Companies in order to facilitate the performance of any of the Companies' powers or obligations (collectively, the "**Companies' Powers & Obligations**");

(ii) engage, retain, or terminate the services of any officer, employee, consultant, agent, representative, advisor, or other persons or entities, as the Trustee deems necessary or appropriate to assist with the exercise of the Trustee's powers and duties and/or the Companies' Powers & Obligations. For greater certainty, any such officer, employee, consultant, agent, representative, advisor, or other persons or entities engaged or retained pursuant to this paragraph shall thereafter be deemed to be Assistants under this Order;

(iii) perform such other functions or duties, and enter into any agreements or incur any obligations, as the Trustee considers necessary or desirable in order to facilitate or assist the winding-down or liquidation of the Companies, the realization and/or sale of all of the Companies' current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof (the "**Property**") or the opportunity to invest by way of equity or debt in the Companies' business (the "**Business**"), the distribution of any net proceeds of the Property (the "**Proceeds**"), or any other related activities, including, without limitation, in connection with terminating this Proposal Proceedings;

(iv) exercise any rights of the Companies;

- (v) grant the Trustee access to all books and records that are the property of the Companies or that are in the Companies' possession or control (the "**Books and Records**");
 - (vi) initiate, prosecute, and/or continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Companies, the Property, or the Proceeds, and, subject to further Order of this Court, to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (vii) deal with any taxing or regulatory authority, including to execute any appointment or authorization form on behalf of the Companies that any taxing or regulatory authority may require, in order to confirm the appointment of an authorized representative of the Companies (which may be a representative of the Trustee) for such purposes;
 - (viii) engage, deal, communicate, negotiate and, with further Order of this Court, settle with any creditor or other stakeholder of the Companies (including any governmental authority);
 - (ix) claim any and all insurance refunds or tax refunds to which the Companies are entitled on behalf of the Companies; and
 - (x) file, or take such actions necessary for the preparation and filing of, on behalf of and in the name of the Companies, (i) any tax returns, and (ii) the Companies' employee-related remittances, T4 statements and records of employments for the Companies' former employees, in either case, based solely upon the information in the Books and Records and on the basis that the Trustee shall incur no liability or obligation to any person with respect to such returns, remittances, statements, records or other documents;
- (b) monitor the Companies' receipts and disbursements;

- (c) subject to the protections in favour of the Trustee set out in paragraphs 19, 20 and 21 of this Order, review, and approve (if the Trustee deems the disbursement necessary or appropriate to maintain or facilitate the Business) all disbursements of the Companies of \$5,000 or greater;
- (d) report to this Court at such times and intervals as the Trustee may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (e) assist the Companies, to the extent required by the Companies, in their dissemination to BMO and its counsel on a bi-weekly basis of financial and other information as agreed to between the Companies and BMO, which may be used in these proceedings including reporting on a basis to be agreed with BMO, including but not limited to as the foregoing may be required under the Interim Financing Term Sheet;
- (f) advise the Companies in its preparation of the Companies' cash flow statements and reporting reasonably required by BMO, which information shall be reviewed with the Trustee and delivered to BMO and its counsel on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by BMO, including but not limited to as the foregoing may be required under the Interim Financing Term Sheet;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Companies, to the extent that is necessary to adequately assess the Companies' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Trustee deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) perform such other duties as are required by this Order or by this Court from time to time; and

(j) take any steps reasonably incidental to the exercise by the Trustee of the powers listed above or the performance of any statutory obligations.

9. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the Trustee shall not take possession of the Property or Business and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Trustee being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

10. **THIS COURT ORDERS** that nothing herein contained shall require the Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Environmental Protection Act* (Canada), the *Environmental Protection Act* (Ontario), the *Water Resources Act* (Ontario), or the *Occupational Health and Safety Act* (Ontario) and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Trustee shall not, as a result of this Order or anything done in pursuance of the Trustee’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

11. **THIS COURT ORDERS** that the Trustee shall provide any creditor of the Companies with the information provided by the Companies in response to reasonable requests for information made in writing by such creditor addressed to the Trustee. The Trustee shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Trustee has been advised by the Companies is

confidential, or that the Trustee has determined must be kept confidential so as to facilitate the SISP, the Trustee shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Trustee and the Companies may agree.

APPROVAL OF SISP

Sale Procedure

12. **THIS COURT ORDERS** that the SISP, attached as Schedule "B" hereto, is approved.

13. **THIS COURT ORDERS** that the Companies and the Trustee are authorized and directed to perform their obligations under, and take such steps as they consider necessary or desirable in carrying out, the SISP; and, that any step taken by the Companies or the Trustee in connection with the SISP prior to the date of this Order is approved and ratified.

14. **THIS COURT ORDERS** that the Companies and the Trustee are authorized and directed to engage the Sales Agent on the terms of, or substantially on the terms of, the Sales Agent's consulting agreement, attached as Appendix "H" to the First Report (the "**Sales Agent Agreement**").

15. **THIS COURT ORDERS** that in conducting the SISP, the Trustee shall maintain such degree of confidentiality over the process, including but not limited to any negotiation, undertaking or offer as it deems necessary and appropriate in the circumstances.

16. **THIS COURT ORDERS** that the Trustee and the Sales Agent shall have no personal or corporate liability in connection with the SISP, including, without limitation:

(a) by advertising the SISP, including, without limitation, the opportunity to acquire all or a portion of the Property or the opportunity to invest by way of equity or debt in the Business. For greater certainty, in this Order, Property includes, without limitation, the real property legally described in Schedule "A" hereto and all proceeds thereof;

(b) by exposing the Property to any and all parties, including, but not limited to, those parties who have made their interests known to the Trustee and/or the Sales Agent;

- (c) by responding to any and all requests or inquiries regarding due diligence conducted in respect of the Companies, the Property or the Business;
- (d) through the disclosure of any and all information regarding the Companies, the Property or the Business arising from, incidental to or in connection with the SISP;
- (e) pursuant to any and all offers received by the Trustee and/or the Sales Agent in accordance with the SISP; and
- (f) pursuant to any agreements entered into by any of the Trustee acting for the Companies in respect of the sale of any of the Property or the investment in or financing of the Business.

17. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Companies and the Trustee are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers of the Property, investors in or financiers of the Business and their respective advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”) or investments in or financings of the Business or (each, an “Investment”). Each prospective purchaser, investor or financier to whom such information is provided shall limit the use of such information to its evaluation of the Sale or Investment, and if it does not complete a Sale or Investment, it shall return all such information to the Companies or the Trustee, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Companies, and shall return all other personal information to the Companies or the Trustee, or ensure that all other personal information is destroyed.

Duty to Cooperate with the Trustee

18. **THIS COURT ORDERS** that the Companies and all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall fully cooperate with the Trustee in the exercise of its powers under the BIA, this Order or any other Order of the Court, including by:

- (a) advising the Trustee of the existence of any Property of which such party has knowledge of;
- (b) providing the Trustee with immediate and continued access to any Property in such party's possession or control;
- (c) advising the Trustee of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Companies, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information ("**Records**") of which such party has knowledge of; and
- (d) providing access to and use of the Records, including any accounting, computer, software and physical facilities relating thereto, and including providing the Trustee with instructions on the use of any computer or other system as requested by the Trustee and providing the Trustee with any and all access codes, account names and account numbers that may be required to gain access to the Records, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Trustee due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

Limitation on the Trustee's Liability

19. **THIS COURT ORDERS** that the Trustee is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the Companies.

20. **THIS COURT ORDERS** that the Trustee is not and shall not for the purposes of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.) be deemed to be a legal representative or person to whom s. 150(3) of that Act applies.

21. **THIS COURT ORDERS** that the rights, protections, indemnities, charges, priorities, and other provisions in favour of the Trustee set out in the BIA, any other applicable legislation, this Order and any other Order granted in these proceedings, all shall apply and extend to the Trustee

in connection with the Trustee carrying out the provisions of this Order, amended as necessary to give effect to the terms of this Order.

INTERIM FINANCING

22. **THIS COURT ORDERS** that the Companies are authorized and empowered to enter into the Interim Financing Term Sheet and to borrow funds from BMO, on the terms and subject to the conditions thereof, in order to finance the Companies' working capital requirements and other general corporate purposes and capital expenditures during these proceedings, provided that borrowings under such credit facility shall not exceed \$500,000, unless permitted by further Order of this Court (collectively, the "**Interim Financing Facility**").

23. **THIS COURT ORDERS** that the Companies are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**") as are contemplated by the Interim Financing Term Sheet or as may be reasonably required by BMO pursuant to the terms thereof, and the Companies are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to BMO under and pursuant to the Interim Financing Term Sheet and the Definitive Documents (collectively, the "**Interim Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

24. **THIS COURT ORDERS** that BMO, as interim financing lender, shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Financing Charge**") over and against the Property, as security as security for the Interim Obligations, which Interim Financing Charge shall be in the aggregate amount of the Interim Obligations outstanding at any given time under the Definitive Documents. The Interim Financing Charge shall not secure an obligation that exists before this Order is made. The Interim Financing Charge shall have the priority set out in paragraph 34 of this Order.

25. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) BMO, as interim financing lender, may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Financing Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Interim Financing Term Sheet, the Definitive Documents or the Interim Financing Charge, BMO, upon five (5) days' notice to the Companies and the Trustee, may exercise any and all of its rights and remedies against the Companies or the Property under or pursuant to the Interim Financing Term Sheet, the Definitive Documents and the Interim Financing Charge, including, without limitation, to cease making advances to the Companies and set off and/or consolidate any amounts owing by BMO to the Companies against the obligations of the Companies to BMO under the Interim Financing Term Sheet, the Definitive Documents or the Interim Financing Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Companies or any of them and for the appointment of a trustee in bankruptcy of the Companies or any of them; and
- (c) the foregoing rights and remedies of BMO, as the interim financing lender, shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Companies or the Property.

26. **THIS COURT ORDERS** that BMO, as interim lender, shall be treated as unaffected in any proposal filed by the Companies under the BIA with respect to any advances made under the Interim Financing Term Sheet or the Definitive Documents and in furtherance thereof, BMO, in its capacity as interim lender under the Interim Financing Term Sheet and the Definitive Documents, shall be unaffected by the stay of proceedings but subject to paragraph 25 of this Order.

ADMINISTRATIVE CHARGE

27. **THIS COURT ORDERS** that the Trustee, counsel to the Trustee and counsel to the Companies shall be paid their reasonable fees and disbursements (the "**Professional Fees**"), in each case at their standard rates and charges, by the Companies as part of the costs of these proceedings. The Companies are authorized and directed to pay the accounts of the Trustee,

counsel for the Trustee and counsel for the Companies on a monthly basis and, in addition, the Companies are authorized to pay to the Trustee, counsel to the Trustee, and counsel to the Companies, such retainers are agreed to among such parties to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Trustee and its legal counsel are referred to a judge of the Ontario Superior Court of Justice.

29. **THIS COURT ORDERS** that the Sales Agent shall be paid such fees and commissions, and in such manner, as prescribed in the Sales Agent Agreement, subject to any further order of the Court (the “**Sales Agent Fees**”).

30. **THIS COURT ORDERS** that the Trustee, counsel to the Trustee, the Sales Agent and the Companies’ counsel shall be entitled to the benefit of and are granted a charge (the “**Administration Charge**”) over and against the Property, which charge shall not exceed an aggregate amount of \$400,000, as security for, as applicable, the Professional Fees, both before and after the making of this Order in respect of these proceedings and the Sales Agent Fees. The Administration Charge shall have the priority set out in paragraph 34 of this Order.

DIRECTORS’ CHARGE

31. **THIS COURT ORDERS** that the Companies shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Companies after the commencement of the NOI Proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director’s or officer’s gross negligence or wilful misconduct.

32. **THIS COURT ORDERS** that the directors and officers of the Companies shall be entitled to the benefit of and are granted a charge (the “**Directors’ Charge**”) over and against the Property, which charge shall not exceed an aggregate amount of \$100,000.00, as security for the indemnity provided in paragraph 31 of this Order. The Directors’ Charge shall have the priority set out in paragraph 34 of this Order.

33. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Companies' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 31 of this Order.

PRIORITY OF CHARGES

34. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the Interim Financing Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$400,000);

Second – Interim Financing Charge (to the maximum amount of the Interim Obligations at the relevant time); and

Third – Directors' Charge (to the maximum amount of \$100,000); and

35. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Directors' Charge or the Interim Financing Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

36. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person.

37. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Companies also obtain the prior written consent of the Trustee and the other beneficiaries of the Charges, or further Order of this Court.

38. **THIS COURT ORDERS** that the Charges, the Interim Financing Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable, and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”), and/or BMO as Interim Lender, shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proposal proceedings and the declarations of insolvency made herein;
- (b) any application(s) for bankruptcy, interim receivership or receivership order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments or deemed assignments for the general benefit of creditors made pursuant to the BIA;
- (d) any application made pursuant to the *Companies Creditors' Arrangement Act* or any order made pursuant to such application;
- (e) the provisions of any federal or provincial statutes; or
- (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Companies and notwithstanding any provision to the contrary in any Agreement

39. Notwithstanding any provision to the contrary in any Agreement:

- (a) Neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Interim Financing Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Companies of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies entering into the Interim Financing Term Sheet or Definitive Documents, the creation of the Charges; or

the execution, delivery or performance of the Interim Financing Term Sheet or Definitive Documents;

(c) the payments made by the Companies pursuant to this Order, the Interim Financing Term Sheet, and the Definitive Documents, and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law, including but not limited to the BIA.

40. **THIS COURT ORDERS** that any Charge created by this Order over one or more leases of real property in Canada shall only be a Charge in the Companies' interest in such real property leases.

SERVICE & NOTICE

41. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the "Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 14 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website (defined in the Guide) shall be established in accordance with the Guide with the following URL: www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/oem-automotive-solutions-inc.

42. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Companies and the Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by ordinary prepaid mail, courier, personal delivery or facsimile transmission to the Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received

on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

43. **THIS COURT ORDERS** that the Companies, the Trustee and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Companies' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

44. **THIS COURT ORDERS** that the Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties under this Order.

45. **THIS COURT ORDERS** that nothing in this Order shall prevent the Trustee from subsequently expressly acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Companies, the Business or the Property.

46. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Companies, the Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Companies and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding or to assist the Companies, the Trustee and their respective agents in carrying out the terms of this Order.

47. **THIS COURT ORDERS** that each of the Companies and the Trustee is at liberty and is authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect

of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

48. **THIS COURT ORDERS** that any interested party (including the Companies and the Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraph 34 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

49. **THIS COURT ORDERS** that any interested party (including the Companies and the Trustee) may apply to this Court to vary or amend this Order on not less than seven days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

50. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. from today's date and is enforceable without the need for entry and filing.



**HONORABLE JUSTICE
ALEXANDRE KAUFMAN**

SCHEDULE "A"

LEGAL DESCRIPTION OF LANDS

1. Owned by OEM Automotive Cornwall Inc.

PIN 60180-0067 (LT)

PT LT 16 S/S SEVENTH ST PL CORNWALL PT 2 52R2252; CORNWALL

2. Owned by OEM Automotive Holdings Inc.

PIN 60180-0282 (LT)

PART LOT 16 SOUTH SIDE SEVENTH STREET PLAN CORNWALL, PARTS 1
AND 2, 52R4375; CITY OF CORNWALL



SCHEDULE "B"

SALE AND INVESTMENT SOLICITATION PROCESS

[see attached]

SALE AND INVESTMENT SOLICITATION PROCESS

INTRODUCTION

1. On December 22, 2023, OEM Automotive Solutions Inc. (o/a Cornwall Volkswagen), OEM Automotive Holdings Inc. and OEM Automotive Cornwall Inc. (collectively, **"Cornwall VW"** or the **"Company"**) each filed a Notice of Intention to Make a Proposal (**"NOI"**) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the **"BIA"**, and the proceedings, the **"NOI Proceedings"**). BDO Canada Limited, a licensed insolvency trustee, was appointed as proposal trustee (the **"Trustee"**) under the NOI Proceedings.
2. To further the Company's restructuring efforts, on or about January 17, 2024, the Ontario Superior Court of Justice (the **"Court"**) granted an order (the **"Sale Process Approval Order"**) which approved, amongst other things:
 - (a) the Sale and Investment Solicitation Process (**"SISP"**) for the marketing of the Company's business and assets, including its dealership assets (the **"Dealership Assets"**) and its owned real estate assets (together, the **"Real Property"**, and collectively with the Dealership Assets, the **"Property"**) for the purposes of soliciting (i) offers to acquire the business and assets of the Company and (ii) offers of investment in the business of the Company;
 - (b) the engagement of Dealer Solutions North America Inc. as sales agent (the **"Sales Agent"**) to assist the Trustee with carrying out the SISP; and
 - (c) the Trustee, with the assistance of the Sales Agent, to undertake the SISP.
3. The SISP herein sets out the manner in which: (a) binding offers for executable transactions involving the business and/or Property of the Company and/or the equity or all or substantially all of the Property of the Company, will be solicited from interested parties; (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 Trustee 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.
5. The Trustee will post on the Trustee's websites, any such modification, amendment, variation or supplement to the SISP and inform the bidders impacted by the modification.

