

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH ALBERTA

JUDICIAL CENTRE

CALGARY

MATTER

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2345137 ALBERTA LTD., 2351497
ALBERTA LTD., 2497902 ALBERTA LTD., SUMMIT S
AUTO LTD., SUMMIT V AUTO LTD., MK AUTO K-M
LTD., 2437342 ALBERTA LTD., 1972207 ALBERTA LTD.,
1175104 B.C. LTD., 1262113 B.C. LTD., AND 1272986 B.C.
LTD.

APPLICANT

BANK OF MONTREAL

RESPONDENTS

2345137 ALBERTA LTD., 2351497 ALBERTA LTD.,
2497902 ALBERTA LTD., SUMMIT S AUTO LTD.,
SUMMIT V AUTO LTD., MK AUTO K-M LTD., 2437342
ALBERTA LTD., 1972207 ALBERTA LTD., 1175104 B.C.
LTD., 1262113 B.C. LTD., AND 1272986 B.C. LTD.

DOCUMENT

PRE-FILING REPORT OF THE PROPOSED MONITOR,
BDO CANADA LIMITED

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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INTRODUCTION

1. BDO Canada Limited (“**BDO**” or the “**Proposed Monitor**”) understands that the Applicant, the Bank of Montreal (“**BMO**” or the “**Applicant**”), in its capacity as the senior secured lender to 2345137 Alberta Ltd. (“**Vermilion Chrysler**”), 1262113 B.C. Ltd. (“**Western Sport Products**”), 2497902 Alberta Ltd. (“**Castle Ford**”), 1175104 B.C. Ltd. (“**Cranbrook Mitsubishi**”), 1272986 B.C. Ltd. (“**Sun Valley Nissan**”), Summit V Auto Ltd. (“**Arrow Volkswagen**” or “**Arrow VW**”, with Vermilion Chrysler, Western Sport Products, Castle Ford, Cranbrook Mitsubishi, and Sun Valley Nissan, the “**Omnibus Dealerships**”), 2437342 Alberta Ltd. (“**Squamish Chrysler**”, with the Omnibus Dealerships, the “**Dealerships**”), Summit S Auto Ltd. (“**Real Co**”, with the Omnibus Dealerships, the “**Omnibus Debtors**”), MK Auto K-M Ltd. (“**MK Auto**”), 1972207 Alberta Ltd. (“**197 AB**”, with Squamish Chrysler, the “**Squamish Debtors**”) and 2351497 Alberta Ltd. (“**235 AB**” with the Omnibus Debtors, the Squamish Debtors, and MK Auto, collectively, the “**Summit Auto Group**”, the “**Debtors**” or the “**Companies**”), has brought an application (the “**CCAA Application**”) before the Court of King’s Bench of Alberta (the “**Court**”) returnable on August 22, 2025, seeking an initial order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
2. The Proposed Initial Order, among other things, provides for (i) an initial stay of proceedings to and including September 1, 2025 (the “**Stay Period**”) to allow the Debtors an opportunity to restructure their business, (ii) a declaration that each Summit Auto Group entity is a party to which the CCAA applies, (iii) the appointment of BDO as monitor (in such capacity, the “**Monitor**”) in the CCAA proceedings (the “**CCAA Proceedings**”), (iv) approval of a Monitor’s borrowing certificate mechanism allowing the Monitor to borrow funds directly from BMO through the issuance of borrowing certificates (“**Borrowing Certificate(s)**”), (v) expansion of the powers of the Monitor, (vi) authority for the Monitor to amend the Omnibus Debtors’ financial advisor and chief restructuring officer engagement with Full Circle Automotive (“**Full Circle**” or the “**CRO**”) to include the Squamish Debtors, and (vii) certain court-ordered charges to secure fees and disbursements of the Monitor, counsel to the Monitor, the CRO and the CRO’s counsel.
3. The Applicant has scheduled a comeback hearing, returnable on August 27, 2025 (the “**Comeback Hearing**”).

4. This report (the “**Pre-Filing Report**”) has been prepared by the Proposed Monitor prior to and in contemplation of its proposed appointment as Monitor in the CCAA Proceedings, to provide information to this Court in considering the Applicant’s request for the Proposed Initial Order, as well as the relief that will be requested by the Applicant at the Comeback Hearing should the Proposed Initial Order be granted.

