

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.

FIRST REPORT OF THE PROPOSAL TRUSTEE  
January 11, 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**”). 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](https://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](https://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 employs 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 Grants Seaway 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 11<sup>th</sup> 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" and last name "Lonergan" clearly distinguishable.

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

First Report of the Proposal Trustee  
**Appendix “A”**





Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

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

In the Matter of the Notice of Intention to make a proposal of:

**OEM Automotive Solutions Inc.**

Insolvent Person

**BDO CANADA LIMITED / BDO CANADA LIMITÉE**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

December 22, 2023

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: December 27, 2023, 10:40

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada** 



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 12 - Ottawa  
Court No. 33-3025639  
Estate No. 33-3025639

In the Matter of the Notice of Intention to make a proposal of:

**OEM Automotive Cornwall Inc.**

Insolvent Person

**BDO CANADA LIMITED / BDO CANADA LIMITÉE**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

December 22, 2023

---

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: December 27, 2023, 10:34

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada** 



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 12 - Ottawa  
Court No. 33-3025645  
Estate No. 33-3025645

In the Matter of the Notice of Intention to make a proposal of:

**OEM Automotive Holdings Inc.**

Insolvent Person

**BDO CANADA LIMITED / BDO CANADA LIMITÉE**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

December 22, 2023

---

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: December 27, 2023, 10:46

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada** 

First Report of the Proposal Trustee  
**Appendix “B”**

## AFFIDAVIT OF MAILING

In the matter of the Proposal of  
OEM AUTOMOTIVE SOLUTIONS INC  
Of the City of Cornwall in the Province of Ontario

I, Susan Rickards, of the City of Hamilton, in the Province of Ontario, hereby make oath and say:

That on December 27<sup>th</sup> 2023, I did cause to be sent by ordinary mail to the Creditors of the above-named debtor, whose name and address appear on the paper-writing marked 'A' annexed hereto,

Letter to Creditors  
Form 33 – Notice of Intention to Make a Proposal  
List of Creditors with claims of \$250 more

SWORN before me in the city of )  
Hamilton, in the Province of Ontario )  
this December 27, 2023. )

  
Susan Rickards



Nicole Ormond  
A Commissioner etc., in and for the  
Province of Ontario

**Nicole Marie Ormond**, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited,  
Expires August 21, 2024.

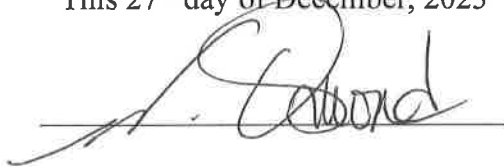
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF SUSAN RICKARDS

Sworn before me

This 27<sup>th</sup> day of December, 2023

A handwritten signature in dark ink, appearing to read "N. Ormond", is written over a horizontal line.

Commissioner for taking Affidavits, etc.

**Nicole Marie Ormond**, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited.  
Expires August 21, 2024.

**- Creditor Mailing List -**

**"A"**

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Director	Caroline Bourret		10 Fourth St. E. Cornwall ON K6H 2H8
Secured	11678833 Canada Inc.		704 Pitt Street Cornwall ON K6J 3R9
	Bank of Montreal	Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9 kplunkett@airdberlis.com
	Christina Grant		16108 East Island Causeway Long Sault ON K0C 1P0
Unsecured	1921534 Ontario Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
	2122718 ONTARIO INC.		7 NINTH STREET E Cornwall ON K6H 6R3
	407 ETR		P.O. Box 407 Station D Scarborough ON M1R 5J8
	ALTROM GROUP AUTO-CAMPING		1995 MARKHAM ROAD UNIT 1 SCARBOROUGH ON M1B 2W3 lho@altrom.com
	ARMOUR FLEX		632 GRANTLEY DRIVE CORNWALL ON K6K 0A2 armourflexcornwall@gmail.com
	AUDI OTTAWA		458 MONTREAL RD OTTAWA ON K1K 0V3 accounting@audiottawa.ca
	AUTEL US INTELLIGENT TECHNOLOGY CORP		36 HARBOR PARK DRIVE PORT WASHINGTON NY 11050 USA ussupport@autel.com
	AUTOMONT DISTRIBUTION INC		2120 DE LA PROVINCE LONGEUEUIL QC J4G 1R7
	BENSON AUTO PARTS		700 EDUCATION RD CORNWALL ON K6H 6B8 AR@BENSONORG.COM
	BMO CORPORATE CARDS CONSOLIDATED	Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2
	BOB JOHNSON AUTO GROUP		18493 US-11 WATERTWON NY 13601 USA
	BOB'S TOOL SALES		5 CARTIER AVE CORNWALL ON K6J 4B3 bobstoolsales@hotmail.com
	CANADIAN TIRE BANK		MC GAS CANADIAN TIRE PO BOX 4653 STATION A TORONTO ON M5W5G4
	CARDINAL COURIERS LTD		660 GOREWAY DRIVE UNIT D MISSISSAUGA ON L4V 1S6 billingsc@cardinalcouriers.com

## - Creditor Mailing List -

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	CARFAX CANADA ULC		130 DUFFERIN AVENUE SUITE 1101 LONDON ON N6A 5R2 BILLING@CARFAX.CA
	CAROLINE BOURRET		10 FOURTH ST. EAST CORNWALL ON K6H 2H8 cbourret@cornwallvw.com
	CFIB CANADIAN FEDERATION OF INDEPENDENT BUSINESS		100-4141 YONGE STREET TORONTO ON M2P 2A6 kent.mcdougall@cfib.ca
	CONSOLIDATED DEALERS CO-AUTO INC		441 HANLAN ROAD WOODBIDGE ON L4L 3T1
	CONWAY BAXTER WILSON LLP		400-411 ROOSEVELT AVENUE OTTAWA ON K2A 3X9 rrobert@conway.pro
	CORNWALL TOYOTA		1875 BROOKDALE AVENUE CORNWALL ON K6J 5X7
	CORNWALL VOLKSWAGEN LTD		632 PITT ST CORNWALL ON K6H 3R7
	CRA - Tax - Ontario		Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9 Fax: (833) 697-2390
	De LAGE LANDEN FINANCIAL SERVICES CANADA INC.		3450 Superior Court, Unit 1 Oakville ON L6L 0C4
	Desjardins Card Services		c/o FCT Default Solutions PO Box 2514, Stn B London ON N6A 4G9 Fax: (647) 439-1419 dsinsolvency@collectlink.com
	DIANA LUNAN WINTERS		14705 HUNTER'S RD RR 1 FINCH ON K0C 1K0 COCOLUNAN@HOTMAIL.COM
	DIRECT MUFFLER BRAKE AUTO		1411 ROSEMOUNT AVENUE CORNWALL ON K6J 3E5 directmuffler1@gmail.com
	DISTRIBUTION STOX		300 CH INDUSTRIEL GATINEAU QC J8R 3N9
	DSP MONTREAL INC		2993 RUE BERGMAN LAVAL QC H7L 3Y5 INFO@DSPMTI.COM
	ENTERPRISE RENT A CAR CANADA		PO BOX 9716 STATION A TORONTO ON M1N 6B6
	EQUIPMENT SOLUTIONS CANADA SNAP - ON EQUIPMENT SOLUTIONS		PO BOX 15354 STATION A TORONTO ON M5W 1C1
	FEDERAL EXPRESS CANADA CORP - FEDEX		PO BOX 4626 POSTAL STN A TORONTO ON M5W 5B4