OPPORTUNITY

6. The SISP 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"**). 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.

7. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, government organizations or other entities (each “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Property, and how the offers involving the Property will be submitted to and dealt with by the Trustee and the Sales Agent, and how Court approval will be obtained in respect of any Transaction (as defined below).
8. The Sales Agent, with the oversight of the Trustee, intends to provide all qualified interested parties with an opportunity to participate in the SISP.
9. As described below, the various deadlines herein may be extended by and at the discretion of the Trustee, with the approval of the consulting parties (namely, the debtor-in-possession (“**DIP**”) lender, the Bank of Montreal (the “**DIP Lender**”)), in the event that it is determined that such extension will generally benefit the Company’s creditors and other stakeholders.
10. The Company’s management and/or any of the Company’s equity holders shall not be privy to any of the bid information outlined herein including the evaluation and selection of offers. The Trustee 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 other party participating in the SISP.

“AS IS, WHERE IS BASIS”

11. 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 Trustee, 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

12. 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	Monday, January 29, 2024

Expression of Interest Date (EOI Deadline)	Thursday, February 29, 2024 (5:00 PM Eastern Time)
EOI Offer Selection Date	Tuesday, March 5, 2024
Binding Letter of Intent Date (LOI Deadline)	Friday, March 15, 2024 (5:00 PM Eastern Time)
Offer Selection Date	Tuesday, March 19, 2024
Definitive Transaction Agreement	Wednesday, April 3, 2024
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing the Transaction (outside date)	No later than Tuesday, April 30, 2024

Solicitation of Interest: Notice of the SISP

13. As soon as reasonably practicable, but in any event by no later than Monday, **January 29, 2024**:
- (a) The Sales Agent, with approval of the Trustee, will prepare a list of potentially interested parties, including (i) parties that have approached the Company, Trustee 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 Trustee, believe may be interested in purchasing all or part of the Property or investing in the Company pursuant to the SISP (the “**Known Potential Bidders**”); and
 - (b) the Sales Agent, with the approval of the Trustee, 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 Trustee, and the Company (the “**NDA**”).
14. 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

15. Any party who wishes to participate in the SISP (a “**Potential Bidder(s)**”) must provide to the Sales Agent an executed NDA, and which shall inure to the benefit of any purchaser of the business or Property of the Company, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such

Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

16. The Sales Agent, with the approval of the Trustee, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered the NDA to the Sales Agent and provided information as to their financial wherewithal to close a transaction, such access to due diligence material and information relating to the Property as the Sales Agent and the Trustee deem appropriate.
17. 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 as to which the Company, in their reasonable business judgment and after consulting with the Sales Agent and Trustee, may agree. 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.
 - (a) A statement of qualification (“SoQ”) which addresses the financial capabilities, operational capabilities and ownership details of a Potential Bidder may be required to gain access to the VDR. This will be determined by the Sales Agent with the approval of the Trustee.
18. Neither the Sales Agent nor the Company will be obligated to furnish any information relating to the 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 Sales Agent, with the approval of the Trustee, determines such information to represent proprietary or sensitive competitive information. Neither the Sales Agent, the Trustee or 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.
19. 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 the Company.

Non-Binding Expressions of Interest

20. To be considered for inclusion in the next round of the process, Expressions of Interest (“EOI”) should describe in sufficient detail all material matters relating to the proposed Transaction. EOI’s must be received by the Trustee and Sales Agent at the address specified in Schedule “1” hereto (including by e-mail) not later than **5:00 PM (Eastern Time) on February 29, 2024**, 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 Trustee. While EOI’s may be non-binding, at a minimum an EOI should include clear statements with respect to the following information:
 - (a) Identity of the entity or entities acquiring the Company (i.e., if acquiring the Company indirectly, through a subsidiary, a limited partnership or other entity), including the identity of any entity that controls such acquiring entity. Additionally, given the nature of this Company’s business, the EOI must state the

- individual/party that will be the dealer principal with Volkswagen Canada (“VW”);
- (b) 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**”);
 - (c) Indication of deal structure, including but not limited to: an investment in Cornwall VW (shares, preferred shares, debt purchase, etc., an “**Investment Proposal**”) or an acquisition of all, substantially all or a portion of the Property (outright purchase of the shares of Cornwall VW, “**Share Purchase Agreement**” or purchase of select, or all or substantially all of the assets of Cornwall VW, “**Asset Purchase Agreement**”, together a “**Sale Proposal**”);
 - (d) Proposed financing for the Transaction and, if 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 LOI with Cornwall VW;
 - (f) Assumptions and intentions with respect to retention of management and employees;
 - (g) Outline 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 is conditional on any other items;
 - (h) Any conditions to closing or any other terms and conditions that would be required in order to complete the Transaction;
 - (i) Contact Information for those persons who should be contacted with respect to the EOI; and
 - (j) 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

- 21. 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 transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Sales Agent, the Trustee and the DIP Lender.
- 22. 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 March 5, 2024**, or at such later time as the Sales Agent and Trustee deems appropriate, with the approval of the DIP Lender.

Binding Letters of Intent

23. Potential Bidders with Selected EOIs that wish to make a formal offer to purchase or make an investment in the Company or its Property (a “**Bidder**”) shall submit a binding Letter of Intent (a “**LOI**”) that complies with all of the following requirements of the Trustee and the Sales Agent at the Trustee's and Sales Agent's address specified in Schedule “1” hereto (including by e-mail), so as to be received by the Trustee and Sales Agent not later than **5:00 PM (Eastern Time) on Friday March 15, 2024** 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 Trustee and its stakeholders (the “**LOI Deadline**”):
- (a) the LOI must be either a binding offer to make:
 - (i) a Sale Proposal to acquire all, substantially all or a portion of the Property (outright purchase of the shares of Cornwall VW, or purchase of select, or all or substantially all of the Property of Cornwall VW); and/or
 - (ii) an Investment Proposal for an investment in, restructure, recapitalization or reorganize of the Company (shares, preferred shares, debt purchase, etc.).
 - (b) the LOI (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Company or its Property and is consistent with any necessary terms and conditions established by the Sales Agent and the Trustee and communicated to Bidders;
 - (c) the LOI includes a letter stating that the Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the LOI includes draft mark-ups of the transaction agreements included in the VDR, including the purchase price (by major asset type/legal entity), investment amount and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto;
 - (e) the LOI includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Trustee and the Sales Agent to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;
 - (f) the LOI is not conditional on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, or (iii) the Company receiving the required approvals or amendments relating to the supply management, distribution and licence agreements required to operate the dealership (other than the dealer principal individual/party approval by VW);
 - (g) the LOI 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 bid (including the dealer principal individual/party with VW);
 - (h) for a Sale Proposal, the LOI includes:
 - (i) the Purchase Price in Canadian dollars (by major asset type/legal 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 expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required to complete the closing of the transaction;
 - (v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;
 - (vi) any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction; and
 - (vii) a commitment by the Bidder to provide a non-refundable deposit, the greater of: an amount of not less than 10% of the Purchase Price offered or \$250,000, upon the Bidder being selected as the Successful Bidder.
- (i) for an Investment Proposal, the LOI includes:
- (i) a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, 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, the greater of: an amount of not less than 10% of the total new investment contemplated or \$250,000, upon the Bidder being selected as the Successful Bidder.
- (j) the LOI 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) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and

- (iii) it 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 the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Company;
 - (k) the LOI is received by the LOI Deadline; and
 - (l) the LOI contemplates closing the transaction set out therein no later than **Tuesday, April 30, 2024**, subject to obtaining Court approval and VW's approval of the dealer principal.
- 24. Following the LOI Deadline, the Sales Agent, the Trustee and the DIP Lender will assess the LOIs received. The Sales Agent, with the approval of the Trustee, will designate the most competitive LOIs that comply with the foregoing requirements to be "**Qualified Bids**". Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
- 25. The Sales Agent shall notify each Bidder in writing as to whether its LOI constitutes a Qualified Bid by no later than **Tuesday March 19, 2024**, or at such later time as the Trustee deems appropriate.
- 26. The Trustee, in consultation with the Sales Agent and the DIP Lender, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant LOIs to be a Qualified Bid.
- 27. In the event that the Trustee, in consultation with the Sales Agent, is not satisfied with the number or terms of the Qualified Bids, the Trustee may, in consultation with the Sales Agent and DIP lender, extend the Bid Deadline, or may seek Court approval for amendments to the SISP.
- 28. The Trustee may, in consultation with the Sales Agent, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

- 29. 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 transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Sales Agent, the Trustee and the DIP Lender.

Selection of Successful Bid

- 30. The Trustee, in consultation with the Sales Agent and the DIP Lender, will:
 - (a) review each Qualified Bid 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 VW accepting the purchaser and identified individual/party as the dealer principal;
 - (iv) the likelihood of the Bidder's ability to close a transaction by **April 30, 2024** (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 Company may, consistent with its fiduciary duties, 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 Party**"), and notify or inform the Successful Party that its bid or Qualified Bid is the Successful Bid.
31. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents including the Definitive Transaction Agreement evidencing and containing the terms and conditions upon which the Successful Bid was made by **Wednesday April 3, 2024**, unless extended by the Trustee, in consultation with and approval from the DIP lender, subject to the milestones or deadlines set forth in paragraph 12.

Sale Approval Motion Hearing

32. A Court date will be scheduled to hear a motion to approve any Transaction with the Successful Party (the "**Sale Approval Motion**"). At the Sale Approval Motion, the Trustee 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, if any, shall be deemed to be rejected by the Trustee and/or Sales Agent on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

33. All discussions regarding a Sale Proposal, Investment Proposal, or bid in the SISP should be directed through the Sales Agent. Under no circumstances should the Management 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.
34. 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 Trustee, with the approval of the Sales Agent and

consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders.

35. Following the LOI Deadline, copies of all LOIs shall be shared by the Sales Agent and the Trustee with the DIP Lender for its exclusive review.

Supervision of the SISP

36. The Sales Agent shall conduct the SISP, with the oversight of the Trustee in the manner set out in this SISP procedure and is entitled to receive all information in relation to the SISP.
37. 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 Trustee and any Potential Bidder, any 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 Trustee.
38. Without limiting the preceding paragraph, the Sales Agent and Trustee shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, 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 Trustee. By submitting a bid, each Bidder shall be deemed to have agreed that it has no claim against the Sales Agent and Trustee 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 Trustee.
39. 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.
40. Notwithstanding the process and deadlines outlined above with respect to the SISP, with the prior consent of the DIP Lender, the Sales Agent and the Trustee may at any time: (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 the service list in the NOI Proceedings shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Address of the Trustee and Sales Agent

To the Trustee:

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

Attention: Clark Lonergan or Peter Naumis

Email: clonergan@bdo.ca

Email: pnaumis@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

Email: etienne.demeules@dsma.com

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C., 1985, C. B-3, AS AMENDED

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF OEM AUTOMOTIVE CORNWALL INC.

Court File No. BK-23-03025639-0033
Bankruptcy Estate File No. 33-3025639

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

**ORDER
(INITIAL NOI RELIEF)**

LOOPSTRA NIXON LLP
135 Queens Plate Drive – Suite 600
Toronto, ON M9W 6V7

R. Graham Phoenix
Tel: (416) 746-4710
Fax: (416) 746-8319
Email: gphoenix@LN.law

Shahrazad Hamraz
Email: shamraz@LN.law

*Lawyers for OEM AUTOMOTIVE CORNWALL INC.,
OEM AUTOMOTIVE HOLDINGS INC. AND OEM
AUTOMOTIVE SOLUTIONS INC.*

Second Report of the Proposal Trustee
Appendix “C”

THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC. AND OEM AUTOMOTIVE HOLDINGS INC.

Court File No. BK-33-03025642
Bankruptcy Estate File No. 33-3025642

January 17, 2024

ENDORSEMENT

On December 22, 2023, OEM Automotive Solutions Inc., OEM Automotive Cornwall Inc., and OEM Automotive Holdings Inc. (collectively “the Companies”) initiated proceedings by filing a notice of intention (NOI) to file a proposal under section 50.4 of the *Bankruptcy and Insolvency Act*. Operating a Volkswagen dealership in Cornwall, ON, the Companies faced financial strain in late 2023 due to a shareholder dispute, resulting in liquidity constraints. BMO, the primary creditor, formally demanded repayment on December 13, 2023. Unable to settle their debts, the Companies deemed these proceedings as the optimal means to preserve and realize value for all stakeholders. BMO proposed to act as the interim lender, offering additional funds to sustain the Companies' operations during the restructuring.

The Companies seek relief under six different headings, each warranting individual consideration. Submissions were made by BMO, the proposal trustee, and the companies' supportive shareholders, without opposition from any creditors.

1. Administrative consolidation of the Companies' NOI proceedings under a single title of proceeding.

The court acknowledges the high integration of the companies' operations and concurs that consolidating the proceedings secures the most expeditious and cost-effective determination of the matter on its merits.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

Proceedings commenced at Ottawa

**MOTION RECORD OF
OEM AUTOMOTIVE CORNWALL INC.,
OEM AUTOMOTIVE SOLUTIONS INC.,
AND OEM AUTOMOTIVE HOLDINGS INC.
(returnable January 17, 2024 @ 2:00pm)**

LOOPSTRA NIXON LLP
130 Adelaide Street West – Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix / Shahrzad Hamraz
Tel: (416) 748 4776 / (416) 748 5116
Fax: (416) 746 8319
Email: gphoenix@LN.law / shamraz@LN.law

Lawyers for OEM Automotive Cornwall Inc. OEM Automotive Solutions Inc., and OEM Automotive Holdings Inc.

2. Approval of the sale and investment solicitation process (SISP).

A SISP, developed with the assistance of the proposal trustee, BDO Canada, and with input from the shareholders and BMO, envisages engaging a sales agent for identification and solicitation of potential buyers. The Companies also seek approval to enhance the authority of the proposal trustee, arguing that such powers are necessary given potential bids from both shareholders. Granting enhanced powers, they contend, ensures impartial administration of the SISP and aims to maximize value for all stakeholders. The court deems the SISP necessary to evaluate the advantages of selling the business as a going concern compared to other options and hereby approves it.

3. Approval of interim financing term sheet and granting of interim financing charge.

BMO has offered a debtor-in-possession loan of \$500,000 to the Companies, and they seek approval of the interim financing term sheet. In addition, an interim financing charge is requested, ranking ahead of all other claims except the administration charge, pursuant to section 50.6 of the BIA. The court, considering section 50.6(5) factors, deems the charge necessary for financing the SISP and sustaining business operations during restructuring.

4. Administrative charge.

A \$400,000 administrative charge is sought to secure professionals' fees and disbursements engaged by the proposal trustee during proceedings. Section 64.2 of the BIA provides jurisdiction for such a charge. The court agrees that these professionals are essential to successful restructuring, and the charge ensures their participation.

5. Directors' charge.

A \$100,000 director's charge is sought to secure indemnification for possible liabilities incurred by directors and officers under section 64.1 of the BIA. The court agrees that directors' involvement is critical, and the charge is deemed fair and reasonable.

6. Extension of time for the companies to file a proposal.

The Companies request an extension until March 5, 2024, to file a proposal, with the current stay of proceedings expiring on January 20, 2024.