PURPOSE

5. The purpose of this Pre-Filing Report is to provide information to the Court on:
 - a) BDO’s familiarity and involvement with the Debtors’ business and qualifications to act as the Monitor, if appointed;
 - b) the Summit Auto Group;
 - c) the circumstances leading to the Applicant’s decision to commence CCAA Proceedings with respect to the Summit Auto Group;
 - d) the Debtors’ 13-week cash flow forecast, on a consolidated basis, for the period August 22, 2025, to November 23, 2025 (the “**Cash Flow Forecast**”) and the Proposed Monitor’s comments regarding the reasonableness thereof;
 - e) other matters relevant to the relief contemplated in the Proposed Initial Order; and
 - f) the Proposed Monitor’s conclusions and recommendations.

TERMS OF REFERENCE

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

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

- b) some of the information referred to in this Pre-Filing Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
7. Future oriented financial information referred to in this Pre-Filing Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
 8. Unless otherwise indicated, the Proposed Monitor’s understanding of the factual matters expressed in this Pre-Filing Report concerning the Respondents and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
 9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BDO’S QUALIFICATION TO ACT AS THE MONITOR

10. BDO has been actively involved with the Summit Auto Group since December 27, 2024, initially through an engagement with the Summit Auto Group (the “**Company Engagement**”) and then subsequently through an engagement with the Applicant on February 12, 2025 (the “**BMO Engagement**”). Pursuant to the BMO Engagement, BDO conducted a review of the Dealerships and delivered a memorandum of findings dated March 11, 2025 (the “**BDO Memorandum**”) summarizing results of BDO’s review and observations with respect to the Debtors’ liquidity, credit facility breaches, governance, and the status of the Debtor-led Sales Process (as defined herein). Through producing the BDO Memorandum, BDO developed a detailed, working understanding of the Summit Auto Group’s operations and financial position. Since the delivery of the BDO Memorandum, BDO has continued to assist BMO with monitoring and analysis of the Debtors’ affairs, including in connection with the Forbearance Agreements (herein defined) and the Tim Lamb Group’s sales process milestones.

11. BDO is a licensed insolvency trustee within the meaning of section 2 of the BIA. BDO is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
12. BDO has consented to act as the Monitor in the CCAA Proceedings should this Court grant the Proposed Initial Order. A copy of BDO's consent to act as Monitor is attached hereto as **Appendix "A"**.
13. The Proposed Monitor has retained Miller Thomson LLP ("**MT**") to act as its independent legal counsel in the CCAA Proceedings.
14. Should BDO be appointed as Monitor, it will be able to leverage its familiarity with Summit Auto Group to safeguard their business and maximize value for creditors on a much more expeditious and efficient basis than if it had no prior involvement or knowledge of the Respondent's affairs.

OVERVIEW OF THE SUMMIT AUTO GROUP

15. This Pre-Filing Report should be read in conjunction with the affidavit of John Gil sworn August 15, 2025 (the "**Gil Affidavit**"), which provides additional background and financial information with respect to the Debtors. Any terms not expressly defined herein are otherwise defined in the Gil Affidavit.
16. The Summit Auto Group operates seven (7) Dealerships across the Province of Alberta ("**AB**") and the Province of British Columbia ("**BC**"), plus related Non-Operating Entities (herein defined). The Summit Auto Group operated brands are Chrysler, Dodge, Jeep, Ram (together with Chrysler, Dodge, and Jeep, "**Stellantis**"), Volkswagen, Mitsubishi, Nissan, and Ford. A detailed description of the Dealerships is set out below:
 - a) Vermilion Chrysler operates a showroom and service garage for Stellantis vehicles (Chrysler, Dodge, Jeep, and Ram) vehicles located at 4524 Railway Ave, Vermilion, AB. Vermilion Chrysler leases its premises from Real Co;
 - b) Western Sport Products operates a showroom for all-terrain vehicles, utility terrain vehicles and other sport and leisure vehicles located at 4520 Railway Ave Vermilion, AB. Western Sport Products leases its premises from 1231440 Alberta Ltd.;

- c) Castle Ford operates a showroom and service garage for Ford vehicles located at 1050 Corner Mountain Street Pincher Creek, AB. Castle Ford leases its premises from Real Co;
- d) Cranbrook Mitsubishi operates a showroom and service garage for Mitsubishi vehicles located at 2032 Cranbrook St North, Cranbrook, BC. Cranbrook Mitsubishi leases its premises from The Scott Group;
- e) Sun Valley Nissan operates a showroom and service garage for Nissan vehicles located at 2024 Cranbrook St North Cranbrook, BC. Sun Valley Nissan leases its premises from Real Co;
- f) Arrow VW operates a showroom and service garage for Volkswagen vehicles located at 2034 Cranbrook Street North, Cranbrook, BC. Arrow VW leases its premises from Real Co; and
- g) Squamish Chrysler (with Vermilion Chrysler, the “**Stellantis Dealerships**”) operates a showroom and service garage for Stellantis vehicles located at 1180 Hunter Pl, Squamish, BC. Squamish Chrysler leases the premises from Ami Tapper.