**- Creditor Mailing List -**

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	FORM FIT HOOD PROTECTORS		6159 40TH ST. E CALGARY AB T2C 2B1 PAYMENTS@FORMFITHOODPROTE CTORS.COM
	GBA LLP		12 MOUNTAINVIEW RD S UNIT C GEORGETOWN ON L7G 4J9 natalie@gba-llp.ca
	GLENN MACDONELL		17 COLBROOK CRT CORNWALL ON K6H 6E2 gmacdonell@cornwallvw.com
	GRAND PRIX IMPORT INC		8275 17TH AVENUE MONTREAL QC H1Z 4J9 reception@grandpriximport.com
	GRANDWEST DISTAM DIVISION		1376 MARIE-VICTORIN SAINT-BRUNO QC J3V 6B9
	GREGORY PAQUETTE		29 MONACO CRESCENT CORNWALL ON K6H 5Z1 gregorypaquette206@gmail.com
	GUILLEVIN INTERNATIONAL CO.		711 ROSEMOUNT AVENUE CORNWALL ON K6H 3E5
	INTACT INSURANCE COMPANY		PO BOX 4254 STN A TORONTO ON M5W 5S6
	INTERSTATE BATTERIES OF OTTAWA-HULL		171 MACFARLANE ROAD UNIT C OTTAWA ON K2E 6V4
	JAGUAR LAND ROVER OTTAWA		1300 MICHAEL STREET OTTAWA ON K1B 3N2
	JANI-KING OF EASTERN ONTARIO		221 CONCESSION ST KINGSTON ON K7K 2B6 jerry@janikingeastern.com
	KEYLOOP CANADA LTD		9430, BOUL. DES SCIENCES MONTREAL QC H1J 3B6 sertinfo@serti.com
	LASERIGHT SERVICES		5083 AULTSVILLE ROAD INGLESIDE ON K0C 1M0 sales@laseright.ca
	MARK MOTORS OF OTTAWA		611 MONTREAL RD OTTAWA ON K1K 0T8
	MARK'S PARTS		106 CALEDONIA RD UNIT B ST ISIDORE ON K0C 2B0 TL.MARKSPARTS@GMAIL.COM
	MICHAEL DUGAS		217 SIXTH ST. WEST CORNWALL ON K6J 2W8 mikeryandugas@gmail.com
	MICHAEL G. PAQUETTE		29 MONACO CRESCENT CORNWALL ON K6H 5Z2
	MICROSOFT CORPORATION		ONE MICROSOFT WAY REDMOND WA 98052 US

## - Creditor Mailing List -

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	MINISTER OF FINANCE - MTO		MVIS UNIT ,3RD FLOOR 301 ST. PAUL STREET ST. CATHERINES ON L2R 7R4
	Ministry of Finance - ON PST, EHT & Other Taxes	Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 Fax: (905) 436-4524 insolvency.unit@ontario.ca
	OEM AUTOMOTIVE CORNWALL INC		632 PITT ST. CORNWALL ON K6J 3R7
	OEM AUTOMOTIVE HOLDINGS INC		632 PITT ST. CORNWALL ON K6J 3R7
	OMVIC		65 OVERLEA BLVD SUITE 300 TORONTO ON M4H 1P1
	OPENLANE CANADA INC		370 KING ST W 5TH FLOOR TORONTO ON M5V 1J9
	PUROLATOR INC.		PO BOX 4800 SIN MAIN CONCORD ON L4K 0K1
	RANGUARD SECURITY & ELECTRONICS		433 TOLLGATE RD W CORNWALL ON K6H 5R6
	RCAP LEASING INC		5575 NORTH SERVICE RD SUITE 300 BURLINGTON ON L7L 6M1
	RELIANCE HOME COMFORT PAYMENT		BOX 450TN COMMERCE CRT TORONTO ON M5L 1L6
	ROGERS COMMUNICATIONS		PO BOX 9100 DON MILLS ON M3C 3P9
	RYAN LALONDE - LALONDE'S		partybounce365@yahoo.com
	SEAWAY AUTO GROUP INC		10 FOURTH ST EAST CORNWALL ON K6H2H8
	SEAWAY GM CORNWALL CHEVROLET BUICK GMC		2695 BROOKDALE AVENUE CORNWALL ON K6J 5X9 accounting@seawaygm.com
	Seaway Toyota (1990) Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
	SELECT AUTOBODY		513 FIRST ST E. CORNWALL ON K6H 1L8 selectautobody@on.aibn.com
	STAR MAINTENANCE		412 ABERDEEN AVENUE CORNWALL ON K6H 2K6
	STORMONT STATIONERS LIMITED		BOX 545 CORNWALL ON K6H 5T3
	SUPPLY PRO CANADA INC. - BRANDON MILLER		PO BOX 239 MARTINTOWN ON K0C 1S0 supplyprocanada@gmail.com
	The Bank of Nova Scotia		120 King Street West, Suite 500 Hamilton ON L8P 4V2

## - Creditor Mailing List -

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	THE TIRE SHELTER LTD		3400 MONTREAL RD CONRWALL ON K6H 5R5 ray@thetiresshelter.com
	TIRE DISCOUNTER GROUP INC		1101 POLITEK ST SUITE 200 GLOUCESTER ON K1J 0B3
	TOMLINSON CORNWALL ENVIRONMENTAL SERVICES LTD		120 BOUNDARY ROAD CORNWALL ON K6H 6M1
	TOMLINSON OTTAWA		5555 Power Road Ottawa ON K1G3N4 iwdinfo@tomlinsongroup.com
	TOTAL COLLISION		305 BALMORAL AV Cornwall ON K6H 3G6 TOTALCOLLISION@LIVE.CA
	TOURANGEAU, ERIC		10 FOURTH ST EAST Cornwall ON K6H 2H8 eric.tourangeau2018@gmail.com
	TOURANGEAU, STELLA		10 FOURTH ST EAST Cornwall ON K6H 2H8 stiyrangeau@cornwallvw.com
	TYLER GROULX		409 1/2 FIRST ST WEST CORNWALL ON K6J 1C9 tyler.groulx12@hotmail.com
	UAP INC. (NAPA CORNWALL)		1340 Marleau Ave Cornwall ON K6H 2W8
	UNIFIRST CORPORATION		200 B Terence Matthews Ottawa ON K2M 2C6
	UNITECH COLLISION CSN		704 Pitt Street Cornwall ON K6J 3R9 klamarche@unitechcornwall.com
	UPPER CANADA GLASS		PO BOX 1077 SUCC BUREAU-CHEF POST OFFICE Saint Lazare ON J7T 2Z7 ucautoglass@gmail.com
	VAUDREUIL VOLKSWAGEN		29 CITE DES JEUNES Vaudreuil-Dorion ON J7V 0N3
	VOKLSWAGEN CANADA INC		777 BAYLY ST W AJAX ON L1S 7G7
	VOLKSWAGEN GROUP CANADA		777 BAYLY STREET WEST Ajax ON L1S 7G7
	VW CREDIT CANADA INC		500-1340 PICKERING PKY Pickering ON L1V 0C4
	WHEEL'S AUTOMOTIVE DEALER SUPPLIES		600 ARVIN AVENUE Stoney Creek ON L8E 5P1
	Workplace Safety and Insurance Board	Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1 Fax: (416) 344-3160 employeraccounts@wsib.on.ca

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**- Creditor Mailing List -**

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

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Creditor Type	Name	Attention	Address
Unsecured	YELLOW PAGES DIGITAL & MEDIA SOLUTIONS LIMITED		PO BOX 11788 SUCC CENTRE VILLE Montreal ON H3C 0C2

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In the Matter of the Notice of Intent of  
OEM AUTOMOTIVE SOLUTIONS INC  
the City of Cornwall, in the Province of  
Ontario

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*AFFIDAVIT OF MAILING*

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BDO Canada Limited  
25 Main Street West  
Suite 805  
Hamilton, Ontario  
L8P 1H1

(905) 524-1008



Tel: 416 865 0210  
Fax: 416 865 0904  
www.bdo.ca

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

December 27, 2023

**TO THE CREDITORS OF  
OEM AUTOMOTIVE SOLUTIONS INC.**

OEM Automotive Solutions Inc. (the "Company") filed a Notice of Intention to Make a Proposal (the "Notice") under the *Bankruptcy and Insolvency Act* on December 22, 2023. BDO Canada Limited (the "Trustee") has agreed to act as Trustee under the proposal. Please find herewith a copy of the Notice and a list of all known creditors and the amounts owing to them.

This is the first step in the restructuring of the affairs of the Company. The law provides:

- A general stay of all proceedings against the Company;
- The Trustee mail a copy of the Notice to known creditors;
- The Company is required to file a proposal within 30 days of the filing of the Notice, unless the time to file is extended by the Court;
- The Court, upon application by the Company, may grant an extension of time of up to 45 days to file the proposal. The Company may apply to the Court for up to three extensions;
- The Trustee is not required to notify the creditors of extensions granted by the Court and generally does not do so to avoid additional costs to the administration of the proposal;
- If the Company fails to file a proposal prior to expiry of the time provided, the Company is automatically deemed to be bankrupt;
- Upon filing the Notice, the Company cannot withdraw from the proposal process except by filing an assignment into bankruptcy;
- Upon the filing of the proposal, or in the event of bankruptcy, the Trustee is required to notify the creditors and provide the appropriate documentation. In either event, a first meeting of creditors will be scheduled approximately 21 days after the event.