ENDORSEMENT (continued) page 3/3

Section 50.4(9) of the BIA allows the court to extend this time. The court deems the extension necessary for the Companies to execute the SISP and make a viable proposal, and considers that the extension would not cause material prejudice to any creditors.

Based on the foregoing reasons, the Companies' motion is granted.

A handwritten signature in black ink, consisting of a stylized 'A' with a horizontal line extending to the right.

Justice A. Kaufman

Second Report of the Proposal Trustee
Appendix “D”

IN THE MATTER OF THE PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC.
OF THE CITY OF CORNWALL
IN THE PROVINCE OF ONTARIO

STATEMENT OF PROJECTED CASH-FLOW
FOR THE PERIOD ENDING APRIL 14TH, 2024


Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
Week Ending		2023-12-31	2024-01-07	2024-01-14	2024-01-21	2024-01-28	2024-02-04	2024-02-11	2024-02-18	2024-02-25	2024-03-03	2024-03-10	2024-03-17	2024-03-24	2024-03-31	2024-04-07	2024-04-14	
		Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
Receipts																		
	Notes																	
New Vehicle Sales	1	254,317	181,841	72,000	72,000	72,000	72,000	72,000	72,000	72,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	1,696,158
Used Vehicle Sales	2	-	-	10,000	5,000	70,000	10,000	10,000	10,000	70,000	10,000	10,000	15,000	15,000	111,500	15,000	15,000	376,500
Other Revenue	3	2,370	28,335	-	-	-	5,000	-	-	-	5,000	-	-	-	-	5,000	-	45,705
Parts & Service Sales	4	59,323	42,967	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	662,289
HST Collected	5	41,081	32,909	15,860	15,210	23,660	16,510	15,860	15,860	23,660	21,190	20,540	21,190	21,190	33,735	21,840	21,190	361,485
		357,091	286,051	137,860	132,210	205,660	143,510	137,860	137,860	205,660	184,190	178,540	184,190	184,190	293,235	189,840	184,190	3,142,138
Operating Disbursements																		
Lien Payouts	6	-	-	-	-	-	(4,000)	-	-	-	(4,000)	-	-	-	(4,000)	-	-	(12,000)
Used Vehicle Purchases	7	(34,650)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,650)
Parts Purchases	8	(84,860)	-	(5,000)	(5,000)	(5,000)	(50,000)	(5,000)	(5,000)	(5,000)	(50,000)	(5,000)	(5,000)	(5,000)	(5,000)	(50,000)	(5,000)	(289,860)
Payroll (Including Taxes)	9	-	(48,460)	-	(52,800)	-	(46,000)	-	(46,000)	-	(46,000)	-	(46,000)	-	(46,000)	-	(46,000)	(377,260)
Consulting Fee	10	(4,204)	-	-	-	-	(4,204)	-	-	-	(4,204)	-	-	-	-	(4,204)	-	(16,814)
Employee Benefits	11	-	(4,994)	-	-	-	(7,500)	-	-	-	(7,500)	-	-	-	-	(7,500)	-	(27,494)
WSIB	12	-	-	-	(3,478)	-	-	-	-	-	-	-	-	-	-	-	(5,000)	(8,478)
Corporate Credit Card Repayment	13	-	-	(25,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,000)
Vendor Payments	14	(14,205)	(6,102)	-	-	-	(12,500)	-	-	-	(12,500)	-	-	-	(12,500)	-	-	(57,808)
Repairs and Maintenance CAPEX	15	-	-	-	-	-	(10,000)	-	-	-	(2,500)	-	-	-	(2,500)	-	-	(15,000)
Rent and Utilities - Property 1 OEM Automotive Cornwall Inc.	16	(589)	-	-	(6,224)	-	(998)	-	(6,266)	-	(998)	-	(6,224)	(262)	(998)	-	-	(22,558)
Rent and Utilities - Property 2 OEM Automotive holdings Inc.	17	-	-	(657)	(8,850)	-	-	-	(9,506)	-	-	-	(9,506)	(525)	-	-	-	(29,044)
Insurance Payments	18	-	-	-	-	-	-	(35,135)	-	-	-	-	-	-	-	-	-	(35,135)
HST Paid	19	(13,502)	(27,344)	(45,414)	(12,977)	(11,018)	(42,682)	(11,018)	(13,068)	(11,018)	(45,565)	(15,958)	(18,002)	(16,060)	(18,037)	(40,316)	(15,958)	(357,934)
HST Refund (Remittance)	20	-	-	-	-	-	-	-	-	(18,466)	-	-	-	5,895	-	-	-	(12,571)
Debt Service																		
Floor Plan Payments To/From BMO	21	-	(109,548)	(257,430)	(76,000)	(76,000)	(76,000)	(76,000)	(76,000)	(76,000)	(114,000)	(114,000)	(114,000)	(114,000)	(114,000)	(114,000)	(114,000)	(1,620,978)
BMO Floor Plan Curtailments	22	-	(94,467)	-	-	-	(53,371)	-	-	-	(70,046)	-	-	-	-	(45,671)	-	(263,555)
BMO Floor Plan Interest	23	-	(18,713)	-	-	-	(20,000)	-	-	-	(20,000)	-	-	-	-	(20,000)	-	(78,713)
BMO Goodwill Loan (Interest)	24	-	(11,372)	-	-	-	(12,000)	-	-	-	(12,000)	-	-	-	(12,000)	-	-	(47,372)
Proposal Trustee & its Counsel's Fees	25	-	-	(50,000)	-	-	(75,000)	-	-	-	(50,000)	-	-	-	-	(50,000)	-	(225,000)
Restructuring Costs	26	-	-	(25,000)	-	-	(35,000)	-	-	-	(35,000)	-	-	-	-	(35,000)	-	(130,000)
Sales Agent Work Fees	27	-	-	(7,500)	-	-	(7,500)	-	-	-	(7,500)	-	-	-	-	(7,500)	-	(30,000)
DIP Facility Interest and fees	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	29	-	(222)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(3,750)	(52,722)
Total Disbursements		(152,010)	(321,223)	(419,751)	(169,078)	(95,768)	(460,505)	(130,903)	(159,590)	(114,233)	(485,562)	(138,708)	(202,483)	(133,701)	(218,785)	(377,941)	(189,708)	(3,769,947)
Projected Weekly Cash Flow		205,082	(35,172)	(281,891)	(36,868)	109,893	(316,995)	6,958	(21,730)	91,427	(301,372)	39,833	(18,293)	50,489	74,450	(188,101)	(5,518)	(627,809)
<i>Cumulative Cash Flow</i>			169,910	(111,981)	(148,849)	(38,957)	(355,952)	(348,994)	(370,724)	(279,298)	(580,669)	(540,837)	(559,129)	(508,641)	(434,191)	(622,291)	(627,809)	
Cash Balance																		
Opening Cash Position per Bank Statement		184,654	389,735	354,563	72,672	35,804	145,697	28,702	35,659	38,929	130,356	28,984	68,817	50,524	101,013	175,463	12,362	184,654
Projected Weekly Cash Flow		205,082	(35,172)	(281,891)	(36,868)	109,893	(316,995)	6,958	(21,730)	91,427	(301,372)	39,833	(18,293)	50,489	74,450	(188,101)	(5,518)	(627,809)
Funding from DIP Facility	30	-	-	-	-	-	200,000	-	25,000	-	200,000	-	-	-	-	25,000	-	450,000
Ending Cash Position		\$ 389,735	\$ 354,563	\$ 72,672	\$ 35,804	\$ 145,697	\$ 28,702	\$ 35,659	\$ 38,929	\$ 130,356	\$ 28,984	\$ 68,817	\$ 50,524	\$ 101,013	\$ 175,463	\$ 12,362	\$ 6,845	\$ 6,845

Note A. Notes to the Unaudited cash flow forecast of the Company

In preparing this cash flow forecast (the “**Cash Flow Forecast**”) the Company has relied upon unaudited financial information and the Company has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Company and additional information discussed below with respect to the requirements of a *Bankruptcy and Insolvency Act* (“**BIA**”) filing. Since the 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 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.

Note A. Overview


The Cash Flow Forecast includes the receipts and disbursements of all of the Company during the Cash Flow Forecast period. The Company, with the assistance of BDO Canada Limited in its capacity as the proposal trustee of the Company (the “**Trustee**”) have prepared the Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the BIA proceedings.



Caroline Bourret
General Manager

January 10th, 2024

Date



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

January 10th, 2024

Date

Notes/Assumptions

- 1 Estimated new vehicle sales considering the Company's sales forecasts, average MSRP of vehicles in inventory, vehicle trade-in values, current market conditions, and the cyclical sales cycle. Week 1 includes the actual sale of three vehicles with higher MSRPs.
- 2 Estimated used vehicle sales considering the Company's sales forecast, sale of trade-in vehicles at auction, taking into account average inventory value, auction sale price, current market conditions, and the cyclical sales cycle. For trade-in vehicles, a two week delay in cash collection from auction is assumed from the trade-in date.
- 3 Other revenue consist of dealer rebates for seasonal promotions, PDI rebates, and new vehicle reserves on vehicle sales.
- 4 Amounts calculated based on historical 2023 weekly sales figures and sales mix. It is assumed that the Parts to Service Sales ratio is 2.5:1.5
- 5 Harmonized Sales Tax (HST) collected on receipts.
- 6 Assumed potential lien payout amounts on the forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 7 Relates to a used vehicle cash purchase, proceeds from Volkswagen financing for the vehicle expected to be received in Week 14.
- 8 Majority of parts purchases are billed by Volkswagen at the beginning of each month, the rest of the month is calculated using historical 2023's average gross margin on projected parts sales.
- 9 Payroll made up of salaried employee and hourly employee amounts. Employee payroll is administered bi-weekly through an external service provider (inclusive of taxes). Week 1 payroll includes one week of pre-filing amounts as the Company's payroll is paid one-week in arrears. Week 4 includes vacation payout amounts to an employee.
- 10 Estimated contractor payments for part-time finance personnel.
- 11 Continuation of employee benefit plan with the Company's current insurance provider.
- 12 WSIB premium to be paid on a quarterly basis, calculated based on 1.3% of payroll.
- 13 Amount relates to the Company's corporate credit cards with the Bank of Montreal. Future transactions/balances are included in the Vendor Payment totals.
- 14 Payment of go-forward vendor payments, consistent with 2023 average monthly amount.
- 15 Repairs and maintenance amounts for minor repairs that are necessary to maintain the facility.
- 16 Includes monthly gas, electricity, water, and recurring rent payment for the premises located at 628 Pitt Street, Cornwall, ON paid to OEM Automotive Cornwall Inc.
- 17 Includes monthly gas, electricity, water, and recurring rent payment for the premises located at 632 Pitt Street, Cornwall, ON paid to OEM Automotive Holdings Inc.
- 18 Current insurance policy premiums are to be paid as scheduled.
- 19 Harmonized Sales Tax (HST) paid on disbursements.
- 20 Harmonized Sales Tax (HST) remittance paid monthly for previous month's net HST amounts.
- 21 Represents the net of principal repayment of floor line financing on new vehicles sold and/or new financing provided to purchase of new and used vehicles.
- 22 Vehicles that have been on the floor plan facility for 12 months may be carried for an additional 3 months, subject to monthly curtailments. Additionally new vehicles are subject to an HST curtailment amount after a minimum of 60 days after the vehicle is received. Amounts are based on BMO's floor plan report and is estimated to be reduced as new vehicles are sold through and the corresponding floor facilities repaid.
- 23 Estimated based on latest floor line principal balance using Bank of Montreal Prime Rate + 1% as stated its loan agreement.
- 24 Interest expense on the Goodwill loan facility from Bank of Montreal to finance part of the purchase of VW Cornwall. Principal repayments have been paused on this loan.
- 25 Costs of the Proposal Trustee and its counsel to the date of filing and thereafter.
- 26 Costs of the Company's and DIP lender's counsel to the date of filing and monthly amounts thereafter.
- 27 Estimated work fee for the Sales Agent related to the anticipated Court approved sale process.
- 28 Interest and fees related to DIP financing facility is due at maturity, thus no amount is recorded for the cash flow period. At maturity, a commitment fee of 5% of maximum amount (\$500,000) will be due.
- 29 Contingency of \$3,750 per week, starting week 3, is assumed to cover unanticipated costs.
- 30 Relates to DIP financing from lender, up to a maximum amount of \$500,000.



Caroline Bourret
General Manager

January 10th, 2024

Date



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

January 10th, 2024

Date

IN THE MATTER OF THE PROPOSAL OF
OEM AUTOMOTIVE CORNWALL INC. (THE "COMPANY")
OF THE CITY OF CORNWALL
IN THE PROVINCE OF ONTARIO

STATEMENT OF PROJECTED CASH-FLOW
FOR THE PERIOD ENDING APRIL 14TH, 2024

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
Week Ending		2023-12-31	2024-01-07	2024-01-14	2024-01-21	2024-01-28	2024-02-04	2024-02-11	2024-02-18	2024-02-25	2024-03-03	2024-03-10	2024-03-17	2024-03-24	2024-03-31	2024-04-07	2024-04-14	
Receipts	Notes	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
Rent	1	-	-	-	5,900	-	-	-	5,900	-	-	-	5,900	-	-	-	-	17,699
Utilities Collected	2	589	-	-	324	-	998	-	366	-	998	-	324	262	998	-	-	4,858
HST Collected	3	77	-	-	809	-	130	-	815	-	130	-	809	34	130	-	-	2,932
Total Receipts		665	-	-	7,033	-	1,128	-	7,080	-	1,128	-	7,033	296	1,128	-	-	25,490
Operating Disbursements																		
Utilities Payments	4	(589)	-	-	(324)	-	(998)	-	(366)	-	(998)	-	(324)	(262)	(998)	-	-	(4,858)
Property Tax	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST Paid	6	(77)	-	(1,300)	(42)	-	(1,430)	-	(48)	-	(520)	-	(42)	(34)	(520)	-	-	(4,012)
HST Refund (Remittance)	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,079	1,079
Debt Service & Restructuring Costs																		-
Scheduled Principal & Interest Payment	8	-	(3,420)	-	-	-	(3,420)	-	-	-	(3,420)	-	-	-	(3,420)	-	-	(13,680)
Proposal Trustee & its Counsel's Fees	9	-	-	(5,000)	-	-	(5,000)	-	-	-	(1,500)	-	-	-	(1,500)	-	-	(13,000)
Restructuring Costs	10	-	-	(5,000)	-	-	(5,000)	-	-	-	(1,500)	-	-	-	(1,500)	-	-	(13,000)
Total Disbursements		(665)	(3,420)	(11,300)	(366)	-	(15,848)	-	(414)	-	(7,938)	-	(366)	(296)	(7,938)	-	1,079	(47,471)
Projected Weekly Cash Flow		-	(3,420)	(11,300)	6,667	-	(14,720)	-	6,667	-	(6,810)	-	6,667	-	(6,810)	-	1,079	(21,981)
Cumulative Cash Flow		-	(3,420)	(14,720)	(8,053)	(8,053)	(22,774)	(22,774)	(16,107)	(16,107)	(22,917)	(22,917)	(16,250)	(16,250)	(23,060)	(23,060)	(21,981)	
Cash Balance																		
Opening Cash Position		24,177	24,177	20,757	9,457	16,124	16,124	1,403	1,403	8,070	8,070	1,260	1,260	7,927	7,927	1,117	1,117	24,177
Projected Weekly Cash Flow		-	(3,420)	(11,300)	6,667	-	(14,720)	-	6,667	-	(6,810)	-	6,667	-	(6,810)	-	1,079	(21,981)
Ending Cash Position		\$ 24,177	\$ 20,757	\$ 9,457	\$ 16,124	\$ 16,124	\$ 1,403	\$ 1,403	\$ 8,070	\$ 8,070	\$ 1,260	\$ 1,260	\$ 7,927	\$ 7,927	\$ 1,117	\$ 1,117	\$ 2,196	\$ 2,196

Note A. Notes to the Unaudited cash flow forecast of the Company

In preparing this cash flow forecast (the “Cash Flow Forecast”) the Company has relied upon unaudited financial information and the Company has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Company and additional information discussed below with respect to the requirements of a *Bankruptcy and Insolvency Act* (“BIA”) filing. Since the 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 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.