Of the Dealerships, Cranbrook Mitsubishi, Sun Valley Nissan, and Arrow VW (together, the “**Cranbrook Dealerships**”) are located adjacent to each other.

- 17. One additional dealership, Western Chevrolet (selling General Motors (“**GM**”) branded vehicles), financed by the Toronto Dominion Bank (the “**TD Dealership**”), is not included in this CCAA Application. BDO understands that the TD Dealership was in breach of its financial and reporting obligations to Toronto Dominion Bank (“**TD**”) as of May 16, 2024, pursuant to a default letter issued by TD Bank.
- 18. BDO understands that Mr. Michael Koch (“**Mr. Koch**”), acts as the principal decision-maker for the Dealerships (including the TD Dealership) and oversees day-to-day operations of the Dealerships from the Cranbrook Dealerships.
- 19. The Dealerships operate in provincially regulated industries and are required to maintain valid motor dealer licences and related permits in the jurisdictions in which they operate. For Vermilion Chrysler, Western Sports Products, and Castle Ford, oversight is provided by the

Alberta Motor Vehicle Industry Council (the “**AMVIC**”). For the Cranbrook Dealerships and Squamish Chrysler, oversight is provided by the Vehicle Sales Authority (the “**VSA**”). The Proposed Monitor understands that the Dealerships currently hold the necessary licences for their operations and, if appointed with enhanced powers, intends to continue operations under the existing licences, and liaise with AMVIC / VSA as needed.

20. As of the date of this Pre-Filing Report, the Proposed Monitor understands that the Dealerships employ approximately 103 individuals in total. These employees are not unionized and the Debtors do not sponsor any registered pension plans.
21. In addition to the Dealerships, the Summit Auto Group includes several non-operating entities that do not carry on active operations or have employees, including:
 - a) Real Co, a real property holding company that owns, among other properties, the properties in which Arrow VW, Vermilion Chrysler, Sun Valley Nissan, and Castle Ford operate; and
 - b) 197 AB, MK Auto, and 235 AB, non-operating entities that each serve as holding companies and/or corporate guarantors (together with Real Co, the “**Non-Operating Entities**”).

The Non-Operating Entities have no other business or operations and have no employees.

Ownership Structure

22. The Proposed Monitor understands that the Summit Auto Group is a closely held group of private companies primarily controlled and owned by Mr. Koch. In addition, BDO understands that:
 - a) Mr. Donald Liddell, the chief financial officer of the Summit Auto Group (the “**CFO**” or “**Mr. Liddell**”) has a minority direct beneficial interest in Arrow VW, Cranbrook Mitsubishi, Sun Valley Nissan, and Vermilion Chrysler; and
 - b) Mr. Adam Mounzer (“**Mr. Mounzer**”) has a minority ownership in Castle Ford, though BDO is uncertain on how the ownership structure is set up. Mr. Mounzer also owns 100% of 197 AB, which is a guarantor for Squamish Chrysler and holds preferred shares in Squamish Chrysler.

23. Overall, the direct and beneficial interests in the Dealerships based on BDO’s understanding is summarized as follows:

Dealership	Mr. Koch	Mr. Liddell	Mr. Mounzer
Arrow VW	80%	20%	0%
Cranbrook Mitsubishi	80%	20%	0%
Sun Valley Nissan	80%	20%	0%
Vermilion Chrysler	80%	20%	0%
Western Sport Products	80%	20%	0%
Castle Ford	65%	0%	35%
Squamish Chrysler	60%	0%	40%

Governance

24. As previously noted, BDO understands that day-to-day operational decisions for the Dealerships are concentrated with Mr. Koch (through various general managers (“GM(s)”) at the respective dealerships), and the Debtors’ financial functions are largely decentralized through Mr. Liddell, and various controllers. Financial oversight does not consolidate to a single finance lead, resulting in a fragmented reporting structure.