We anticipate that the Company will file a proposal within the initial 30-day time period or seek an extension of time to make a proposal. Receipt of this correspondence and attached documents is evidence that you are recorded as a creditor of the Company and further notices will be sent at the appropriate time. It is not necessary for you to advise the Trustee at this time if you do not agree with the amount recorded as owing to you. Therefore, our next communication with you will occur when a proposal is filed or if the Company becomes bankrupt.

The Trustee will monitor the business of the Company during the period the Notice and the proposal are in effect.

We trust that the above information adequately explains the status of this proposal. If you have any questions, please contact the Heron Yin, of our office, at (647) 798 9849.

Yours very truly,  
**BDO CANADA LIMITED**  
in its capacity as Trustee  
in the Proposal of  
OEM Automotive Solutions Inc.  
without personal or corporate liability  
Per:

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

/encl.

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

Take notice that:

1. I, OEM Automotive Solutions Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. BDO Canada Limited / BDO Canada Limitée of 20 Wellington St E, Suite 500, Toronto, ON, M5E 1C5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 22nd day of December 2023.

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OEM Automotive Solutions Inc.  
Insolvent Person

To be completed by Official Receiver:

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Filing Date

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Official Receiver

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
11678833 Canada Inc.	704 Pitt Street Cornwall ON K6J 3R9		882,000.00
ALTROM GROUP AUTO-CAMPING	1995 MARKHAM ROAD UNIT 1 SCARBOROUGH ON M1B 2W3		1,926.38
ARMOUR FLEX	632 GRANTLEY DRIVE CORNWALL ON K6K 0A2		250.00
AUDI OTTAWA	458 MONTREAL RD OTTAWA ON K1K 0V3		250.00
AUTOMONT DISTRIBUTION INC	2120 DE LA PROVINCE LONGUEUIL QC J4G 1R7		250.00
Bank of Montreal Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9		4,185,341.08
BENSON AUTO PARTS	700 EDUCATION RD CORNWALL ON K6H 6B8		250.00
BMO CORPORATE CARDS CONSOLIDATED Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2		43,373.01
BOB'S TOOL SALES	5 CARTIER AVE CORNWALL ON K6J 4B3		250.00
CANADIAN TIRE BANK	MC GAS CANADIAN TIRE PO BOX 4653 STATION A TORONTO ON M5W5G4		250.00
CAROLINE BOURRET	10 FOURTH ST. EAST CORNWALL ON K6H 2H8		324.69
Christina Grant	16108 East Island Causeway Long Sault ON K0C 1P0		882,000.00
CONSOLIDATED DEALERS CO-AUTO INC	441 HANLAN ROAD WOODBRIIDGE ON L4L 3T1		250.00
CONWAY BAXTER WILSON LLP	400-411 ROOSEVELT AVENUE OTTAWA ON K2A 3X9		250.00



District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9		250.00
DISTRIBUTION STOX	300 CH INDUSTRIEL GATINEAU QC J8R 3N9		250.00
DSP MONTREAL INC	2993 RUE BERGMAN LAVAL QC H7L 3Y5		250.00
ENTERPRISE RENT A CAR CANADA	PO BOX 9716 STATION A TORONTO ON M1N 6B6		21,436.11
EQUIPMENT SOLUTIONS CANADA SNAP - ON EQUIPMENT SOLUTIONS	PO BOX 15354 STATION A TORONTO ON M5W 1C1		10,764.40
GRAND PRIX IMPORT INC	8275 17TH AVENUE MONTREAL QC H1Z 4J9		250.00
INTACT INSURANCE COMPANY	PO BOX 4254 STN A TORONTO ON M5W 5S6		250.00
JANI-KING OF EASTERN ONTARIO	221 CONCESSION ST KINGSTON ON K7K 2B6		250.00
KEYLOOP CANADA LTD	9430, BOUL. DES SCIENCES MONTREAL QC H1J 3B6		250.00
MARK MOTORS OF OTTAWA	611 MONTREAL RD OTTAWA ON K1K 0T8		250.00
MINISTER OF FINANCE - MTO	MVIS UNIT ,3RD FLOOR 301 ST. PAUL STREET ST. CATHERINES ON L2R 7R4		250.00
OEM AUTOMOTIVE CORNWALL INC	632 PITT ST. CORNWALL ON K6J 3R7		250.00
OEM AUTOMOTIVE HOLDINGS INC	632 PITT ST. CORNWALL ON K6J 3R7		250.00
OMVIC	65 OVERLEA BLVD SUITE 300 TORONTO ON M4H 1P1		2,280.00

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
OPENLANE CANADA INC	370 KING ST W 5TH FLOOR TORONTO ON M5V 1J9		250.00
RANGUARD SECURITY & ELECTRONICS	433 TOLLGATE RD W CORNWALL ON K6H 5R6		250.00
SEAWAY GM CORNWALL CHEVROLET BUICK GMC	2695 BROOKDALE AVENUE CORNWALL ON K6J 5X9		250.00
SELECT AUTOBODY	513 FIRST ST E. CORNWALL ON K6H 1L8		250.00
SUPPLY PRO CANADA INC. - BRANDON MILLER	PO BOX 239 MARTINTOWN ON K0C 1S0		250.00
THE TIRE SHELTER LTD	3400 MONTREAL RD CONRWALL ON K6H 5R5		250.00
TIRE DISCOUNTER GROUP INC	1101 POLITEK ST SUITE 200 GLOUCESTER ON K1J 0B3		250.00
TOMLINSON CORNWALL ENVIRONMENTAL SERVICES LTD	120 BOUNDARY ROAD CORNWALL ON K6H 6M1		250.00
TOMLINSON OTTAWA	5555 Power Road Ottawa ON K1G3N4		5,066.23
TOURANGEAU,ERIC	10 FOURTH ST EAST Cornwall ON K6H 2H8		555.73
UAP INC. (NAPA CORNWALL)	1340 Marleau Ave Cornwall ON K6H 2W8		250.00
UNIFIRST CORPORATION	200 B Terence Matthews Ottawa ON K2M 2C6		1,367.59
UNITECH COLLISION CSN	704 Pitt Street Cornwall ON K6J 3R9		250.00
UPPER CANADA GLASS	PO BOX 1077 SUCC BUREAU-CHEF POST OFFICE Saint Lazare ON J7T 2Z7		250.00
VOKLSWAGEN CANADA INC	777 BAYLY ST W AJAX ON L1S 7G7		250.00

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Solutions Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
VOLKSWAGEN GROUP CANADA	777 BAYLY STREET WEST Ajax ON L1S 7G7		250.00
VW CREDIT CANADA INC	500-1340 PICKERING PKY Pickering ON L1V 0C4		250.00
Workplace Safety and Insurance Board Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1		250.00
<b>Total</b>			6,044,935.22

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OEM Automotive Solutions Inc.  
Insolvent Person

## AFFIDAVIT OF MAILING

In the matter of the Proposal of  
OEM AUTOMOTIVE CORNWALL INC  
Of the City of Cornwall in the Province of Ontario

I, Susan Rickards, of the City of Hamilton, in the Province of Ontario, hereby make oath and say:

That on December 27<sup>th</sup> 2023, I did cause to be sent by ordinary mail to the Creditors of the above-named debtor, whose name and address appear on the paper-writing marked 'A' annexed hereto,

Letter to Creditors  
Form 33 – Notice of Intention to Make a Proposal  
List of Creditors with claims of \$250 more

SWORN before me in the city of )  
Hamilton, in the Province of Ontario )  
this December 27, 2023. )

  
\_\_\_\_\_)

Nicole Ormond  
A Commissioner etc., in and for the  
Province of Ontario

  
\_\_\_\_\_) Susan Rickards

**Nicole Marie Ormond, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited.  
Expires August 21, 2024.**

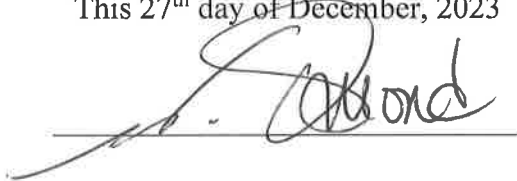
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF SUSAN RICKARDS

Sworn before me

This 27<sup>th</sup> day of December, 2023

A handwritten signature in dark ink, appearing to read "N. Ormond", is written over a horizontal line.