Note A. Overview

The Cash Flow Forecast includes the receipts and disbursements of all of the Company during the Cash Flow Forecast period. The Company, with the assistance of BDO Canada Limited in its capacity as the proposal trustee of the Company (the “Trustee”) have prepared the Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the BIA proceedings.



Caroline Bourret
General Manager

January 10th, 2024

Date



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

January 10th, 2024

Date

Notes/Assumptions

- 1 Monthly recurring rent payment collected from the operating company (OEM Automotive Solutions Inc.) for the premises located at 628 Pitt Street, Cornwall, ON.
- 2 Payment collected from the operating company (OEM Automotive Solutions Inc.) for gas, electricity and water costs.
- 3 Harmonized Sales Tax (HST) collected on receipts.
- 4 Payment paid on behalf of the operating company (OEM Automotive Solutions Inc.) for gas, electricity and water costs.
- 5 Based on previous year's property tax statement, property tax is billed in two instalments, being the last business day in July and August. The amount expected for this period is \$0.
- 6 Harmonized Sales Tax (HST) paid on disbursements.
- 7 Harmonized Sales Tax (HST) refund (remittance) is paid quarterly. Q1 2024 HST is expected to be paid April 2024 (quarterly filer).
- 8 Debt service payments for mortgage.
- 9 Costs of the Proposal Trustee and its counsel to the date of filing and thereafter.
- 10 Costs of the Company's counsel to the date of filing and monthly amounts thereafter.



Caroline Bourret
General Manager

January 10th, 2024
Date



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

January 10th, 2024
Date

IN THE MATTER OF THE PROPOSAL OF
OEM AUTOMOTIVE HOLDINGS INC. (THE "COMPANY")
OF THE CITY OF CORNWALL
IN THE PROVINCE OF ONTARIO

STATEMENT OF PROJECTED CASH-FLOW
FOR THE PERIOD ENDING APRIL 14TH, 2024

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
Week Ending		2023-12-31	2024-01-07	2024-01-14	2024-01-21	2024-01-28	2024-02-04	2024-02-11	2024-02-18	2024-02-25	2024-03-03	2024-03-10	2024-03-17	2024-03-24	2024-03-31	2024-04-07	2024-04-14	
Receipts	Notes	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
Rent	1	-	-	-	8,850	-	-	-	8,850	-	-	-	8,850	-	-	-	-	26,549
Utilities Collected	2	-	-	657	-	-	-	-	657	-	-	-	657	525	-	-	-	2,495
HST Collected	3	-	-	85	1,150	-	-	-	1,236	-	-	-	1,236	68	-	-	-	3,776
Total Receipts		-	-	742	10,000	-	-	-	10,742	-	-	-	10,742	593	-	-	-	32,820
Operating Disbursements																		
Utilities Payments	4	-	-	(657)	-	-	-	-	(657)	-	-	-	(657)	(525)	-	-	-	(2,495)
Property Tax	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST Paid	6	-	-	(2,685)	-	-	(910)	-	(85)	-	-	-	(995)	(68)	-	-	-	(4,744)
HST Refund (Remittance)	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	969	969
Debt Service & Restructuring Costs																		
Scheduled Principal & Interest Payment	8	-	(6,352)	-	-	-	(6,352)	-	-	-	(6,352)	-	-	-	(6,352)	-	-	(25,407)
Proposal Trustee & its Counsel's Fees	9	-	-	(10,000)	-	-	(3,500)	-	-	-	-	-	(3,500)	-	-	-	-	(17,000)
Restructuring Costs	10	-	-	(10,000)	-	-	(3,500)	-	-	-	-	-	(3,500)	-	-	-	-	(17,000)
Total Disbursements		-	(6,352)	(23,342)	-	-	(14,262)	-	(742)	-	(6,352)	-	(8,652)	(593)	(6,352)	-	969	(65,677)
Projected Weekly Cash Flow		-	(6,352)	(22,600)	10,000	-	(14,262)	-	10,000	-	(6,352)	-	2,090	-	(6,352)	-	969	(32,858)
Cumulative Cash Flow		-	(6,352)	(28,952)	(18,952)	(18,952)	(33,213)	(33,213)	(23,213)	(23,213)	(29,565)	(29,565)	(27,475)	(27,475)	(33,827)	(33,827)	(32,858)	
Cash Balance																		
Opening Cash Position		34,848	34,848	28,496	5,896	15,896	15,896	1,634	1,634	11,634	11,634	5,283	5,283	7,373	7,373	1,021	1,021	34,848
Projected Weekly Cash Flow		-	(6,352)	(22,600)	10,000	-	(14,262)	-	10,000	-	(6,352)	-	2,090	-	(6,352)	-	969	(32,858)
Ending Cash Position		\$ 34,848	\$ 28,496	\$ 5,896	\$ 15,896	\$ 15,896	\$ 1,634	\$ 1,634	\$ 11,634	\$ 11,634	\$ 5,283	\$ 5,283	\$ 7,373	\$ 7,373	\$ 1,021	\$ 1,021	\$ 1,990	\$ 1,990

Note A. Notes to the Unaudited cash flow forecast of the Company

In preparing this cash flow forecast (the “Cash Flow Forecast”) the Company has relied upon unaudited financial information and the Company has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Company and additional information discussed below with respect to the requirements of a *Bankruptcy and Insolvency Act* (“BIA”) filing. Since the 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 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.

Note A. Overview

The Cash Flow Forecast includes the receipts and disbursements of all of the Company during the Cash Flow Forecast period. The Company, with the assistance of BDO Canada Limited in its capacity as the proposal trustee of the Company (the “Trustee”) have prepared the Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the BIA proceedings.



Caroline Bourret
General Manager

January 10th, 2024

Date



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

January 10th, 2024

Date

Notes/Assumptions

- 1 Monthly recurring rent payment collected from the operating company (OEM Automotive Solutions Inc.) for premises located at 632 Pitt Street, Cornwall, ON.
- 2 Payment collected from the operating company (OEM Automotive Solutions Inc.) for gas, electricity and water costs.
- 3 Harmonized Sales Tax (HST) collected on receipts.
- 4 Payment paid on behalf of the operating company (OEM Automotive Solutions Inc.) for gas, electricity and water costs.
- 5 Based on previous year's property tax statement, property tax is billed in two instalments, being the last business day in July and August. The amount expected for this period is \$0.
- 6 Harmonized Sales Tax (HST) paid on disbursements.
- 7 Harmonized Sales Tax (HST) remittance is paid quarterly. Q1 2024 HST is expected to be paid April 2024 (quarterly filer).
- 8 Debt service payments for mortgage.
- 9 Costs of the Proposal Trustee and its counsel to the date of filing and thereafter.
- 10 Costs of the Company's counsel to the date of filing and monthly amounts thereafter.



Caroline Bourret
General Manager

January 10th, 2024
Date



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

January 10th, 2024
Date

Second Report of the Proposal Trustee
Appendix “E”

OEM Automotive Solutions Inc. ("Solutions")

2023-12-22 to 2024-02-11 Cumulative				
	Projected	Actual	Variance	Comment
Receipts				
New Vehicle Sales	360,000	654,380	294,380	
Used Vehicle Sales	105,000	157,461	52,461	
Other Revenue	5,000	38,257	33,257	Permanent positive variance largely due to manufacturer rebates on vehicle sales.
Parts & Service Sales	200,000	124,857	(75,143)	The majority of this negative variance is permanent in nature due to Caroline being sick early in the year, bad weather, along with previously earned December 2023 VW warranty reimbursements (\$20k) that were netted by VW against pre-filing parts purchase balances outstanding which was not anticipated.
To/(From) Intercompany	-	50,000	50,000	Permanent positive variance relating to amounts received from Cornwall and Holdings to pay for projected professional fees and other operating expenses. This will result in a negative variance in the corresponding Cornwall and Holdings cash flows.
HST Collected	87,100	126,744	39,644	
	<u>757,100</u>	<u>1,151,699</u>	<u>394,599</u>	
Operating Disbursements				
Lien Payouts	(4,000)	(22,561)	(18,561)	
Used Vehicle Purchases	-	(42,094)	(42,094)	Timing variance as a vehicle was purchased through a dealer trade which is to be sold in the next weeks.
Parts Purchases	(70,000)	(8,581)	61,419	Timing variance which is expected to reverse as parts are paid to VW on a COD basis and/or 10 day credit terms.
Payroll (including Taxes)	(98,800)	(101,945)	(3,145)	
Consulting Fee	(4,204)	-	4,204	
Employee Benefits	(7,500)	-	7,500	
WSIB	(3,478)	(3,478)	-	
Corporate Credit Card Repayment	(25,000)	(15,085)	9,915	
Vendor Payments	(12,500)	(14,066)	(1,566)	
Repairs and Maintenance CAPEX	(10,000)	(353)	9,647	
Rent and Utilities - Property 1 OEM Automotive Cornwall Inc.	(7,222)	(7,418)	(196)	This amount is the total of Rent paid to Cornwall (as shown in Cornwall's Cash Flows), and utilities paid on behalf of Cornwall.
Rent and Utilities - Property 2 OEM Automotive Holdings Inc.	(9,506)	(9,506)	-	This amount is the total of Rent paid to Holdings (as shown in Holdings' Cash Flows), and utilities paid on behalf of Holdings.
Insurance Payments	(35,135)	(40,296)	(5,161)	
HST Paid	(123,108)	(114,133)	8,975	
HST Refund (Remittance)	-	-	-	
Debt Service				
Floor Plan Payments To/From BMO	(561,430)	(687,389)	(125,958)	
BMO Floor Plan Curtailments	(53,371)	(66,794)	(13,422)	
BMO Floor Plan Interest	(20,000)	(33,143)	(13,143)	
BMO Goodwill Loan (Interest)	(12,000)	(11,342)	658	
Proposal Trustee & its Counsel's Fees	(125,000)	(25,000)	100,000	Timing difference, expected to reverse in the coming weeks.
Restructuring Costs	(60,000)	(55,000)	5,000	Timing difference, expected to reverse in the coming weeks.
Sales Agent Work Fees	(15,000)	-	15,000	Timing difference, expected to reverse in the coming weeks.
DIP Facility Interest and fees	-	-	-	
Contingency	(18,750)	(3,842)	14,908	
Total Disbursements	<u>(1,276,004)</u>	<u>(1,262,028)</u>	<u>13,977</u>	
Cash Balance				
Opening Cash Position per Bank Statement	354,563	354,563	-	
Net Cash Flow	(518,904)	(110,329)	408,575	
Surplus/Shortfall	(164,341)	244,235	408,575	
Funding from DIP Facility	200,000	225,000	-	
Ending Cash Position	<u>\$ 35,659</u>	<u>\$ 469,235</u>	<u>\$ 433,575</u>	
Cumulative Cash Flow	(518,904)	(110,329)	408,575	

OEM Automotive Cornwall Inc. ("Cornwall")

2023-12-22 to 2024-02-11 Cumulative				
	Projected	Actual	Variance	Comment
Receipts				
Rent	5,900	5,900	-	
Utilities Collected	324	-	(324)	
HST Collected	809	767	(42)	
Total Receipts	7,033	6,667	(366)	
Operating Disbursements				
Utilities Payments	(324)	-	324	
Property Tax	-	-	-	
From/(To) Intercompany	-	(20,000)	(20,000)	Permanent negative variance relating to amounts paid to Solutions to cover for projected professional fees and other operating expenses. This will result in a positive variance in the corresponding Solutions' cash flows.
HST Paid	(2,642)		2,642	
HST Refund (Remittance)	-		-	
Debt Service & Restructuring Costs				
Scheduled Principal & Interest Payment	(3,420)	(3,420)	-	
Proposal Trustee & its Counsel's Fees	(10,000)	-	10,000	Permanent positive variance as Solutions paid these fees on behalf of Cornwall.
Restructuring Costs	(10,000)	-	10,000	Permanent positive variance as Solutions paid these fees on behalf of Cornwall.
Total Disbursements	(26,386)	(23,420)	2,966	
Cash Balance				
Opening Cash Position per Bank Statement	20,757	20,757	-	
Net Cash Flow	(19,353)	(16,753)	2,600	
Ending Cash Position	1,403	4,003	2,600	

OEM Automotive Holdings Inc. ("Holdings")

2023-12-22 to 2024-02-11 Cumulative				
	Projected	Actual	Variance	Comment
Receipts				
Rent	8,850	8,850	-	
Utilities Collected	657	-	(657)	
HST Collected	1,236	1,150	(85)	
Total Receipts	10,742	10,000	(742)	
Operating Disbursements				
Utilities Payments	(657)	-	657	
Property Tax	-	-	-	
From/(To) Intercompany	-	(30,000)	(30,000)	Permanent negative variance relating to amounts paid to Solutions to cover for projected professional fees and other operating expenses. This will result in a positive variance in the corresponding Solutions' cash flows.
HST Paid	(3,595)	-	3,595	
HST Refund (Remittance)	-	-	-	
Debt Service & Restructuring Costs				
Scheduled Principal & Interest Payment	(6,352)	(6,352)	-	
Proposal Trustee & its Counsel's Fees	(13,500)	-	13,500	Permanent positive variance as Solutions paid these fees on behalf of Holdings.
Restructuring Costs	(13,500)	-	13,500	Permanent positive variance as Solutions paid these fees on behalf of Holdings.
Total Disbursements	(37,604)	(36,352)	1,252	
Cash Balance				
Opening Cash Position per Bank Statement	28,496	28,496	-	
Net Cash Flow	(26,862)	(26,352)	510	
Ending Cash Position	1,634	2,144	510	

Second Report of the Proposal Trustee
Appendix “F”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

(IN BANKRUPTCY & INSOLVENCY)

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.,
1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE
CORNWALL INC. AND OEM AUTOMOTIVE HOLDINGS INC.**

**AFFIDAVIT OF CLARK LONERGAN
(Sworn February 21, 2024)**


I, **CLARK LONERGAN**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY** that:

1. I am a Partner of BDO Canada Limited, and as such have personal knowledge of the matters referred to herein.
2. On December 22, 2023 (the “**Filing Date**”), OEM Automotive Solutions Inc. (“**Solutions**”), OEM Automotive Cornwall Inc. (“**Cornwall**”), and OEM Automotive Holdings Inc. (“**Holdings**”, collectively with Solutions and Cornwall, the “**Companies**”) each filed a Notice of Intention to Make a Proposal (“**NOI(s)**”) pursuant to section 50.4 of the Bankruptcy & Insolvency Act, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited (“**BDO**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in each of the Companies’ proposal proceedings (collectively, the “**Proposal Proceedings**”).
3. On January 11, 2024, the Proposal Trustee finalized its First Report to the Court in which it outlined its activities with respect to Proposal Proceedings.

4. On February 22, 2024, the Proposal Trustee finalized its Second Report to the Court in which it outlined additional activities undertaken with respect to the Proposal Proceedings, as well as provided information with respect to the Proposal Trustee's fees and disbursements for the period of December 22, 2023 to January 19, 2024 (the "**Period**") and those of its legal counsel.
5. The Proposal Trustee commenced its activities on the Filing Date, the Proposal Trustee has been engaged in carrying out the administration of the Proposal Proceedings and Court approved sales process.
6. The Proposal Trustee has provided services and incurred disbursements, in the amount of \$124,373.00 and \$5,362.97 (all excluding HST) respectively, during the Period with respect to services provided. Attached hereto and marked as **Exhibit "A"** and **Exhibit "B"** to this my Affidavit is a summary of all invoices and disbursements, respectively, rendered by the Proposal Trustee, on a periodic basis during the Period (the "**Proposal Trustee's Accounts**").
7. True copies of the Proposal Trustee's Accounts, which include a fair and accurate description of the services provided, along with hours and applicable rates claimed by the Proposal Trustee, are attached as **Exhibit "C"** to this my Affidavit.
8. In the course of performing its duties as set out above at paragraph 5, the Proposal Trustee's staff expended a total of 228.4 hours during the Period. Attached as **Exhibit "D"** to this my affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Proposal Trustee's appointment and the hours and applicable rates claimed by the Proposal Trustee for the Period. The average hourly rate billed by the Proposal Trustee during this Period is \$544.54.
9. The Proposal Trustee requests that this Court approve its Proposal Trustee's Accounts for the Period, in the total amount of \$129,735.97 (excluding HST) for services rendered and recorded during the Period.