Commissioner for taking Affidavits, etc.

Nicole Marie Ormond, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited.  
Expires August 21, 2024.

**- Creditor Mailing List -**

11A

In the Matter of the Proposal of  
OEM Automotive Cornwall Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Director	Caroline Bourret		10 Fourth St. E. Cornwall ON K6H 2H8
Secured	11678833 Canada Inc.		704 Pitt Street Cornwall ON K6J 3R9
	1921534 Ontario Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
	Bank of Montreal	Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9 kplunkett@airdberlis.com
	Christina Grant		16108 East Island Causeway Long Sault ON K0C 1P0
	Glenn Joseph Macdonell		17 COLBROOK CRT Cornwall ON K6H 6E2 gmacdonell@cornwallvw.com
	Seaway Toyota (1990) Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
Unsecured	City of Cornwall		360 Pitt Street, Box 877 Cornwall ON K6H 5T9
	Cornwall Electric		1001 Sydney Street Cornwall ON K6H 3K1
	CRA - Tax - Ontario		Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9 Fax: (833) 697-2390
	Enbridge Gas		2910 Copeland Street Cornwall ON K6H 6W2
	Ministry of Finance - ON PST, EHT & Other Taxes	Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 Fax: (905) 436-4524 insolvency.unit@ontario.ca
	Workplace Safety and Insurance Board	Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1 Fax: (416) 344-3160 employeraccounts@wsib.on.ca

In the Matter of the Notice of Intent of  
OEM AUTOMOTIVE CORNWALL INC  
the City of Cornwall, in the Province of  
Ontario

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*AFFIDAVIT OF MAILING*

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BDO Canada Limited  
25 Main Street West  
Suite 805  
Hamilton, Ontario  
L8P 1H1

(905) 524-1008



Tel: 416 865 0210  
Fax: 416 865 0904  
www.bdo.ca

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

December 27, 2023

**TO THE CREDITORS OF  
OEM AUTOMOTIVE CORNWALL INC.**

OEM Automotive Cornwall Inc. (the "Company") filed a Notice of Intention to Make a Proposal (the "Notice") under the *Bankruptcy and Insolvency Act* on December 22, 2023. BDO Canada Limited (the "Trustee") has agreed to act as Trustee under the proposal. Please find herewith a copy of the Notice and a list of all known creditors and the amounts owing to them.

This is the first step in the restructuring of the affairs of the Company. The law provides:

- A general stay of all proceedings against the Company;
- The Trustee mail a copy of the Notice to known creditors;
- The Company is required to file a proposal within 30 days of the filing of the Notice, unless the time to file is extended by the Court;
- The Court, upon application by the Company, may grant an extension of time of up to 45 days to file the proposal. The Company may apply to the Court for up to three extensions;
- The Trustee is not required to notify the creditors of extensions granted by the Court and generally does not do so to avoid additional costs to the administration of the proposal;
- If the Company fails to file a proposal prior to expiry of the time provided, the Company is automatically deemed to be bankrupt;
- Upon filing the Notice, the Company cannot withdraw from the proposal process except by filing an assignment into bankruptcy;
- Upon the filing of the proposal, or in the event of bankruptcy, the Trustee is required to notify the creditors and provide the appropriate documentation. In either event, a first meeting of creditors will be scheduled approximately 21 days after the event.

We anticipate that the Company will file a proposal within the initial 30-day time period or seek an extension of time to make a proposal. Receipt of this correspondence and attached documents is evidence that you are recorded as a creditor of the Company and further notices will be sent at the appropriate time. It is not necessary for you to advise the Trustee at this time if you do not agree with the amount recorded as owing to you. Therefore, our next communication with you will occur when a proposal is filed or if the Company becomes bankrupt.

The Trustee will monitor the business of the Company during the period the Notice and the proposal are in effect.

We trust that the above information adequately explains the status of this proposal. If you have any questions, please contact the Heron Yin, of our office, at (647) 798 9849.

Yours very truly,  
**BDO CANADA LIMITED**  
in its capacity as Trustee  
in the Proposal of  
OEM Automotive Cornwall Inc.  
without personal or corporate liability  
Per:

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

/encl.



District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Cornwall Inc.  
of the City of Cornwall, in the Province of Ontario

Take notice that:

1. I, OEM Automotive Cornwall Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. BDO Canada Limited / BDO Canada Limitée of 20 Wellington St E, Suite 500, Toronto, ON, M5E 1C5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 22nd day of December 2023.

---

OEM Automotive Cornwall Inc.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Cornwall Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
11678833 Canada Inc.	704 Pitt Street Cornwall ON K6J 3R9		882,000.00
Bank of Montreal Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9		492,547.28
Christina Grant	16108 East Island Causeway Long Sault ON K0C 1P0		882,000.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9		250.00
Glenn Joseph Macdonell	17 COLBROOK CRT Cornwall ON K6H 6E2		1,000,000.00
Ministry of Finance - ON PST, EHT & Other Taxes Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5		250.00
Workplace Safety and Insurance Board Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1		250.00
<b>Total</b>			<b>3,257,297.28</b>

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OEM Automotive Cornwall Inc.  
Insolvent Person

## AFFIDAVIT OF MAILING

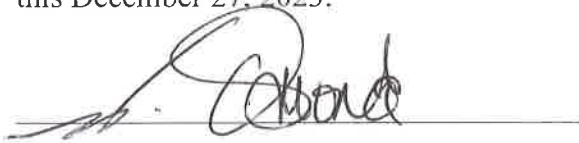
In the matter of the Proposal of  
OEM AUTOMOTIVE HOLDINGS INC  
Of the City of Cornwall in the Province of Ontario

I, Susan Rickards, of the City of Hamilton, in the Province of Ontario, hereby make oath and say:

That on December 27<sup>th</sup> 2023, I did cause to be sent by ordinary mail to the Creditors of the above-named debtor, whose name and address appear on the paper-writing marked 'A' annexed hereto,

Letter to Creditors  
Form 33 – Notice of Intention to Make a Proposal  
List of Creditors with claims of \$250 more

SWORN before me in the city of  
Hamilton, in the Province of Ontario  
this December 27, 2023.



Nicole Ormond  
A Commissioner etc., in and for the  
Province of Ontario

  
Susan Rickards

Nicole Marie Ormond, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited.  
Expires August 21, 2024.

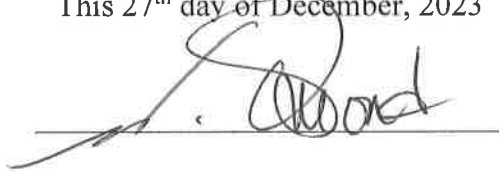
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF SUSAN RICKARDS

Sworn before me

This 27<sup>th</sup> day of December, 2023

A handwritten signature in dark ink, appearing to read 'N. Ormond', is written over a horizontal line.

Commissioner for taking Affidavits, etc.

Nicole Marie Ormond, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited.  
Expires August 21, 2024.

**- Creditor Mailing List -**

"A"

In the Matter of the Proposal of  
OEM Automotive Holdings Inc.  
of the City of Cornwall, in the Province of Ontario

Creditor Type	Name	Attention	Address
Director	Caroline Bourret		10 Fourth St. E. Cornwall ON K6H 2H8
Secured	11678833 Canada Inc.		704 Pitt Street Cornwall ON K6J 3R9
	1921534 Ontario Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
	Bank of Montreal	Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9 kplunkett@airdberlis.com
	Christina Grant		16108 East Island Causeway Long Sault ON K0C 1P0
	Glenn Joseph Macdonell		17 COLBROOK CRT Cornwall ON K6H 6E2 gmacdonell@cornwallvw.com
	Seaway Toyota (1990) Inc.		16108 East Island Causeway Long Sault ON K0C 1P0
Unsecured	City of Cornwall		360 Pitt Street, Box 877 Cornwall ON K6H 5T9
	Cornwall Electric		1001 Sydney Street Cornwall ON K6H 3K1
	CRA - Tax - Ontario		Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9 Fax: (833) 697-2390
	Enbridge Gas		2910 Copeland Street Cornwall ON K6H 6W2
	Ministry of Finance - ON PST, EHT & Other Taxes	Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 Fax: (905) 436-4524 insolvency.unit@ontario.ca
	Workplace Safety and Insurance Board	Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1 Fax: (416) 344-3160 employeraccounts@wsib.on.ca

In the Matter of the Notice of Intent of  
OEM AUTOMOTIVE HOLDINGS INC  
the City of Cornwall, in the Province of  
Ontario

---

*AFFIDAVIT OF MAILING*

---

BDO Canada Limited  
25 Main Street West  
Suite 805  
Hamilton, Ontario  
L8P 1H1

(905) 524-1008



Tel: 416 865 0210  
Fax: 416 865 0904  
www.bdo.ca

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

December 27, 2023

TO THE CREDITORS OF  
OEM AUTOMOTIVE HOLDINGS INC.

OEM Automotive Holdings Inc. (the "Company") filed a Notice of Intention to Make a Proposal (the "Notice") under the *Bankruptcy and Insolvency Act* on December 22, 2023. BDO Canada Limited (the "Trustee") has agreed to act as Trustee under the proposal. Please find herewith a copy of the Notice and a list of all known creditors and the amounts owing to them.

This is the first step in the restructuring of the affairs of the Company. The law provides:

- A general stay of all proceedings against the Company;
- The Trustee mail a copy of the Notice to known creditors;
- The Company is required to file a proposal within 30 days of the filing of the Notice, unless the time to file is extended by the Court;
- The Court, upon application by the Company, may grant an extension of time of up to 45 days to file the proposal. The Company may apply to the Court for up to three extensions;
- The Trustee is not required to notify the creditors of extensions granted by the Court and generally does not do so to avoid additional costs to the administration of the proposal;
- If the Company fails to file a proposal prior to expiry of the time provided, the Company is automatically deemed to be bankrupt;
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- Upon the filing of the proposal, or in the event of bankruptcy, the Trustee is required to notify the creditors and provide the appropriate documentation. In either event, a first meeting of creditors will be scheduled approximately 21 days after the event.

We anticipate that the Company will file a proposal within the initial 30-day time period or seek an extension of time to make a proposal. Receipt of this correspondence and attached documents is evidence that you are recorded as a creditor of the Company and further notices will be sent at the appropriate time. It is not necessary for you to advise the Trustee at this time if you do not agree with the amount recorded as owing to you. Therefore, our next communication with you will occur when a proposal is filed or if the Company becomes bankrupt.

The Trustee will monitor the business of the Company during the period the Notice and the proposal are in effect.

We trust that the above information adequately explains the status of this proposal. If you have any questions, please contact the Heron Yin, of our office, at (647) 798 9849.

Yours very truly,  
BDO CANADA LIMITED  
in its capacity as Trustee  
in the Proposal of  
OEM Automotive Holdings Inc.  
without personal or corporate liability  
Per:

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

/encl.

District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Holdings Inc.  
of the City of Cornwall, in the Province of Ontario

Take notice that:

1. I, OEM Automotive Holdings Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. BDO Canada Limited / BDO Canada Limitée of 20 Wellington St E, Suite 500, Toronto, ON, M5E 1C5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 22nd day of December 2023.

---

OEM Automotive Holdings Inc.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver



District of:  
Division No.  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of  
OEM Automotive Holdings Inc.  
of the City of Cornwall, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
11678833 Canada Inc.	704 Pitt Street Cornwall ON K6J 3R9		882,000.00
Bank of Montreal Kyle Plunkett	Suite 1800, 1800 Bay Street Toronto ON M5J 2T9		914,730.81
Christina Grant	16108 East Island Causeway Long Sault ON K0C 1P0		882,000.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9		250.00
Glenn Joseph Macdonell	17 COLBROOK CRT Cornwall ON K6H 6E2		1,000,000.00
Ministry of Finance - ON PST, EHT & Other Taxes Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5		250.00
Workplace Safety and Insurance Board Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1		250.00
<b>Total</b>			<b>3,679,480.81</b>

---

OEM Automotive Holdings Inc.  
Insolvent Person

First Report of the Proposal Trustee  
**Appendix “C”**

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 MARCH 31ST, 2024


Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	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	
Receipts		Notes														
New Vehicle Sales	1	147,840	36,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	108,000	108,000	108,000	108,000	108,000	1,227,840
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	75,000	310,000
Parts Sales	3	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	350,000
Service Sales	3	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	210,000
HST Collected	4	24,419	9,880	15,860	15,210	23,660	15,860	15,860	15,860	23,660	20,540	20,540	21,190	21,190	28,990	272,719
		212,259	85,880	137,860	132,210	205,660	137,860	137,860	137,860	205,660	178,540	178,540	184,190	184,190	251,990	2,370,559
Operating Disbursements																
Lien Payouts	5	-	-	-	-	-	(4,000)	-	-	-	(4,000)	-	-	-	(4,000)	(12,000)
Parts Purchases	6	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)	(227,500)
Payroll (Including Taxes)	7	-	(46,000)	-	(52,800)	-	(46,000)	-	(46,000)	-	(46,000)	-	(46,000)	-	(46,000)	(328,800)
Consulting Fee	8	-	(4,204)	-	-	-	(4,204)	-	-	-	(4,204)	-	-	-	-	(12,611)
Employee Benefits	9	-	(7,500)	-	-	-	(7,500)	-	-	-	(7,500)	-	-	-	-	(22,500)
WSIB	10	-	-	-	(3,478)	-	-	-	-	-	-	-	-	-	-	(3,478)
Corporate Credit Card Repayment	11	-	(24,000)	-	-	-	-	-	-	-	-	-	-	-	-	(24,000)
Vendor Payments	12	(12,500)	-	-	-	-	(12,500)	-	-	-	(12,500)	-	-	-	(12,500)	(50,000)
Repairs and Maintenance CAPEX	13	-	-	-	-	-	(10,000)	-	-	-	(2,500)	-	-	-	(2,500)	(15,000)
Rent and Utilities - Property 1	14	(665)	-	-	(6,224)	-	(998)	-	(6,266)	-	(998)	-	(6,224)	(262)	(998)	(22,634)
Rent and Utilities - Property 2	15	-	-	(657)	(8,850)	-	-	-	(9,506)	-	-	-	(9,506)	(525)	-	(29,044)
Insurance Payments	16	-	-	-	-	-	-	(35,135)	-	-	-	-	-	-	-	(35,135)
HST Paid	16	(3,824)	(36,137)	(12,403)	(14,277)	(24,807)	(21,444)	(12,318)	(14,368)	(19,256)	(25,409)	(17,258)	(19,302)	(17,360)	(28,443)	(266,605)
HST Refund (Remittance)	17	-	-	-	-	-	-	-	-	2,419	-	-	-	(3,855)	-	(1,436)
Debt Service																
BMO Floor Plan Repayments	19	-	(175,026)	(76,000)	(76,000)	(76,000)	(76,000)	(76,000)	(76,000)	(76,000)	(114,000)	(114,000)	(114,000)	(114,000)	(114,000)	(1,277,026)
BMO Floor Plan Curtailments	20	-	-	-	-	(96,073)	-	-	-	(53,371)	-	-	-	-	(70,046)	(219,490)
BMO Floor Plan Interest	21	-	(20,000)	-	-	-	(20,000)	-	-	-	(20,000)	-	-	-	-	(60,000)
BMO Goodwill Loan (Interest)	22	-	(12,000)	-	-	-	(12,000)	-	-	-	(12,000)	-	-	-	(12,000)	(48,000)
Proposal Trustee & its Counsel's Fees	23	-	(50,000)	-	-	-	(25,000)	-	-	-	(25,000)	-	-	-	-	(100,000)
Restructuring Costs	24	-	(25,000)	-	-	-	(10,000)	-	-	-	(10,000)	-	-	-	-	(45,000)
Sales Agent Work Fees	25	-	(7,500)	-	-	-	(7,500)	-	-	-	(7,500)	-	-	-	-	(22,500)
Contingency	26	-	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(30,000)
Total Disbursements		(33,239)	(423,617)	(107,810)	(180,378)	(215,630)	(275,895)	(142,203)	(170,890)	(164,958)	(310,360)	(150,008)	(213,783)	(154,751)	(309,237)	(2,852,759)
Projected Weekly Cash Flow		179,019	(337,737)	30,050	(48,168)	(9,970)	(138,035)	(4,343)	(33,030)	40,702	(131,820)	28,533	(29,593)	29,439	(57,247)	(482,200)
Cumulative Cash Flow		179,019	(158,718)	(128,667)	(176,836)	(186,806)	(324,841)	(329,183)	(362,214)	(321,512)	(453,332)	(424,799)	(454,392)	(424,953)	(482,200)	
Cash Balance																
Opening Cash Position per Bank Statement		184,654	363,673	25,936	55,986	7,818	(2,152)	(140,187)	(144,530)	(177,560)	(136,858)	(268,678)	(240,146)	(269,738)	(240,299)	184,654
Ending Cash Position	27	\$ 363,673	\$ 25,936	\$ 55,986	\$ 7,818	\$ (2,152)	\$ (140,187)	\$ (144,530)	\$ (177,560)	\$ (136,858)	\$ (268,678)	\$ (240,146)	\$ (269,738)	\$ (240,299)	\$ (297,546)	\$ (297,546)