10. The time and amounts shown in the detailed account attached as Exhibits A-D are a fair and accurate description of the services provided and the amounts charged by the Proposal Trustee, which reflect the Proposal Trustee's time as billed at the standard billing rates.
11. Fogler, Rubinoff LLP ("**Fogler**"), as independent legal counsel to the Proposal Trustee, has provided legal services to the Proposal Trustee throughout the Proposal Proceedings in a manner consistent with the instructions of the Proposal Trustee and has prepared an affidavit with respect to the services rendered in the period up to January 26, 2024 (the "**Counsel's Period**"). The Proposal Trustee has reviewed the invoices rendered by Fogler during the Counsel's Period.
12. To the best of my knowledge, the rates charged by the Proposal Trustee and Fogler are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
13. I verily believe that the fees and disbursements incurred by BDO, in its respective capacity as Proposal Trustee, and Fogler are fair and reasonable in the circumstances
14. This affidavit is sworn in support of the Companies' motion for, among other things, approval of the Proposal Trustee's fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN before me at the City of)
Toronto, in the Province)
of Ontario this 21st day of February)
2024)


A commissioner, etc.


CLARK LONERAGAN

Antonio Montesano, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP
and BDO Canada Limited, and
their subsidiaries, associates and affiliates.
Expires December 21, 2026.

This is Exhibit "A" referred to in the Affidavit of
Clark Lonergan, sworn before me this 21st day of
February, 2024.

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

A Commissioner for Taking Affidavits

TONY MONTESANO

**Antonio Montesano, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP
and BDO Canada Limited, and
their subsidiaries, associates and affiliates.
Expires December 21, 2026.**

EXHIBIT "A"

BDO CANADA LIMITED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC., AND OEM AUTOMOTIVE HOLDINGS INC.
FEES SUMMARY UP TO JANUARY 19, 2024

Invoice #	Entity	Period	Fees Incurred	Disbursement:	HST	Total
CINV2726348	OEM Automotive Solutions Inc.	December 22, 2023 - January 19, 2024	\$ 87,028.00	\$ 5,362.97	\$12,010.83	\$104,401.80
CINV2710053	OEM Automotive Cornwall Inc.	December 22, 2023 - January 19, 2024	18,672.50	-	2,427.43	21,099.93
CINV2710055	OEM Automotive Holdings Inc.	December 22, 2023 - January 19, 2024	18,672.50	-	2,427.43	21,099.93
			<u>\$ 124,373.00</u>	<u>\$ 5,362.97</u>	<u>\$16,865.68</u>	<u>\$146,601.65</u>

This is Exhibit "B" referred to in the Affidavit of
Clark Lonergan, sworn before me this 21st day of
February, 2024.

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

A Commissioner for Taking Affidavits

TONY MONTESANO

Antonio Montesano, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP
and BDO Canada Limited, and
their subsidiaries, associates and affiliates.
Expires December 21, 2026.

EXHBIT "B"

BDO CANADA LIMITED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC., AND OEM
AUTOMOTIVE HOLDINGS INC.

DISBURSEMENTS SUMMARY UP TO JANUARY 19, 2024

Travel, Meals, and Lodging	5,362.97
Total	<u>\$ 5,362.97</u>

This is Exhibit "C" referred to in the Affidavit of
Clark Lonergan, sworn before me this 21st day of
February, 2024.

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

A Commissioner for Taking Affidavits

TONY MONTESANO

Antonio Montesano, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP
and BDO Canada Limited, and
their subsidiaries, associates and affiliates.
Expires December 21, 2026.



Tel: 416 865 0210
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www.bdo.ca

BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto ON M5E 1C5 Canada

Strictly Private & Confidential

OEM Automotive Holdings Inc.
c/o BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto, ON M5E 1C5

Date	Invoice
January 22, 2024	CINV2710055

RE: OEM Automotive Holdings Inc. - NOI

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Trustee in the above noted matter for the period December 22, 2023 to January 19, 2024 as per the details below.

Our Fee	\$ 18,672.50
HST - 13.00% (#R101518124)	2,427.43
TOTAL	\$ 21,099.93
Less: Retainer funds	(19,210.00)
Balance Due	\$ 1,889.93

Summary of Time Charges:

	Hours	Rate	Amount
C. Loneragan, Partner	12.5	735.00	9,187.50
P. Naumis, Sr. Manager	3.8	625.00	2,375.00
H. Yin, Analyst	18.0	395.00	7,110.00
Total	34.3		\$ 18,672.50

BANK WIRE TRANSFER/EFT PAYMENTS: Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to EFTPayments@bdo.ca

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch
Commerce Court
199 Bay Street
Toronto, ON M5L 1G9
Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce
Bank Institution #: 010
Transit #: 00002
Account #: 91-26910
Swift Reference #: CIBCCATT

Staff	Date	Comments	Hours
C. Lonergan	22-Dec-23	Preparation for filing of NOI, review of creditor listing, discussion with Bank, Counsels and Company re: the same, follow-up with BDO team re: mailings and requirements re: the same, consents to act, etc.	0.8
C. Lonergan	26-Dec-23	Follow up with BDO team re: mailings, and information required for the cash flow.	0.2
C. Lonergan	27-Dec-23	Review of final statutory listings, follow up with team re: mailings, update creditor letters re: mailing, treasury update and 14-week Cash Flow requirements with BDO and Company and discussion re: next steps, follow up with Grants re: next steps, follow up with OSB and BDO team re: certificates and distribution of issued Certificates to the respective parties and counsels.	0.8
H. Yin	27-Dec-23	Correspondence with C. Lonergan re setting up 14-week Cash Flow; Correspondence with C. Wolf to gain understanding of current receipts and disbursements; Start first draft of 14-week Cash Flow; Correspondence with C. Wolf and C. Bourret re current existing treasury process and controls.	1.2
C. Lonergan	28-Dec-23	Update Cash Flows, discussion with BDO & Company re: the same, correspondence with DIP lender and counsel re the same,, creditor updates.	0.8
H. Yin	28-Dec-23	Correspondence with C. Lonergan re feedback on first draft of 14-week Cash Flow, correspondence with C. Wolf to refine cash flow assumptions; correspondence with M. Paquette, Sales Manager, to develop vehicle sales assumptions, correspondence with C. Bourret re parts and service revenue and cost assumptions, revised 14-week Cash Flow; correspondence with C. Bourret to review revised draft Cash Flow; finalize second revised Cash Flow; set up new treasury process and correspondence with C. Wolf and C. Bourret re changes from existing processes; correspondence with Bank of Montreal re pausing pre-authorized debit withdrawals; work with D. Poirier to pause vendor pre-authorized debit transactions; review pre-filing and post-filing cash disbursements, etc.	2.4
P. Naumis	28-Dec-23	Update call with Aird & Berlis, Bank of Montreal and Fogler Rubinooff.	0.4
C. Lonergan	29-Dec-23	Finalize Cash Flow statements, update calls with BDO team and Company re: the same, finalize Sales Agent request for proposals and correspondence re: the same, Cash Flow correspondence to DIP lender, the Grants, and counsels, working with BDO team to file Cash Flows with OSB.	0.6
H. Yin	29-Dec-23	Meet with C. Lonergan and C. Bourret re revisions needed to finalize Cash Flow, make revision and finalize Cash Flow; Correspondence with T. Montesano re Cash Flow submission requirements. Work with C. Bourret to sign and submit documents needed to T. Montesano for filing.	1
P. Naumis	29-Dec-23	Call with T. Montesano re: Cash Flow and report filing.	0.1
C. Lonergan	02-Jan-24	Review of DIP term sheet and correspondence with counsel re: the same, update call with Company re: critical vendors, pre-filing payments, etc., prepare next steps tracking document for BDO team,	1



Staff	Date	Comments	Hours
		finalize SISP procedures draft and discussion with BDO team and DIP lenders counsel re: the same, finalize SIV schedule, SISP update, including sales agent and SISP times summary and correspondence with Company, DIP lender and counsels re: the same, etc. Update call with the Grants' counsel and other counsels re: Stalking horse bid requirement, review of the Grants' emails re: the same, etc.	
H. Yin	02-Jan-24	Correspondence with C. Lonergan re next steps and action items for the week. Correspondence with IT service to publish website; Correspondence with M. Paquette, Sales Manager re previous week vehicles sales; Correspondence with C. Bourret re status of inventory count, work orders, bank statements, etc.; Read emails re DIP financing, SISP; Prepare Sold in Violation analysis and correspondence with C. Lonergan re same; Review bank statement and begin to set up Cash Flow monitoring regime.	1
C. Lonergan	03-Jan-24	Stalking horse update with the Grants' counsel and Company stakeholders re: the same, get treasury policy and procedures up, correspondence to the Company and discussions with BDO team re: the same, Stalking horse update call with Company and DIP lender counsel, group conference call with counsels (Company, DIP Lender, Grant Counsel and Proposal Trustee) re: stalking horse bids, amounts outstanding to the Bank of Montreal and pros/cons of a potential stalking horse process, etc.	0.8
H. Yin	03-Jan-24	Meeting with Counsels and BDO re Sale and Investment Solicitation Process and take notes; Correspondence with M. Paquette re treasury protocols for vehicle sales; Draft treasury protocols for C. Lonergan to review; Correspondence with Bank of Montreal re reversal of Pre-Authorized Debits; Correspondence with S. Rickards re affidavit of mailing for NOI; Correspondence with C. Bourret re treasury items, DIP financing, various processes.	1
C. Lonergan	04-Jan-24	Finalize SISP process, call with the Grants' Counsel re: stalking horse bid and offer, discussion with DIP lender's counsel re: the same, update on amounts outstanding to BMO and other secured creditors, review of initial order and correspondence to Proposal Trustee counsel re: the same, review of Grants' counsel's email and response re: the same re: Stalking horse process, final discussion and follow up with Grant's counsel of the retraction of their stalking horse offer and SISP requirement re: the same, etc. Creditor, Enterprise update and review of correspondence re: the same, etc.	0.6
H. Yin	04-Jan-24	Prepare for and correspond with C. Wolf and D. Land re current status of various accounting matters, including Year End 2022 financials status and treasury process going forward. Take notes and correspondence with C. Lonergan to provide update re same; Review Year End 2022 audit inquiries received; Correspondence with D. Poirier re accounts payables functions and existing payment processes and take notes; Correspondence with A. Mason re warranty work order status and review open warranty summary; Correspondence with C. Bourret, C. Wolf, D. Land, D. Poirier, M. Piquette re various finalized accounting and treasury processes; Draft process controls pre court date for C. Lonergan to review. Correspondence with C. Lonergan on feedback re	1.6

Staff	Date	Comments	Hours
		same; Correspondence with G. Phoenix re documents needed from NOI filing. Draft email to G. Phoenix re same.	
C. Lonergan	05-Jan-24	Review of Sales Agent proposals, discussion with Company re: the same, daily update call with the Company, update with counsels re: Admin, DIP and Directors charges, etc.	0.4
H. Yin	05-Jan-24	Update meeting with C. Bourret, P. Naumis, C. Lonergan re next steps; Correspondence with C. Wolf re feedback for treasury process. Incorporate feedback and finalize re same; Correspondence with M. Paquette and C. Wolf re vehicle sale status for the week and walkthrough vehicle repayment process going forward; Correspondence with C. Wolf and D. Land re banking activities; Correspondence with P. Naumis re first court report and next steps; Read and compare sales agent proposals, summarize key differences for C. Lonergan for review.	1
P. Naumis	05-Jan-24	Review draft Order, SISP, DIP Agreement, cash flows, etc. Call with BDO and Caroline re: going forward. Call with Heron re: discuss draft report, relief sought, materials, etc. Correspondence with debtor's counsel.	0.4
H. Yin	07-Jan-24	Correspondence with P. Naumis re First Report of the Proposal Trustee. Draft First Report and send to P. Naumis for review.	1.2
C. Lonergan	08-Jan-24	SISP Sales Agent proposal reviews and analysis provided to the Company and the DIP Lender, review of order and priority charge amounts including the Admin, DIP and Directors charges, update with Sales Agents re: their proposals, review of affidavit and follow up with counsel re: the same.	0.6
H. Yin	08-Jan-24	Correspondence with P. Naumis re feedback on draft of First Report of the Proposal Trustee; Correspondence with C. Wolf and D. Land re latest banking activities, vendor payment items, and various accounting matters; Review banking activities and draft follow up response to C. Wolf and D. Land; Review latest FY2022 Audit inquiries; Correspondence with C. Bourret re EFT payments.	0.9
P. Naumis	08-Jan-24	Review draft First Report, comments, update and continue draft. Review of draft DIP term sheet, SISP, etc. Correspondence and clarification on certain matters with Heron. Correspondence with Debtor's counsel re: Affidavit of C. Bourret.	0.7
C. Lonergan	09-Jan-24	Review of draft order, draft affidavit, SISP discussions with BDO CF and DSMA, responses to the Grants' counsel, correspondence with VW's counsel, SISP procedures review and follow up with the Proposal Trustee's counsel re: the same, discussion with DIP lender counsel re: fees, update SISP offer review and correspondence to Company and DIP lender re: the same, etc.	1.2
H. Yin	09-Jan-24	Calls with Vendors re NOI process. Draft email replies re same; Update meeting with C. Lonergan, P. Naumis, C. Bourret re next steps; Correspondence with D. Land re Cash Flow variance analysis. Review and reconcile Cash Flow to send back to D. Land for future week reference; Draft DIP Cash Flow, correspondence with C. Lonergan, C. Bourret re same for comments. Revise re same for C. Lonergan's review; Review First Court Report revisions.	1.8

Staff	Date	Comments	Hours
P. Naumis	09-Jan-24	Review ongoing drafts of DIP Term Sheet, Order, etc. Call with BDO and C. Bourret. Review revisions and updates to SISP and draft Order. Various email correspondence throughout the day to and from counsel. Update call with DMSA re: Sales Agent Proposal.	0.2
C. Lonergan	10-Jan-24	Drafting the first report on the Proposal Trustee, review of Company filing materials re: the same, review of Interim Financing Agreement re: the same, review and finalizing of SISP document re: the same, finalizing the DIP cash flows, daily update call with the Company, etc.	2.3
H. Yin	10-Jan-24	Correspondence with Volkswagen Canada re Enterprise rental account status; Correspondence with C. Wolf re floor line repayment, draft email re same and review payment confirmation; Correspondence with C. Lonergan re feedback on DIP Cash Flow, revise for C. Lonergan's review; Correspondence with C. Wolf re additional Cash Flow projection period; Correspondence with D. Poirier re AP vendor invoice breakdowns; Meeting with C. Bourret, C. Lonergan, P. Naumis re various matters; Correspondence with M. Finnegan re BDO invoices/retainers; Draft email to C. Bourret re outstanding items for data room; Draft email to C. Lonergan re updated Vehicles Sold Out of Trust balance and repayments made.	1.4
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with E. Demeules from DSMA. Call with BDO counsel. Call with Debtor's counsel.	0.2
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with E. Demeules from DSMA. Call with BDO counsel. Call with Debtor's counsel.	0.3
C. Lonergan	11-Jan-24	Finalize and review of the First Report of the Proposal Trustee, finalize DIP Cash Flows, discussion with BDO team and Counsel re: the same, update call with the Bank re: DIP cash flow, First Report, etc.	0.7
H. Yin	11-Jan-24	Update meeting with P. Naumis and C. Bourret; Correspondence with Pigeon Roy Advisors re obtaining updated appraisal; Gather documents and finalize appendices for the First Report of the Proposal Trustee; Correspondence with C. Lonergan to finalize First Report.	0.8
P. Naumis	11-Jan-24	Update call with C. Bourret.	0.2
C. Lonergan	12-Jan-24	Daily update call with the Company and BDO team, update on critical vendors, update on sales agent and SISP next steps, update call with VW Canada and next steps re: the same, update analysis for VW, discussion with Counsel re: VW pre-filing claims, cash flow up re: professional fee payments, etc.	0.8
H. Yin	12-Jan-24	Update meeting with C. Bourret, C. Lonergan, P. Naumis re next steps; Meeting with C. Bourret, A. Mason re warranty work orders pending parts; Draft email list of items to discuss with Volkswagen Canada; Correspondence with D. Poirier re cheque payments for professional fee invoices; Correspondence with vendors re current proceeding; Gather	0.7

Staff	Date	Comments	Hours
		documents and correspond with IT re uploading court materials to the BDO website; Meet with Volkswagen Canada, take notes and draft email for C. Loneragan to review; Correspondence with M. Aquilina, previous counsel advising on the closing of purchase of dealership, regarding documents needed for data room.	
P. Naumis	12-Jan-24	Update call with C. Bourret.	0.2
C. Loneragan	15-Jan-24	Cash Flow update, kick-off call with Sales Agent and BDO team, etc.	0.2
H. Yin	15-Jan-24	Meeting with DSMA re Sale Process Kickoff; Set up virtual data room for Sale Process; Meeting with C. Bourret and P. Naumis re next steps and action items; Prepare and mail out creditor package to Bank of Nova Scotia; Deliver retainer cheques to legal counsel; Correspondence with C. Wolf re floor line repayments.	0.3
P. Naumis	15-Jan-24	Update call with C. Bourret.; Call with DSMA.	0.3
C. Loneragan	16-Jan-24	Review of SISP documents, etc.	0.1
H. Yin	16-Jan-24	Correspondence with D. Land, C. Wolf re previous week cash disbursements and receipts; Review and conduct cash flow variance analysis for previous week; Draft Non-Disclosure agreement for Sale Process for P. Naumis to review; Review DSMA inquiry list re Sale Process and draft email to Cornwall Volkswagen to request re same.	0.6
P. Naumis	16-Jan-24	Appraisal update, data room set up, SISP details.	0.2
C. Loneragan	17-Jan-24	Attendance at Court, preparation re: the same, discussion with Counsel and BDO team re: next steps, update call with Sales Agent re: Order approval and next steps, SISP update re: potential purchasers, etc.	0.2
H. Yin	17-Jan-24	Meeting with P. Naumis and C. Bourret re next steps; Correspondence with C. Wolf re various treasury items, floor line payments, and information request for the Sale Process; Correspondence with M. Paquette re vehicle sale expectations for the week; Conduct mid-week cash flow analysis to ensure sufficient balance; Correspondence with C. Loneragan re treasury status; Review emails received from C. Bourret and C. Wolf re various matters; Draft post Court Date treasury process for C. Loneragan and P. Naumis to review. Send out to group re same.	0.8
P. Naumis	17-Jan-24	Update with C. Bourret. Review and comment on draft NDA.	0.3
H. Yin	18-Jan-24	Correspondence with creditors re NOI proceedings and payments; Correspondence with M. Paquette re various matters; Follow up with appraiser re appraisal proposal; Update and consolidate BDO webpages; Meeting with Volkswagen Canada re various matters.	0.3
P. Naumis	18-Jan-24	Creditor queries. Morning call and update with C. Bourret. Receive and review Order. Update with DSMA. Update on data room due diligence materials. Organize re: consolidation of estates.	0.2
C. Loneragan	19-Jan-24	Update on critical vendors analysis, update on cash position, correspondence with sales agent re: process, update on litigation matters with counsel, execution of order to be registered on the property, etc.	0.4



Staff	Date	Comments	Hours
P. Naumis	19-Jan-24	Critical supplier list and pre-filing payments request. Correspondence with DSMA re: due diligence material, appraisal, etc.	0.1



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Toronto ON M5E 1C5 Canada

Strictly Private & Confidential

OEM Automotive Cornwall Inc.
c/o BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto, ON M5E 1C5

Date

February 1, 2024

Invoice

CINV2710053

RE: OEM Automotive Cornwall Inc. - NOI

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Trustee in the above noted matter for the period December 22, 2023 to January 19, 2024 as per the details below.

Our Fee	\$ 18,672.50
HST - 13.00% (#R101518124)	2,427.43
TOTAL	\$ 21,099.93
Less: retainer funds	(14,690.00)
Balance Due	\$ 6,409.93

Summary of Time Charges:

	Hours	Rate	Amount
C. Loneragan, Partner	12.5	735.00	9,187.50
P. Naumis, Sr. Manager	3.8	625.00	2,375.00
H. Yin, Analyst	18.0	395.00	7,110.00
Total	34.3		\$ 18,672.50

BANK WIRE TRANSFER/EFT PAYMENTS: Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to EFTPayments@bdo.ca

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch
Commerce Court
199 Bay Street
Toronto, ON M5L 1G9
Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce
Bank Institution #: 010
Transit #: 00002
Account #: 91-26910
Swift Reference #: CIBCCATT

Staff	Date	Comments	Hours
C. Lonergan	22-Dec-23	Preparation for filing of NOI, review of creditor listing, discussion with Bank, Counsels and Company re: the same, follow-up with BDO team re: mailings and requirements re: the same, consents to act, etc.	0.8
C. Lonergan	26-Dec-23	Follow up with BDO team re: mailings, and information required for the cash flow.	0.2
C. Lonergan	27-Dec-23	Review of final statutory listings, follow up with team re: mailings, update creditor letters re: mailing, treasury update and 14-week Cash Flow requirements with BDO and Company and discussion re: next steps, follow up with Grants re: next steps, follow up with OSB and BDO team re: certificates and distribution of issued Certificates to the respective parties and counsels.	0.8
H. Yin	27-Dec-23	Correspondence with C. Lonergan re setting up 14-week Cash Flow; Correspondence with C. Wolf to gain understanding of current receipts and disbursements; Start first draft of 14-week Cash Flow; Correspondence with C. Wolf and C. Bourret re current existing treasury process and controls.	1.2
C. Lonergan	28-Dec-23	Update Cash Flows, discussion with BDO & Company re: the same, correspondence with DIP lender and counsel re the same,, creditor updates.	0.8
H. Yin	28-Dec-23	Correspondence with C. Lonergan re feedback on first draft of 14-week Cash Flow, correspondence with C. Wolf to refine cash flow assumptions; correspondence with M. Paquette, Sales Manager, to develop vehicle sales assumptions, correspondence with C. Bourret re parts and service revenue and cost assumptions, revised 14-week Cash Flow; correspondence with C. Bourret to review revised draft Cash Flow; finalize second revised Cash Flow; set up new treasury process and correspondence with C. Wolf and C. Bourret re changes from existing processes; correspondence with Bank of Montreal re pausing pre-authorized debit withdrawals; work with D. Poirier to pause vendor pre-authorized debit transactions; review pre-filing and post-filing cash disbursements, etc.	2.4
P. Naumis	28-Dec-23	Update call with Aird & Berlis, Bank of Montreal and Fogler Rubinoff.	0.4
C. Lonergan	29-Dec-23	Finalize Cash Flow statements, update calls with BDO team and Company re: the same, finalize Sales Agent request for proposals and correspondence re: the same, Cash Flow correspondence to DIP lender, the Grants, and counsels, working with BDO team to file Cash Flows with OSB.	0.6
H. Yin	29-Dec-23	Meet with C. Lonergan and C. Bourret re revisions needed to finalize Cash Flow, make revision and finalize Cash Flow; Correspondence with T. Montesano re Cash Flow submission requirements. Work with C. Bourret to sign and submit documents needed to T. Montesano for filing.	1
P. Naumis	29-Dec-23	Call with T. Montesano re: Cash Flow and report filing.	0.1

C. Lonergan	02-Jan-24	Review of DIP term sheet and correspondence with counsel re: the same, update call with Company re: critical vendors, pre-filing payments, etc., prepare next steps tracking document for BDO team, finalize SISP procedures draft and discussion with BDO team and DIP lenders counsel re: the same, finalize SIV schedule, SISP update, including sales agent and SISP times summary and correspondence with Company, DIP lender and counsels re: the same, etc. Update call with the Grants' counsel and other counsels re: Stalking horse bid requirement, review of the Grants' emails re: the same, etc.	1
H. Yin	02-Jan-24	Correspondence with C. Lonergan re next steps and action items for the week. Correspondence with IT service to publish website; Correspondence with M. Paquette, Sales Manager re previous week vehicles sales; Correspondence with C. Bourret re status of inventory count, work orders, bank statements, etc.; Read emails re DIP financing, SISP; Prepare Sold in Violation analysis and correspondence with C. Lonergan re same; Review bank statement and begin to set up Cash Flow monitoring regime.	1
C. Lonergan	03-Jan-24	Stalking horse update with the Grants' counsel and Company stakeholders re: the same, get treasury policy and procedures up, correspondence to the Company and discussions with BDO team re: the same, Stalking horse update call with Company and DIP lender counsel, group conference call with counsels (Company, DIP Lender, Grant Counsel and Proposal Trustee) re: stalking horse bids, amounts outstanding to the Bank of Montreal and pros/cons of a potential stalking horse process, etc.	0.8
H. Yin	03-Jan-24	Meeting with Counsels and BDO re Sale and Investment Solicitation Process and take notes; Correspondence with M. Paquette re treasury protocols for vehicle sales; Draft treasury protocols for C. Lonergan to review; Correspondence with Bank of Montreal re reversal of Pre-Authorized Debits; Correspondence with S. Rickards re affidavit of mailing for NOI; Correspondence with C. Bourret re treasury items, DIP financing, various processes.	1
C. Lonergan	04-Jan-24	Finalize SISP process, call with the Grants' Counsel re: stalking horse bid and offer, discussion with DIP lender's counsel re: the same, update on amounts outstanding to BMO and other secured creditors, review of initial order and correspondence to Proposal Trustee counsel re: the same, review of Grants' counsel's email and response re: the same re: Stalking horse process, final discussion and follow up with Grant's counsel of the retraction of their stalking horse offer and SISP requirement re: the same, etc. Creditor, Enterprise update and review of correspondence re: the same, etc.	0.6
H. Yin	04-Jan-24	Prepare for and correspond with C. Wolf and D. Land re current status of various accounting matters, including Year End 2022 financials status and treasury process going forward. Take notes and correspondence with C. Lonergan to provide update re same; Review Year End 2022 audit inquiries received; Correspondence with D. Poirier re accounts payables functions and existing payment processes and take notes; Correspondence with A. Mason re warranty work order status and review open warranty summary; Correspondence with C. Bourret, C. Wolf, D. Land, D. Poirier, M. Piquette re various finalized accounting and treasury processes; Draft process controls pre court date for C. Lonergan to review. Correspondence with C. Lonergan on feedback re	1.6

		same; Correspondence with G. Phoenix re documents needed from NOI filing. Draft email to G. Phoenix re same.	
C. Lonergan	05-Jan-24	Review of Sales Agent proposals, discussion with Company re: the same, daily update call with the Company, update with counsels re: Admin, DIP and Directors charges, etc.	0.4
H. Yin	05-Jan-24	Update meeting with C. Bourret, P. Naumis, C. Lonergan re next steps; Correspondence with C. Wolf re feedback for treasury process. Incorporate feedback and finalize re same; Correspondence with M. Paquette and C. Wolf re vehicle sale status for the week and walkthrough vehicle repayment process going forward; Correspondence with C. Wolf and D. Land re banking activities; Correspondence with P. Naumis re first court report and next steps; Read and compare sales agent proposals, summarize key differences for C. Lonergan for review.	1
P. Naumis	05-Jan-24	Review draft Order, SISP, DIP Agreement, cash flows, etc. Call with BDO and Caroline re: going forward. Call with Heron re: discuss draft report, relief sought, materials, etc. Correspondence with debtor's counsel.	0.4
H. Yin	07-Jan-24	Correspondence with P. Naumis re First Report of the Proposal Trustee. Draft First Report and send to P. Naumis for review.	1.2
C. Lonergan	08-Jan-24	SISP Sales Agent proposal reviews and analysis provided to the Company and the DIP Lender, review of order and priority charge amounts including the Admin, DIP and Directors charges, update with Sales Agents re: their proposals, review of affidavit and follow up with counsel re: the same.	0.6
H. Yin	08-Jan-24	Correspondence with P. Naumis re feedback on draft of First Report of the Proposal Trustee; Correspondence with C. Wolf and D. Land re latest banking activities, vendor payment items, and various accounting matters; Review banking activities and draft follow up response to C. Wolf and D. Land; Review latest FY2022 Audit inquiries; Correspondence with C. Bourret re EFT payments.	0.9
P. Naumis	08-Jan-24	Review draft First Report, comments, update and continue draft. Review of draft DIP term sheet, SISP, etc. Correspondence and clarification on certain matters with Heron. Correspondence with Debtor's counsel re: Affidavit of C. Bourret.	0.7
C. Lonergan	09-Jan-24	Review of draft order, draft affidavit, SISP discussions with BDO CF and DSMA, responses to the Grants' counsel, correspondence with VW's counsel, SISP procedures review and follow up with the Proposal Trustee's counsel re: the same, discussion with DIP lender counsel re: fees, update SISP offer review and correspondence to Company and DIP lender re: the same, etc.	1.2
H. Yin	09-Jan-24	Calls with Vendors re NOI process. Draft email replies re same; Update meeting with C. Lonergan, P. Naumis, C. Bourret re next steps; Correspondence with D. Land re Cash Flow variance analysis. Review and reconcile Cash Flow to send back to D. Land for future week reference; Draft DIP Cash Flow, correspondence with C. Lonergan, C. Bourret re same for comments. Revise re same for C. Lonergan's review; Review First Court Report revisions.	1.8

P. Naumis	09-Jan-24	Review ongoing drafts of DIP Term Sheet, Order, etc. Call with BDO and C. Bourret. Review revisions and updates to SISP and draft Order. Various email correspondence throughout the day to and from counsel. Update call with DMSA re: Sales Agent Proposal.	0.2
C. Lonergan	10-Jan-24	Drafting the first report on the Proposal Trustee, review of Company filing materials re: the same, review of Interim Financing Agreement re: the same, review and finalizing of SISP document re: the same, finalizing the DIP cash flows, daily update call with the Company, etc.	2.3
H. Yin	10-Jan-24	Correspondence with Volkswagen Canada re Enterprise rental account status; Correspondence with C. Wolf re floor line repayment, draft email re same and review payment confirmation; Correspondence with C. Lonergan re feedback on DIP Cash Flow, revise for C. Lonergan's review; Correspondence with C. Wolf re additional Cash Flow projection period; Correspondence with D. Poirier re AP vendor invoice breakdowns; Meeting with C. Bourret, C. Lonergan, P. Naumis re various matters; Correspondence with M. Finnegan re BDO invoices/retainers; Draft email to C. Bourret re outstanding items for data room; Draft email to C. Lonergan re updated Vehicles Sold Out of Trust balance and repayments made.	1.4
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with E. Demeules from DSMA. Call with BDO counsel. Call with Debtor's counsel.	0.2
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with Etienne of DSMA.	0.3
C. Lonergan	11-Jan-24	Finalize and review of the First Report of the Proposal Trustee, finalize DIP Cash Flows, discussion with BDO team and Counsel re: the same, update call with the Bank re: DIP cash flow, First Report, etc.	0.7
H. Yin	11-Jan-24	Update meeting with P. Naumis and C. Bourret; Correspondence with Pigeon Roy Advisors re obtaining updated appraisal; Gather documents and finalize appendices for the First Report of the Proposal Trustee; Correspondence with C. Lonergan to finalize First Report.	0.8
P. Naumis	11-Jan-24	Update call with C. Bourret	0.2
C. Lonergan	12-Jan-24	Daily update call with the Company and BDO team, update on critical vendors, update on sales agent and SISP next steps, update call with VW Canada and next steps re: the same, update analysis for VW, discussion with Counsel re: VW pre-filing claims, cash flow up re: professional fee payments, etc.	0.8
H. Yin	12-Jan-24	Update meeting with C. Bourret, C. Lonergan, P. Naumis re next steps; Meeting with C. Bourret, A. Mason re warranty work orders pending parts; Draft email list of items to discuss with Volkswagen Canada; Correspondence with D. Poirier re cheque payments for professional fee invoices; Correspondence with vendors re current proceeding; Gather documents and correspond with IT re uploading court materials to the BDO website; Meet with Volkswagen Canada, take notes and draft email	0.7