**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

  
\_\_\_\_\_  
Caroline Bourret  
General Manager  
  
December 29th, 2023  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Clark Lonergan, CPA, CA, CIRP, LIT  
Partner/Senior Vice President  
  
December 29th, 2023  
\_\_\_\_\_  
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 Amounts calculated based on historical 2023 weekly sales figures and sales mix.
- 4 Harmonized Sales Tax (HST) collected on receipts.
- 5 Assumed potential lien payout amounts on the forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 6 Calculated using historical 2023's average gross margin on projected parts sales.
- 7 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. An additional payment of \$25,000 to the Company's general manager, as an incentive/stay bonus to operate the dealership during the BIA proceedings has been agreed to be paid, but will fall outside the period.
- 8 Estimated contractor payments for part-time finance personnel.
- 9 Continuation of employee benefit plan with the Company's current insurance provider.
- 10 WSIB premium to be paid for 2023, calculated based on 1.3% of payroll.
- 11 Amount relates to the Company's corporate credit cards with the Bank of Montreal. Future transactions/balances are included in the Vendor Payment totals.
- 12 Payment of go-forward vendor payments, consistent with 2023 average monthly amount.
- 13 Repairs and maintenance amounts for minor repairs that are necessary to maintain the facility.
- 14 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.
- 15 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.
- 16 Current insurance policy premiums are to be paid as scheduled.
- 17 Harmonized Sales Tax (HST) paid on disbursements.
- 18 Harmonized Sales Tax (HST) remittance paid monthly for previous month's net HST amounts.
- 19 Represents principal repayment of floor line financing on new vehicles sold, which is to be repaid within the same week of sale. Week 2 is based on estimated cost total new vehicle sales plus the repayment of Week 1's actual vehicle sales.
- 20 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 December 22, 2023 report and is estimated to be reduced as new vehicles are sold through and the corresponding floor facilities repaid.
- 21 Estimated based on latest floor line principal balance using Bank of Montreal Prime Rate + 1% as stated its loan agreement.
- 22 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.
- 23 Costs of the Proposal Trustee and its counsel to the date of filing and thereafter.
- 24 Costs of the Applicant's counsel to the date of filing and monthly amounts thereafter.
- 25 Estimated work fee for the Sales Agent related to the anticipated Court approved sale process.
- 26 Contingency of \$2,500 per week, starting week 3, is assumed to cover unanticipated costs.
- 27 The Company has an available \$300,000 line of credit with the Bank of Montreal that has not been drawn to date. This amount is sufficient to cover the projected cash flow requirements within the Cash Flow Forecast period.



Caroline Bourret  
General Manager

December 29th, 2023  
Date



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

December 29th, 2023  
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 MARCH 31ST, 2024

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
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	TOTAL
Receipts	Notes															
Rent	1	-	-	-	5,900	-	-	-	5,900	-	-	-	5,900	-	-	17,699
Utilities Collected	2	665	-	-	324	-	998	-	366	-	998	-	324	262	998	4,935
HST Collected	3	86	-	-	809	-	130	-	815	-	130	-	809	34	130	2,942
Total Receipts		752	-	-	7,033	-	1,128	-	7,080	-	1,128	-	7,033	296	1,128	25,577
Operating Disbursements																
Utilities Payments	4	(665)	-	-	(324)	-	(998)	-	(366)	-	(998)	-	(324)	(262)	(998)	(4,935)
Property Tax	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST Paid	6	(86)	(1,300)	-	(42)	-	(1,430)	-	(48)	-	(520)	-	(42)	(34)	(520)	(4,022)
HST Remittance Payments	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		(4,172)	(11,300)	-	(366)	-	(15,848)	-	(414)	-	(7,938)	-	(366)	(296)	(7,938)	(48,637)
Projected Weekly Cash Flow		(3,420)	(11,300)	-	6,667	-	(14,720)	-	6,667	-	(6,810)	-	6,667	-	(6,810)	(23,060)
Cumulative Cash Flow		(3,420)	(14,720)	(14,720)	(8,053)	(8,053)	(22,774)	(22,774)	(16,107)	(16,107)	(22,917)	(22,917)	(16,250)	(16,250)	(23,060)	
Cash Balance																
Opening Cash Position		24,177	20,757	9,457	9,457	16,124	16,124	1,403	1,403	8,070	8,070	1,260	1,260	7,927	7,927	24,177
Ending Cash Position		\$ 20,757	\$ 9,457	\$ 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

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

December 29th, 2023

Date



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

December 29th, 2023

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) remittance is paid quarterly. Q1 2024 HST is expected to be paid April 2024 (quarterly filer), therefore amount for the period is \$0.
- 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 Applicant's counsel to the date of filing and monthly amounts thereafter.



Caroline Bourret  
General Manager

December 29th, 2023  
Date



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

December 29th, 2023  
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 MARCH 31ST, 2024

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	14	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	
Receipts	Notes															
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	-	(2,600)	(85)	-	-	(910)	-	(85)	-	-	-	(995)	(68)	-	(4,744)
HST Remittance Payments	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	(22,600)	(742)	-	-	(14,262)	-	(742)	-	(6,352)	-	(8,652)	(593)	(6,352)	(66,646)
Projected Weekly Cash Flow		(6,352)	(22,600)	-	10,000	-	(14,262)	-	10,000	-	(6,352)	-	2,090	-	(6,352)	(33,827)
Cumulative Cash Flow		(6,352)	(28,952)	(28,952)	(18,952)	(18,952)	(33,213)	(33,213)	(23,213)	(23,213)	(29,565)	(29,565)	(27,475)	(27,475)	(33,827)	
Cash Balance																
Opening Cash Position		34,848	28,496	5,896	5,896	15,896	15,896	1,634	1,634	11,634	11,634	5,283	5,283	7,373	7,373	34,848
Ending Cash Position		\$ 28,496	\$ 5,896	\$ 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

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

December 29th, 2023

Date



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

December 29th, 2023

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), therefore amount for the period is \$0.
- 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 Applicant's counsel to the date of filing and monthly amounts thereafter.



Caroline Bourret  
General Manager

December 29th, 2023  
Date



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

December 29th, 2023  
Date



First 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.

Trustee's Report on Cash-flow Statement  
(Paragraph 50(6)(b) of the Act)

The attached statement of projected cash-flow of OEM Automotive Solutions Inc. (the "Company"), as of the 29<sup>th</sup> day of December, 2023, consisting of a 14-week Cash-Flow for the period from December 22, 2023 through March 31, 2024, has been prepared by the Company for the purpose described in Note A, using the probable and hypothetical assumptions set out in Notes 1-27.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by the insolvent person for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by the insolvent person are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the creditors of the insolvent person for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto, Ontario this 29<sup>th</sup> day of December 2023.

**BDO CANADA LIMITED,**  
Trustee  
Per:



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

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

Trustee's Report on Cash-flow Statement  
(Paragraph 50(6)(b) of the Act)

The attached statement of projected cash-flow of OEM Automotive Cornwall Inc. (the "Company"), as of the 29<sup>th</sup> day of December, 2023, consisting of a 14-week Cash-Flow for the period from December 22, 2023 through March 31, 2024, has been prepared by the Company for the purpose described in Note A, using the probable and hypothetical assumptions set out in Notes 1-10.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by the insolvent person for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by the insolvent person are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the creditors of the insolvent person for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto, Ontario this 29<sup>th</sup> day of December 2023.