		for C. Lonergan to review; Correspondence with M. Aquilina, previous counsel advising on the closing of purchase of dealership, regarding documents needed for data room.	
P. Naumis	12-Jan-24	Update call with C. Bourret	0.2
C. Lonergan	15-Jan-24	Cash Flow update, kick-off call with Sales Agent and BDO team, etc.	0.2
H. Yin	15-Jan-24	Meeting with DSMA re Sale Process Kickoff; Set up virtual data room for Sale Process; Meeting with C. Bourret and P. Naumis re next steps and action items; Prepare and mail out creditor package to Bank of Nova Scotia; Deliver retainer cheques to legal counsel; Correspondence with C. Wolf re floor line repayments.	0.3
P. Naumis	15-Jan-24	Update with C. Bourret. Call with DSMA.	0.3
C. Lonergan	16-Jan-24	Review of SISP documents, etc.	0.1
H. Yin	16-Jan-24	Correspondence with D. Land, C. Wolf re previous week cash disbursements and receipts; Review and conduct cash flow variance analysis for previous week; Draft Non-Disclosure agreement for Sale Process for P. Naumis to review; Review DSMA inquiry list re Sale Process and draft email to Cornwall Volkswagen to request re same.	0.6
P. Naumis	16-Jan-24	Appraisal update, data room set up, SISP details.	0.2
C. Lonergan	17-Jan-24	Attendance at Court, preparation re: the same, discussion with Counsel and BDO team re: next steps, update call with Sales Agent re: Order approval and next steps, SISP update re: potential purchasers, etc.	0.2
H. Yin	17-Jan-24	Meeting with P. Naumis and C. Bourret re next steps; Correspondence with C. Wolf re various treasury items, floor line payments, and information request for the Sale Process; Correspondence with M. Paquette re vehicle sale expectations for the week; Conduct mid-week cash flow analysis to ensure sufficient balance; Correspondence with C. Lonergan re treasury status; Review emails received from C. Bourret and C. Wolf re various matters; Draft post Court Date treasury process for C. Lonergan and P. Naumis to review. Send out to group re same.	0.8
P. Naumis	17-Jan-24	Update with C. Bourret. Review and comment on draft NDA.	0.3
H. Yin	18-Jan-24	Correspondence with creditors re NOI proceedings and payments; Correspondence with M. Paquette re various matters; Follow up with appraiser re appraisal proposal; Update and consolidate BDO webpages; Meeting with Volkswagen Canada re various matters.	0.3
P. Naumis	18-Jan-24	Creditor queries. Morning call and update with C. Bourret. Receive and review Order. Update with DSMA. Update on data room due diligence materials. Organize re: consolidation of estates.	0.2
C. Lonergan	19-Jan-24	Update on critical vendors analysis, update on cash position, correspondence with sales agent re: process, update on litigation matters with counsel, execution of order to be registered on the property, etc.	0.4



P. Naumis	19-Jan-24	Critical supplier list and pre-filing payments request. Correspondence with DSMA re: due diligence material, appraisal, etc.	0.1
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Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto ON M5E 1C5 Canada

Strictly Private & Confidential

OEM Solutions Inc
c/o BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto, ON M5E 1C5

Date

February 1, 2024

Invoice

CINV2726348

RE: OEM Automotive Solutions - NOI

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Trustee in the above noted matter for the period December 22, 2023 to January 19, 2024 as per the details below.

Our Fee	\$ 87,028.00
Disbursements: Meal, Lodging	5,362.97
	<u>92,390.97</u>
HST - 13.00% (#R101518124)	12,010.83
TOTAL	<u>\$ 104,401.80</u>

Summary of Time Charges:

	Hours	Rate	Amount
C. Lonergan, Partner	62.4	735.00	45,864.00
P. Naumis, Sr. Manager	11.7	625.00	7,312.50
H. Yin, Analyst	85.7	395.00	33,851.50
Total	<u>159.8</u>		<u>\$ 87,028.00</u>



Staff	Date	Comments	Hours
C. Lonergan	22-Dec-23	Preparation for filing of NOI, review of creditor listing, discussion with Bank, Counsels and Company re: the same, follow-up with BDO team re: mailings and requirements re: the same, consents to act, etc.	3.4
C. Lonergan	26-Dec-23	Follow up with BDO team re: mailings, and information required for the cash flow.	0.8
C. Lonergan	27-Dec-23	Review of final statutory listings, follow up with team re: mailings, update creditor letters re: mailing, treasury update and 14-week Cash Flow requirements with BDO and Company and discussion re: next steps, follow up with Grants re: next steps, follow up with OSB and BDO team re: certificates and distribution of issued Certificates to the respective parties and counsels.	3.6
H. Yin	27-Dec-23	Correspondence with C. Lonergan re setting up 14-week Cash Flow; Correspondence with C. Wolf to gain understanding of current receipts and disbursements; Start first draft of 14-week Cash Flow; Correspondence with C. Wolf and C. Bourret re current existing treasury process and controls.	5.6
C. Lonergan	28-Dec-23	Update Cash Flows, discussion with BDO & Company re: the same, correspondence with DIP lender and counsel re the same, update email to VW, treasury function update (pads, eft) and controls going forward, creditor updates.	5.1
H. Yin	28-Dec-23	Correspondence with C. Lonergan re feedback on first draft of 14-week Cash Flow, correspondence with C. Wolf to refine cash flow assumptions; correspondence with M. Paquette, Sales Manager, to develop vehicle sales assumptions, correspondence with C. Bourret re parts and service revenue and cost assumptions, revised 14-week Cash Flow; correspondence with C. Bourret to review revised draft Cash Flow; finalize second revised Cash Flow; set up new treasury process and correspondence with C. Wolf and C. Bourret re changes from existing processes; correspondence with Bank of Montreal re pausing pre-authorized debit withdrawals; work with D. Poirier to pause vendor pre-authorized debit transactions; review pre-filing and post-filing cash disbursements, etc.	11.2
P. Naumis	28-Dec-23	Update call with Aird & Berlis, Bank of Montreal and Fogler Rubinoff.	0.2
C. Lonergan	29-Dec-23	Finalize Cash Flow statements, update calls with BDO team and Company re: the same, finalize Sales Agent request for proposals and correspondence re: the same, Cash Flow correspondence to DIP lender, the Grants, and counsels, working with BDO team to file Cash Flows with OSB.	2.9
H. Yin	29-Dec-23	Meet with C. Lonergan and C. Bourret re revisions needed to finalize Cash Flow, make revision and finalize Cash Flow; Correspondence with T. Montesano re Cash Flow submission requirements. Work with C. Bourret to sign and submit documents needed to T. Montesano for filing.	4.6
P. Naumis	29-Dec-23	Call with T. Montesano re: Cash Flow and report filing.	0.1



Staff	Date	Comments	Hours
C. Lonergan	02-Jan-24	Review of DIP term sheet and correspondence with counsel re: the same, update call with Company re: critical vendors, pre-filing payments, etc., prepare next steps tracking document for BDO team, finalize SISP procedures draft and discussion with BDO team and DIP lenders counsel re: the same, finalize SIV schedule, SISP update, including sales agent and SISP times summary and correspondence with Company, DIP lender and counsels re: the same, etc. Update call with the Grants' counsel and other counsels re: Stalking horse bid requirement, review of the Grants' emails re: the same, etc.	4.1
H. Yin	02-Jan-24	Correspondence with C. Lonergan re next steps and action items for the week. Correspondence with IT service to publish website; Correspondence with M. Paquette, Sales Manager re previous week vehicles sales; Correspondence with C. Bourret re status of inventory count, work orders, bank statements, etc.; Read emails re DIP financing, SISP; Prepare Sold in Violation analysis and correspondence with C. Lonergan re same; Review bank statement and begin to set up Cash Flow monitoring regime.	5
C. Lonergan	03-Jan-24	Stalking horse update with the Grants' counsel and Company stakeholders re: the same, get treasury policy and procedures up, correspondence to the Company and discussions with BDO team re: the same, Stalking horse update call with Company and DIP lender counsel, group conference call with counsels (Company, DIP Lender, Grant Counsel and Proposal Trustee) re: stalking horse bids, amounts outstanding to the Bank of Montreal and pros/cons of a potential stalking horse process, etc.	3.7
H. Yin	03-Jan-24	Meeting with Counsels and BDO re Sale and Investment Solicitation Process and take notes; Correspondence with M. Paquette re treasury protocols for vehicle sales; Draft treasury protocols for C. Lonergan to review; Correspondence with Bank of Montreal re reversal of Pre-Authorized Debits; Correspondence with S. Rickards re affidavit of mailing for NOI; Correspondence with C. Bourret re treasury items, DIP financing, various processes.	4.5
C. Lonergan	04-Jan-24	Finalize SISP process, call with the Grants' Counsel re: stalking horse bid and offer, discussion with DIP lender's counsel re: the same, update on amounts outstanding to BMO and other secured creditors, review of initial order and correspondence to Proposal Trustee counsel re: the same, review of Grants' counsel's email and response re: the same re: Stalking horse process, final discussion and follow up with Grant's counsel of the retraction of their stalking horse offer and SISP requirement re: the same, etc. Creditor, Enterprise update and review of correspondence re: the same, etc.	2.9
H. Yin	04-Jan-24	Prepare for and correspond with C. Wolf and D. Land re current status of various accounting matters, including Year End 2022 financials status and treasury process going forward. Take notes and correspondence with C. Lonergan to provide update re same; Review Year End 2022 audit inquiries received; Correspondence with D. Poirier re accounts payables functions and existing payment processes and take notes; Correspondence with A. Mason re warranty work order status and review open warranty summary;	7.3

Staff	Date	Comments	Hours
		Correspondence with C. Bourret, C. Wolf, D. Land, D. Poirier, M. Piquette re various finalized accounting and treasury processes; Draft process controls pre court date for C. Lonergan to review. Correspondence with C. Lonergan on feedback re same; Correspondence with G. Phoenix re documents needed from NOI filing. Draft email to G. Phoenix re same.	
C. Lonergan	05-Jan-24	Review of Sales Agent proposals, discussion with Company re: the same, daily update call with the Company, update with counsels re: Admin, DIP and Directors charges, etc.	1.5
H. Yin	05-Jan-24	Update meeting with C. Bourret, P. Naumis, C. Lonergan re next steps; Correspondence with C. Wolf re feedback for treasury process. Incorporate feedback and finalize re same; Correspondence with M. Paquette and C. Wolf re vehicle sale status for the week and walkthrough vehicle repayment process going forward; Correspondence with C. Wolf and D. Land re banking activities; Correspondence with P. Naumis re first court report and next steps; Read and compare sales agent proposals, summarize key differences for C. Lonergan for review.	4.5
P. Naumis	05-Jan-24	Review draft Order, SISP, DIP Agreement, cash flows, etc. Call with BDO and Caroline re: going forward. Call with Heron re: discuss draft report, relief sought, materials, etc. Correspondence with debtor's counsel.	1.5
H. Yin	07-Jan-24	Correspondence with P. Naumis re First Report of the Proposal Trustee. Draft First Report and send to P. Naumis for review.	6.1
C. Lonergan	08-Jan-24	SISP Sales Agent proposal reviews and analysis provided to the Company and the DIP Lender, review of order and priority charge amounts including the Admin, DIP and Directors charges, update with Sales Agents re: their proposals, review of affidavit and follow up with counsel re: the same.	2.9
H. Yin	08-Jan-24	Correspondence with P. Naumis re feedback on draft of First Report of the Proposal Trustee; Correspondence with C. Wolf and D. Land re latest banking activities, vendor payment items, and various accounting matters; Review banking activities and draft follow up response to C. Wolf and D. Land; Review latest FY2022 Audit inquiries; Correspondence with C. Bourret re EFT payments.	4.6
P. Naumis	08-Jan-24	Review draft First Report, comments, update and continue draft. Review of draft DIP term sheet, SISP, etc. Correspondence and clarification on certain matters with Heron. Correspondence with Debtor's counsel re: Affidavit of C. Bourret.	3.6
C. Lonergan	09-Jan-24	Review of draft order, draft affidavit, SISP discussions with BDO CF and DSMA, responses to the Grants' counsel, correspondence with VW's counsel, SISP procedures review and follow up with the Proposal Trustee's counsel re: the same, discussion with DIP lender counsel re: fees, update SISP offer review and correspondence to Company and DIP lender re: the same, etc.	5.9
H. Yin	09-Jan-24	Calls with Vendors re NOI process. Draft email replies re same; Update meeting with C. Lonergan, P. Naumis, C. Bourret re next	8.9

Staff	Date	Comments	Hours
		steps; Correspondence with D. Land re Cash Flow variance analysis. Review and reconcile Cash Flow to send back to D. Land for future week reference; Draft DIP Cash Flow, correspondence with C. Lonergan, C. Bourret re same for comments. Revise re same for C. Lonergan's review; Review First Court Report revisions.	
P. Naumis	09-Jan-24	Review ongoing drafts of DIP Term Sheet, Order, etc. Call with BDO and C. Bourret. Review revisions and updates to SISP and draft Order. Various email correspondence throughout the day to and from counsel. Update call with DMSA re: Sales Agent Proposal.	1.1
C. Lonergan	10-Jan-24	Drafting the first report on the Proposal Trustee, review of Company filing materials re: the same, review of Interim Financing Agreement re: the same, review and finalizing of SISP document re: the same, finalizing the DIP cash flows, daily update call with the Company, etc.	10.9
H. Yin	10-Jan-24	Correspondence with Volkswagen Canada re Enterprise rental account status; Correspondence with C. Wolf re floor line repayment, draft email re same and review payment confirmation; Correspondence with C. Lonergan re feedback on DIP Cash Flow, revise for C. Lonergan's review; Correspondence with C. Wolf re additional Cash Flow projection period; Correspondence with D. Poirier re AP vendor invoice breakdowns; Meeting with C. Bourret, C. Lonergan, P. Naumis re various matters; Correspondence with M. Finnegan re BDO invoices/retainers; Draft email to C. Bourret re outstanding items for data room; Draft email to C. Lonergan re updated Vehicles Sold Out of Trust balance and repayments made.	6.7
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with E. Demeules from DSMA. Call with BDO counsel. Call with Debtor's counsel.	0.8
P. Naumis	10-Jan-24	Update call with BDO and C. Bourret. Separate call with C. Bourret re: pre-filing payments and what can and what cannot be paid. Call with Debtor's counsel. Draft engagement letter for DSMA as Sales Agent. Various emails and discussions with E. Demeules from DSMA. Call with BDO counsel. Call with Debtor's counsel.	1.2
C. Lonergan	11-Jan-24	Finalize and review of the First Report of the Proposal Trustee, finalize DIP Cash Flows, discussion with BDO team and Counsel re: the same, update call with the Bank re: DIP cash flow, First Report, etc.	3.6
H. Yin	11-Jan-24	Update meeting with P. Naumis and C. Bourret; Correspondence with Pigeon Roy Advisors re obtaining updated appraisal; Gather documents and finalize appendices for the First Report of the Proposal Trustee; Correspondence with C. Lonergan to finalize First Report.	3.9
P. Naumis	11-Jan-24	Update call with C. Bourret.	0.2
C. Lonergan	12-Jan-24	Daily update call with the Company and BDO team, update on critical vendors, update on sales agent and SISP next steps, update	4.2



Staff	Date	Comments	Hours
		call with VW Canada and next steps re: the same, update analysis for VW, discussion with Counsel re: VW pre-filing claims, cash flow up re: professional fee payments, etc.	
H. Yin	12-Jan-24	Update meeting with C. Bourret, C. Lonergan, P. Naumis re next steps; Meeting with C. Bourret, A. Mason re warranty work orders pending parts; Draft email list of items to discuss with Volkswagen Canada; Correspondence with D. Poirier re cheque payments for professional fee invoices; Correspondence with vendors re current proceeding; Gather documents and correspond with IT re uploading court materials to the BDO website; Meet with Volkswagen Canada, take notes and draft email for C. Lonergan to review; Correspondence with M. Aquilina, previous counsel advising on the closing of purchase of dealership, regarding documents needed for data room.	3.8
P. Naumis	12-Jan-24	Update call with C. Bourret	0.2
C. Lonergan	15-Jan-24	Cash Flow update, kick-off call with Sales Agent and BDO team, etc.	1.1
H. Yin	15-Jan-24	Meeting with DSMA re Sale Process Kickoff; Set up virtual data room for Sale Process; Meeting with C. Bourret and P. Naumis re next steps and action items; Prepare and mail out creditor package to Bank of Nova Scotia; Deliver retainer cheques to legal counsel; Correspondence with C. Wolf re floor line repayments.	1.2
P. Naumis	15-Jan-24	Update with C. Bourret, BNS PPSA, BMO demand, etc. Call with DSMA.	0.3
C. Lonergan	16-Jan-24	Review of SISP documents, etc.	0.3
H. Yin	16-Jan-24	Correspondence with D. Land, C. Wolf re previous week cash disbursements and receipts; Review and conduct cash flow variance analysis for previous week; Draft Non-Disclosure agreement for Sale Process for P. Naumis to review; Review DSMA inquiry list re Sale Process and draft email to Cornwall Volkswagen to request re same.	2.6
P. Naumis	16-Jan-24	Appraisal update, data room set up, SISP details.	0.2
C. Lonergan	17-Jan-24	Attendance at Court, preparation re: the same, discussion with Counsel and BDO team re: next steps, update call with Sales Agent re: Order approval and next steps, SISP update re: potential purchasers, etc.	1.1
H. Yin	17-Jan-24	Meeting with P. Naumis and C. Bourret re next steps; Correspondence with C. Wolf re various treasury items, floor line payments, and information request for the Sale Process; Correspondence with M. Paquette re vehicle sale expectations for the week; Conduct mid-week cash flow analysis to ensure sufficient balance; Correspondence with C. Lonergan re treasury status; Review emails received from C. Bourret and C. Wolf re various matters; Draft post Court Date treasury process for C. Lonergan and P. Naumis to review. Send out to group re same.	3.6



Staff	Date	Comments	Hours
P. Naumis	17-Jan-24	Update with C. Bourret. Review and comment on draft NDA. Correspondence to and from DSMA re: status of teaser, etc. Sign DSMA engagement letter upon court approval and finalize retention of DSMA as Sales Agent.	0.5
C. Lonergan	18-Jan-24	Review of warranty audit results, review of Volkswagen correspondence, call with Volkswagen and BDO team, cash update, etc.	2.8
H. Yin	18-Jan-24	Correspondence with creditors re NOI proceedings and payments; Correspondence with M. Paquette re various matters; Follow up with appraiser re appraisal proposal; Update and consolidate BDO webpages; Meeting with Volkswagen Canada re various matters.	1.6
P. Naumis	18-Jan-24	Creditor queries. Morning call and update with C. Bourret. Receive and review Order. Update with DSMA. Update on data room due diligence materials. Organize re: consolidation of estates. Correspondence from and to Enterprise Rent a Car.	1.2
C. Lonergan	19-Jan-24	Update on critical vendors analysis, update on cash position, correspondence with sales agent re: process, update on litigation matters with counsel, execution of order to be registered on the property, etc.	1.6
P. Naumis	19-Jan-24	Critical supplier list and pre-filing payments request. Correspondence with DSMA re: due diligence material, appraisal, etc.	0.6

This is Exhibit "D" referred to in the Affidavit of
Clark Lonergan, sworn before me this 21st day of
February, 2024.

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

A Commissioner for Taking Affidavits

TONY MONTESANO

Antonio Montesano, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP
and BDO Canada Limited, and
their subsidiaries, associates and affiliates.
Expires December 21, 2026.

EXHIBIT "D"

BDO CANADA LIMITED

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OEM AUTOMOTIVE SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC., AND
OEM AUTOMOTIVE HOLDINGS INC.**

TIME SUMMARY UP TO JANUARY 19, 2024

	Hours	Rate	Amount
Clark Lonergan, Partner	87.40	\$ 735.00	64,239.00
Peter Naumis, Senior Manager	19.30	625.00	12,062.50
Heron Yin, Senior Analyst	121.70	395.00	48,071.50
Total	228.40		124,373.00
Average Hourly Amount			\$ 544.54

Second Report of the Proposal Trustee
Appendix “G”

District of Ontario
Division No. 12 - Ottawa
Court File No. BK-33-03025642
Bankruptcy Estate File No. 33-3025642

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF OEM AUTOMOTIVE
SOLUTIONS INC., OEM AUTOMOTIVE CORNWALL INC.
AND OEM AUTOMOTIVE HOLDINGS INC.

AFFIDAVIT OF SCOTT R. VENTON
SWORN February 21, 2024

I, Scott R. Venton, of the City of Toronto, in the Province of Ontario, Barrister and Solicitor, MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer with the law firm of Fogler, Rubinoff LLP ("**FR**") and have knowledge of the matters hereinafter deposed to.
2. Attached hereto as **Exhibit "A"** is a true copy of the interim account dated January 30, 2024, rendered for the work done from December 28, 2023 to January 26, 2024, by FR to BDO Canada Limited, in its capacity as the Proposal Trustee of OEM Automotive Solutions Inc., OEM Automotive Cornwall Inc. and OEM Automotive Holdings Inc. (in such capacity, the "**Proposal Trustee**"), which account sets out the particulars of the work performed by FR with

respect to this matter. A courtesy discount of approximately \$5,339.00 was provided in this invoice to the Proposal Trustee.

3. The total of the fees, disbursements and applicable taxes from December 28, 2023 to January 26, 2024 is the sum of \$53,145.12.

4. The said account by FR to the Proposal Trustee is summarized as follows:

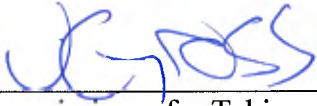
Date	Fees	Disbursements	HST	Total
January 30, 2024	\$46,575.00	\$464.13	\$6,105.99	\$53,145.12
TOTAL	\$46,575.00	\$464.13	\$6,105.99	\$53,145.12

5. The following are the discounted billing rates of the lawyers who have worked upon the matter together with their year of call.

Timekeeper	Discounted Hourly Rate	Year of Call
Scott R. Venton	\$631.84 (2024) \$631.84 (2023)	2000
Vern W. DaRe	\$690.16 (2024) \$690.16 (2023)	1991
Shirley Bai	\$461.72 (2024)	2014

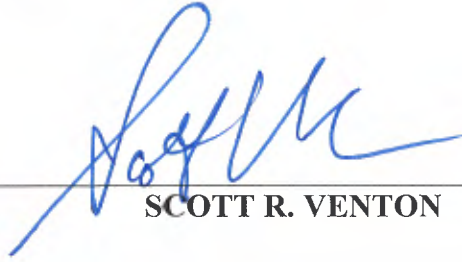
6. The hourly billing rates applied are FR's discounted hourly rates for this client.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
February 21, 2024



Commissioner for Taking Affidavits
(or as may be)

JONATHAN GROSS



SCOTT R. VENTON

This is Exhibit "A" referred to in the Affidavit of Scott R. Venton
sworn February 21, 2024.



Commissioner for Taking Affidavits (or as may be)

Invoice Num: 22401595

January 30, 2024

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

Attention: Clark Lonergan
Partner / Senior Vice President

IN ACCOUNT WITH
Fogler, Rubinoff LLP
77 King Street West, Suite 3000
TD Centre North Tower
P.O. Box 95
Toronto, ON
M5K 1G8
Telephone: 416-864-9700
Fax: 416-941-8852
www.foglers.com

fogler
rubinoff

Our File: B3169 / 236535
BDO Canada Limited as Proposal Trustee for OEM Automotive Holdings Inc.,
OEM Automotive Solutions Inc. and
OEM Automotive Cornwall Inc.

FOR PROFESSIONAL SERVICES RENDERED in connection with the above-noted matter from December 28, 2023 to January 26, 2024, including:

<u>Date</u>	<u>Lawyer</u>	<u>Description</u>	<u>Hrs</u>	<u>Fees</u>
Dec-28-23	SRV	Draft and review emails with BDO re: status; Attend Teams meeting with group to discuss status and next steps; Telephone call with Vern DaRe re: experience with counsel and next steps.	1.00	631.84
Dec-28-23	VWD	Conference call with Scott Venton, client, BMO's counsel and BMO.	0.50	345.08
Dec-29-23	VWD	Review draft Order (Procedural Consolidation, NOI Proceedings Extension, SISP, Enhanced Trustee Powers & Court-Ordered Charges) and proposed revisions to same; email to client, BMO's counsel and Companies' counsel regarding same.	1.30	897.21
Jan-01-24	VWD	Review draft DIP Term Sheet and propose revisions to same; email to client, and counsel for BMO and Borrowers regarding same.	3.10	2,139.49
Jan-02-24	VWD	Review revisions to draft Order as proposed by BMO's counsel; review revisions to draft DIP Term Sheet proposed by client.	0.60	414.10
Jan-03-24	VWD	Review latest revisions to the draft DIP Term Sheet.	0.30	207.05
Jan-03-24	VWD	Propose further revisions to the draft DIP Term Sheet; email to BMO's lawyer.	0.30	207.05
Jan-04-24	VWD	Review draft SISP; propose revisions to same; email exchanges with client.	2.30	1,587.36

<u>Date</u>	<u>Lawyer</u>	<u>Description</u>	<u>Hrs</u>	<u>Fees</u>
Jan-05-24	VWD	Further revisions to draft SISP; emails to client regarding same; further revisions to draft Order; emails to client and counsel for BMO and debtors regarding same.	2.30	1,587.36
Jan-06-24	VWD	Review latest versions of draft Order, DIP Term Sheet and SISP from counsel of BMO and Companies; propose revisions to same; emails to said counsel and client.	3.20	2,208.51
Jan-08-24	VWD	Review email from BMO's lawyer regarding proposed amount of court-ordered charges; review two proposals from each prospective sales agent; review email from client.	0.40	276.06
Jan-09-24	VWD	Review final version of draft Order; review draft supporting affidavit and comment on same; emails to client, Companies' counsel and BMO's counsel regarding same and SISP.	3.20	2,208.51
Jan-09-24	VWD	Finalize SISP; emails to and from client regarding same; review final version of supporting affidavit; emails to Companies and BMO's counsel regarding same; address questions raised by client regarding DIP Agreement, Service List and draft Order.	2.30	1,587.36
Jan-10-24	VWD	Review Motion Record of the Companies; review emails from BMO's counsel and Chaitons; reply to same.	2.10	1,449.33
Jan-10-24	VWD	Email exchanges with Chaitons regarding draft SISP; finalize SISP; emails to client regarding SISP; telephone conversation with Peter Naumis.	1.30	897.21
Jan-10-24	VWD	Review and comment on draft engagement letter with Sales Agent; emails to and from client regarding same.	0.60	414.10
Jan-11-24	VWD	Review, revise and finalize First Report of the Proposal Trustee; emails from and to BMO's lawyer; emails from and to client.	8.20	5,659.30
Jan-12-24	VWD	Review factum; review appendices of the First Report of the Proposal Trustee.	1.60	1,104.25
Jan-12-24	VWD	Telephone conversation with client.	0.20	138.03
Jan-16-24	VWD	Review Companies' Motion Record, Factum and draft Order for tomorrow's motion; review First Report of Proposal Trustee; research and provide additional case law and court Orders to Companies' counsel in support of tomorrow's relief; emails to and from client; emails to and from Companies' counsel.	5.10	3,519.81

<u>Date</u>	<u>Lawyer</u>	<u>Description</u>	<u>Hrs</u>	<u>Fees</u>
Jan-17-24	VWD	Review First Report and prepare submissions for today's motion; review Companies' motion record and factum; review clean and redline version of draft Order provided today by Companies' counsel; review similar Order granted in other NOI proceedings as provided by Companies' counsel; emails from BMO's counsel regarding Interim Financing Term Sheet; email exchanges with Companies' counsel.	4.20	2,898.67
Jan-17-24	VWD	Attend motion before Justice Kaufman; review revised draft Order; telephone conversation with client; email to BMO's counsel regarding the registration of the signed order on title to real property.	1.30	897.21
Jan-18-24	VWD	Review draft NDA and comment on same; email to client.	0.40	276.06
Jan-18-24	VWD	Review Endorsement of Justice Kaufman and signed Order.	0.20	138.03
Jan-18-24	SB	Review court order; draft application to register court order and Acknowledgement and Warranty to be signed by BDO Canada Limited.	0.50	230.86
Jan-19-24	VWD	Email exchanges with client, BMO's lawyer and Chris Trivisonno, counsel for Companies, regarding certain litigation.	0.30	207.05
Jan-19-24	SB	Correspondence; compile signed A&D; attend to registration of application to register court order.	0.50	230.86
Jan-22-24	VWD	Begin vetting BMO's loan and security documents; email exchanges with BMO's lawyer regarding same; review draft letter of engagement with potential appraiser; email exchanges with client regarding same.	3.30	2,277.52
Jan-22-24	VWD	Review email from client and reply to same regarding Advances under DIP term sheet; review DIP term sheet; draft letter for request for first advance under DIP term sheet; emails from and to BMO's lawyer regarding registering court order on title to real property.	0.50	345.08
Jan-23-24	VWD	Telephone conversation with Chris Trivisonno, counsel for one of the Companies in a litigation matter.	0.30	207.05
Jan-23-24	VWD	Complete vetting BMO's loan and security documents and begin drafting legal opinion.	3.20	2,208.51
Jan-24-24	VWD	Complete first draft of opinion letter regarding BMO's security and loan documents; conference call with client and Companies' lawyer; email exchanges with client.	3.60	2,484.57
Jan-25-24	VWD	Review client's email to VW Canada and propose changes to same; begin drafting APS.	3.30	2,277.52

<u>Date</u>	<u>Lawyer</u>	<u>Description</u>	<u>Hrs</u>	<u>Fees</u>
Jan-26-24	VWD	Complete first draft of APS including draft Approval and Vesting Order as attached schedule to APS; review relevant Land Titles searches; review draft DSMA Confidential Information Memorandum and comment on same to the client.	6.40	4,417.00

TOTAL FEES: **\$46,575.00**

OUR FEE HEREIN - Reduced from \$51,914.00 as a courtesy to you: **\$46,575.00**

Disbursements

Taxable	Binding Supplies	\$29.20
Taxable	Courier & Delivery	\$89.03
Taxable	Prints	\$264.30
Exempt	Registration	\$69.95
Taxable	Teranet remote registration charge	\$11.65

Total Disbursements **\$464.13**

Total Fees and Disbursements **\$47,039.13**

HST @ 13% on Fees and Taxable Disbursements **\$6,105.99**

Total Fees, Disbursements and Taxes this Bill **\$53,145.12**

Less payment from Funds held in Trust **(\$28,250.00)**

Balance Due: **\$24,895.12**

**THIS IS OUR ACCOUNT HEREIN
FOGLER, RUBINOFF LLP**

Scott R. Venton

THIS ACCOUNT BEARS INTEREST, COMMENCING ONE MONTH AFTER DELIVERY, AT THE RATE OF 4.80% PER ANNUM AS AUTHORIZED BY THE SOLICITORS' ACT. ANY DISBURSEMENTS NOT POSTED TO YOUR ACCOUNT ON THE DATE OF THIS STATEMENT WILL BE BILLED LATER.

E. & O.E.

Please return a copy of this account with your payment. Thank you.

GST/HST No : R119420859



For your convenience, we have the following payment options:

- Online banking using the Bill Payment Service at most Canadian chartered banks. Please reference your file or account number in the notes box.
- Direct Deposits at a TD Branch (please provide your Fogler, Rubinoff lawyer with a copy of the cheque and deposit receipt).
- Wire transfer (please reference your file or account number).
- Electronic Funds Transfer (EFT).
- Cheque by mail or courier.

Should you require assistance, please contact our Accounts Receivable Department at 416.864.9700 x152 or by e-mail accountsreceivable@foglers.com.

THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS AMENDED

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF OEM AUTOMOTIVE SOLUTIONS INC.,
OEM AUTOMOTIVE CORNWALL INC. AND OEM AUTOMOTIVE HOLDINGS INC.**

District of Ontario
Division No. 12 – Ottawa
Court File No. BK-33-03025642
Bankruptcy Estate File No. 33-3025642

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

Proceedings commenced at Ottawa

FEE AFFIDAVIT

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Lawyers for BDO Canada Limited,
in its capacity as the Proposal Trustee

**THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS
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**SECOND REPORT OF THE PROPOSAL TRUSTEE
February 21, 2024**

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in its capacity as the Proposal Trustee