**BDO CANADA LIMITED,**  
Trustee  
Per:



---

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

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

Trustee's Report on Cash-flow Statement  
(Paragraph 50(6)(b) of the Act)

The attached statement of projected cash-flow of OEM Automotive Holdings Inc. (the "Company"), as of the 29<sup>th</sup> day of December, 2023, consisting of a 14-week Cash-Flow for the period from December 22, 2023 through March 31, 2024, has been prepared by the Company for the purpose described in Note A, using the probable and hypothetical assumptions set out in Notes 1-10.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by the insolvent person for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by the insolvent person are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the creditors of the insolvent person for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto, Ontario this 29<sup>th</sup> day of December 2023.

**BDO CANADA LIMITED,**  
Trustee  
Per:



---

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

First Report of the Proposal Trustee  
**Appendix “E”**

OEM AUTOMOTIVE SOLUTIONS INC.  
PROJECTED VS. ACTUAL CASH-FLOW  
FOR THE PERIOD DECEMBER 22ND, 2023 TO JANUARY 7TH, 2024

	Projected	Actual	Variance - Favourable/ (Unfavourable)
<b>Receipts</b>			
New Vehicle Sales	183,840	436,158	252,319
Used Vehicle Sales	-	-	-
Other Revenue	-	30,705	30,705
Parts & Service Sales	80,000	102,289	22,289
HST Collected	34,299	73,990	39,691
	298,139	643,143	345,004
<b>Operating Disbursements</b>			
Lien Payouts	-	-	-
Used Vehicle Purchases	-	(34,650)	(34,650)
Parts Purchases	(32,500)	(84,860)	(52,360)
Payroll (Including Taxes)	(46,000)	(48,460)	(2,460)
Consulting Fee	(4,204)	(4,204)	-
Employee Benefits	(7,500)	(4,994)	2,506
WSIB	-	-	-
Corporate Credit Card Repayment	(24,000)	-	24,000
Vendor Payments	(12,500)	(20,308)	(7,808)
Repairs and Maintenance CAPEX	-	-	-
Rent and Utilities - Property 1 OEM Automotive Cornwall Inc.	(665)	(589)	77
Rent and Utilities - Property 2 OEM Automotive holdings Inc.	-	-	-
Insurance Payments	-	-	-
HST Paid	(39,961)	(40,846)	(884)
HST Refund (Remittance)	-	-	-
	-	-	-
<b>Debt Service</b>			
Floor Plan Payments To/From BMO	(175,026)	(109,548)	65,478
BMO Floor Plan Curtailments	-	(94,467)	(94,467)
BMO Floor Plan Interest	(20,000)	(18,713)	1,287
BMO Goodwill Loan (Interest)	(12,000)	(11,372)	628
Proposal Trustee & its Counsel's Fees	(50,000)	-	50,000
Restructuring Costs	(25,000)	-	25,000
Sales Agent Work Fees	(7,500)	-	7,500
DIP Facility Interest and fees	-	-	-
Contingency	-	(222)	(222)
<b>Total Disbursements</b>	(456,856)	(473,233)	(16,376)
<b>Cash Balance</b>			
Opening Cash Position	184,654	184,654	-
<i>Net Cash Flow</i>	(158,718)	169,910	328,628
Ending Cash Position	\$ 25,936	\$ 354,563	\$ 328,628

OEM AUTOMOTIVE CORNWALL INC.  
PROJECTED VS. ACTUAL CASH-FLOW  
FOR THE PERIOD DECEMBER 22ND, 2023 TO JANUARY 7TH, 2024

	Projected	Actual	Variance - Favourable/ (Unfavourable)
<b>Receipts</b>			
Rent	-	-	-
Utilities Collected	665	589	(77)
HST Collected	86	77	(10)
<b>Total Receipts</b>	<b>752</b>	<b>665</b>	<b>(86)</b>
<b>Operating Disbursements</b>			
Utilities Payments	(665)	(589)	77
Property Tax	-	-	-
HST Paid	(1,386)	(77)	1,310
HST Refund (Remittance)	-	-	-
<b>Debt Service &amp; Restructuring Costs</b>			
Scheduled Principal & Interest Payment	(3,420)	(3,420)	-
Proposal Trustee & its Counsel's Fees	(5,000)	-	5,000
Restructuring Costs	(5,000)	-	5,000
<b>Total Disbursements</b>	<b>(15,472)</b>	<b>(4,085)</b>	<b>11,386</b>
<b>Cash Balance</b>			
Opening Cash Position	24,177	24,177	-
<i>Net Cash Flow</i>	<i>(14,720)</i>	<i>(3,420)</i>	<i>11,300</i>
Ending Cash Position	\$ 9,457	\$ 20,757	\$ 11,300

OEM AUTOMOTIVE HOLDINGS INC.  
PROJECTED VS. ACTUAL CASH-FLOW  
FOR THE PERIOD DECEMBER 22ND, 2023 TO JANUARY 7TH, 2024

	Projected	Actual	Variance - Favourable/ (Unfavourable)
<b>Receipts</b>			
Rent	-	-	-
Utilities Collected	-	-	-
HST Collected	-	-	-
<b>Total Receipts</b>	-	-	-
<b>Operating Disbursements</b>			
Utilities Payments	-	-	-
Property Tax	-	-	-
HST Paid	(2,600)	-	2,600
HST Refund (Remittance)	-	-	-
<b>Debt Service &amp; Restructuring Costs</b>			
Scheduled Principal & Interest Payment	(6,352)	(6,352)	-
Proposal Trustee & its Counsel's Fees	(10,000)	-	10,000
Restructuring Costs	(10,000)	-	10,000
<b>Total Disbursements</b>	(28,952)	(6,352)	22,600
<b>Cash Balance</b>			
Opening Cash Position	34,848	34,848	-
<i>Net Cash Flow</i>	(28,952)	(6,352)	22,600
Ending Cash Position	\$ 5,896	\$ 28,496	\$ 22,600



First Report of the Proposal Trustee  
**Appendix “F”**

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	
<b>Receipts</b>																		
	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
<b>Operating Disbursements</b>																		
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)
<b>Debt Service</b>																		
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)
<b>Total Disbursements</b>		(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)
<b>Projected Weekly Cash Flow</b>		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)	
<b>Cash Balance</b>																		
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**

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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.
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- 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

First Report of the Proposal Trustee  
**Appendix “G”**



## 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 EOs 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](mailto:clonergan@bdo.ca)

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

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

First Report of the Proposal Trustee  
**Appendix “H”**



January 9, 2024

CONFIDENTIAL

BDO Canada Limited  
20 Wellington St. E.  
Suite 500  
Toronto, Ontario  
M5E 1C5

Attention: Clark Lonergan

Dear Mr. Lonergan:

Dealer Solutions North American, Inc. ("DSMA") understands that OEM Automotive Solutions Inc., OEM Automotive Cornwall Inc. and OEM Automotive Holdings Inc. (collectively the "Company"), are seeking to pursue a Sale and Investment Solicitation Process for the Company for the marketing of the Company's business and assets, including its dealership operation and assets and its owned real estate assets (the "Transaction"). BDO Canada Limited (the "Proposal Trustee") wishes to engage DSMA as its exclusive financial advisor with respect to the Transaction and DSMA desires to assist the Proposal Trustee with respect to the Transaction on the following terms, including the Standard Terms and Conditions attached hereto as Appendix "A":

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

1. Scope of Services

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

Phase One:

- a. Review the objectives and constraints of the Company, Proposal Trustee and Transaction stakeholders in conducting the engagement to determine a specific and detailed strategy for executing the Transaction that best meets the objectives;
- b. Assist the Proposal Trustee to identify, obtain, assemble, and organize in a data room all of the necessary information (the "Information") required to complete the Transaction;
- c. Help establish and maintain a list of prospective buyers or investors ("Transaction Sources");
- d. Develop and distribution of a process summary ("Teaser Letter") to describe the Transaction and support discussions with the prospective purchasers;

- e. Such other Services deemed reasonably necessary and beneficial by the Proposal Trustee in administration of the SISP.

Phase Two:

- a. Use commercially reasonable efforts to market the Transaction and introduce the Proposal Trustee to potential Transaction Sources;
- b. Coordinate and manage the distribution of Information to prospective Transaction Sources, with the Proposal Trustee's prior approval, to obtain confirmation of their interest in pursuing a Transaction on terms consistent with the Transaction objectives;
- c. Help evaluate and qualify all interested Transaction Sources;
- d. Solicit initial non-binding expressions of interest ("EOIs") from prospective Transaction Sources that demonstrate their interest in the Transaction and outline the basic terms of a proposal and in accordance with the Sales and Investment Solicitation Process approved by the Court;
- e. Assist with presentations, schedule and attend appointments with qualified Transaction Sources as requested by the Proposal Trustee;
- f. Assist managing the online data room and facilitate the due diligence process as required by the Transaction Source(s);
- g. Distribute the template Definitive Transaction Agreements to potential Transaction Sources;
- h. notify each bidder who submitted an EOI in writing as to whether its EOI was selected to continue in the SISP (the "Selected EOIs") in accordance with the SISP;
- i. Assess, with the Proposal Trustee and Interim Finance Lender, the binding Letters of Intent received to determine Qualified Bids;
- j. notify each bidder who submitted an LOI in writing as to whether its LOI constitutes a Qualified Bid in accordance with the SISP;
- k. Provide assistance and advice as requested by the Proposal Trustee and Transaction stakeholders with the evaluation and negotiation of formal offers and the Closing of the Transaction; and
- l. Provide assistance and advice as requested by the Proposal Trustee with any purchase prices adjustments and any other closing requirements associated with the Definitive Transaction Agreements, and
- m. Such other Services deemed reasonably necessary and beneficial by the Proposal Trustee in administration of the SISP.

- n. Adhere to the Estimated Timelines and Needs as set out in its Proposal submitted January 5, 2024 subject to any required changes thereto as agreed upon in writing, all parties acting reasonably.

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

## 2. Professional Fees

In consideration of the foregoing:

- a. *Hourly Fees:* For the Services, DSMA shall be paid the hourly rates set out below. Hourly Fees will be based on the time invested at DSMA's standard hourly rates. DSMA will bill a monthly work fee of \$7,500 plus applicable sale tax, to be deducted from the total fees outstanding. The following are DSMA standard hourly rates:

Staff	Hourly rate (CAD\$)
1. Partner	\$965
2. Legal Counsel	\$795
3. Automotive Associate	\$795
4. Transaction Manager	\$595
5. Deal Advisory/CPA	\$445

- b. *Disbursements and Expenses:* In addition to any fees payable by the Proposal Trustee to DSMA hereunder, the Proposal Trustee shall, whether or not a Transaction is consummated, reimburse DSMA for its travel and other reasonable out-of-pocket expenses (including any database usage costs and all fees, disbursements and other charges incurred by DSMA with the Proposal Trustee's consent) incurred in connection with any actual or proposed Transaction, or otherwise arising out of DSMA's activities under or contemplated by, this engagement. These expenses shall not exceed \$2,000 unless approved by the Proposal Trustee in writing. Travel time is not to be booked to the mandate.

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

DSMA estimates that total fees will range between \$150,000 and \$200,000 plus applicable taxes to complete this mandate. DSMA requires a minimum fee per (a) as agreed with the Proposal

Trustee of \$150,000 irrespective of the ultimate outcome of the SISP (the "Minimum Fee"). Prior to Closing, DSMA shall submit its final invoice for any amount due and owing at Closing.

The Proposal Trustee and Transaction stakeholders hereby irrevocably authorize and instructs their legal counsel to pay directly to DSMA, out of the closing proceeds, at Closing the unpaid cash sums provided for in Paragraphs (a) through (c) above and agrees to notify the Transaction Source of this provision. The Proposal Trustee and Transaction stakeholder hereby expressly agree that in the event any dispute or disagreement arises with respect to the payment to DSMA of the sums due at Closing, that the Transaction Source shall immediately place all disputed sums in an interest-bearing escrow account pending resolution of the dispute pursuant to this Agreement and shall not under any circumstances deliver such disputed sums to the Proposal Trustee and/or Transaction stakeholders. The Proposal Trustee and Transaction stakeholder hereby irrevocably authorize and instruct the Transaction Source to escrow such disputed sums. The Proposal Trustee and Transaction stakeholder further agree that any sums due pursuant to Paragraphs (a) through (c) above which are not in dispute shall not be escrowed but shall be paid upon Closing to DSMA by the Transaction Source as provided for under the terms of this Agreement.

In the event that this Agreement is terminated prior to a Transaction Closing, DSMA shall be entitled to the entire cash sum due and payable to it as provided for in Paragraphs (a) and (b) above, , inclusive of the Minimum Fee..

### 3. Engagement Team

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

### 4. Exclusivity

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

### 5. Standard Terms and Conditions

By signing this Agreement, you acknowledge that you have read and understood the Standard Terms and Conditions attached hereto as Appendix "A" and agree to be bound by those terms in respect of the Services described above, including without limitation, the limitations of liability contained therein that limit our professional liability.



If the above engagement and Agreement relating thereto are acceptable, please execute the acceptance and acknowledgment of this Agreement as hereinafter provided.

Very truly yours,  
Dealer Solutions North America Inc.

By:   
Name: Etienne Demueles  
Title: Director of Finance - Partner  
ACCEPTANCE AND ACKNOWLEDGMENT:

The Proposal Trustee hereby accepts the above engagement and agrees to the terms and provisions set forth above with respect to such engagement.

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  
Personal or corporate capacity

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

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

## Appendix A - Standard Terms and Conditions

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


Other capitalized terms used herein and not defined shall have the meaning given to them in the accompanying letter.

- delays or other consequences arising from you not fulfilling your obligations.
- 4.2 You are responsible for all decisions relating to our Services, the use or implementation of the output of our Services and for determining whether the Services are appropriate for your purposes.
- 4.3 You shall promptly provide (or cause others to provide) to us, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform our Services.
- 4.4 To the best of your knowledge, all Client Information will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
- 4.5 We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.
5. Working Papers and Deliverables
- 5.1 Ownership - Any Working Papers prepared by us, or for us, in connection with the Services belong solely to us. Upon our receipt of full payment of all amounts owing under the Agreement, you will own all right, title and interest to the Deliverables, save and except for any DSMA intellectual property incorporated therein, which remains the sole and exclusive property of DSMA.
- 5.2 Oral advice and draft deliverables - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 5.3 Updating Deliverables - We shall not be required to update any final Deliverables for circumstances of which we become aware, or events occurring, after its delivery.
6. Reliance by Third Parties
- 6.1 Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you.
7. Independence
- 7.1 Professional and certain regulatory standards may require us to be independent, in both fact and appearance, with respect to our clients in the performance of certain services. If required, we will communicate to you any relationships between DSMA (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.
8. Privacy and Consents
- 8.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:
- (a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
- (b) we will hold all personal information in compliance with our Privacy Statement.
9. Confidentiality
- 9.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation, or professional obligation. All Confidential Information, including any Client Information, will be retained by DSMA in accordance with applicable laws and regulations and our standard document retention policies. You may, at any time, request a return of any Client Information provided to us hereunder; provided

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

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

## 10. Electronic Communications

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

## 11. Termination

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

Services in accordance with applicable law or professional obligations.

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

## 12. Limitation of Liability

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

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

### 13. Limitation Period

- 13.1 You shall make any claim relating to the Services or otherwise under this Agreement no later than two years after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 13.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 13.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

### 14. Force Majeure

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

### 15. Governing Laws

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

### 16. Alternative Dispute Resolution

- 16.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.
- 16.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation using a mediator chosen by mutual agreement of the parties.
- 16.3 All disputes remaining unsettled for more than 60 days following the parties' first meeting with a mediator, or such longer period as the parties mutually agree upon, shall be referred to and finally resolved by arbitration. The parties agree that one arbitrator shall be appointed within twenty (20) days of receipt of the request for arbitration. The place of arbitration shall be in the capital of the Province of the governing law as contained herein. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the parties. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision whatsoever. The parties hereby waive any such right of appeal or judicial review which may otherwise be provided for in any provincial arbitration statute. Judgment upon the award, including any interim award, rendered by the arbitrator may be entered in any court having jurisdiction. The arbitration shall be kept confidential and the existence of the arbitration proceeding and any element thereof (including but not limited to any pleadings, briefs or other documents submitted and exchanged and testimony and other oral submissions and any awards made) shall not be disclosed beyond the arbitrator(s), the parties, their counsel and any person to whom disclosure is necessary to the conduct of the proceeding except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

17. Assignment

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

18. Severability

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

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**

**FIRST REPORT OF THE PROPOSAL TRUSTEE**  
**January 11, 2024**

**FOGLER, RUBINOFF LLP**

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