25. During the BMO Engagement, BDO observed significant operational governance deficiencies arising from this decentralized management approach. The lack of clear operational and financial reporting structure significantly impacted Management’s decision-making and cash-flow management, which resulted in an overall lack of financial accountability.

26. To date, BDO has had limited visibility into Squamish Chrysler, as a significant amount of reporting required under the Squamish Forbearance Agreement (herein defined) has not been delivered, including the fiscal year end 2024 financial statements which still have not be finalized. BDO understands that Squamish Chrysler’s records are significantly out of date, and regulatory filings with the Canada Revenue Agency (“CRA”) including 2023 and 2024 corporate income taxes and excise tax filings/remittances remain outstanding. As such, BDO believes there may be outstanding statutory remittances/deemed trusts amounts owing to the CRA.

27. The Debtors do not operate any other lines of business and do not have any foreign operations.

Current Financial Position

28. On a cumulative basis, the Debtors as of August 12, 2025, owe BMO in excess of \$58 million net of accrued costs and interests. The Debtors are currently insolvent, with \$9.4 million of SIV (herein defined) balance and operational losses expected to continue, the Debtors’ financial positions are likely to worsen. Absent the CCAA Proceedings, the Debtors will not be able to meet their current financial obligations without incurring further SIVs. Based on the financial information available to the Proposed Monitor, the Dealerships have been operating at a loss since 2023. Using fiscal year (“FY”) 2023 financial statements of the Dealerships, the Proposed Monitor noted a combined net loss of approximately \$448,249 in FY 2023.
29. Though FY 2024 financial statements of the Dealerships have not been finalized and provided to the Proposed Monitor, the Proposed Monitor understands that losses have worsened in FY2024. Using dealer statements, the Proposed Monitor, with the help of the CRO, has produced the Dealerships’ net operating loss summary for the period January 1, 2025 to May 31, 2025 (“YTD May 2025”):

Combined Net Operating Losses for the Period January 1, 2025 to May 31, 2025	
Gross Margin	
New Vehicles	1,880,200
Used Vehicles	1,421,219
Finance Department	161,281
Service Department	987,774
Sales Department	683,765
Total Gross Margin	5,134,239
Less: Expenses	(6,214,344)
Net Operating Loss	(1,080,105)

30. For YTD May 2025, net operating loss for all Dealerships is approximately \$1,080,105. The loss does not include debt servicing related expenses, Real Co expenses, and other Non-Operating Entities’ expenses Given the Companies’ books and records are not up to date, the Proposed Monitor believes this figure is significantly understated.
31. A copy of the most recent consolidated financial statements available for the applicable Dealerships is attached as **Appendix “B”**.

CIRCUMSTANCES LEADING TO THE APPLICANT’S CCAA FILING

32. In 2024, the Debtors faced mounting liquidity pressure driven by high interest costs, heavy curtailments on slow-moving inventory (particularly at the Stellantis dealerships), and multiple

operational deficiencies. As of late 2024, with several of the Dealerships at or near their facility limits, the Debtors faced significant liquidity constraints and were in breach of certain covenants under their' credit facilities provided by BMO. As a result, the Debtors circumvented the terms of their credit facilities by carrying out numerous sold-in-violation (“**SIV(s)**”) transactions. A SIV arises when a floorplan-financed vehicle is sold and the dealership fails to remit sale proceeds to the floorplan lender within the required time, which circumvents the financing agreements. This practice began in late 2024 and continued into 2025 as liquidity tightened. Floor-plan lenders provide this form of inexpensive financing because of the associated collateral (vehicle) in support of these advances and the original equipment manufacturers' (“**OEM(s)**”) new vehicle buy-back program available to the lender. When SIVs occur, the floor-line facility now lacks the associated collateral in support of the loans and the respective vehicle sale proceeds have been used to artificially create liquidity for the dealership to fund operating activities.

33. As a result, BDO was engaged by the Companies on December 27, 2024, to provide consulting services. The Company Engagement contemplated, among other things, a review of the Companies' financial position and performance and assessment of the Companies' sales efforts. During the Company Engagement, BDO was made aware that a sales process led by Management (the “**Debtor-led Sales Process**”) was already in progress. This process was poorly executed and lacked the transparency/oversight necessary to make BMO comfortable that a sales transaction(s) was advancing and/or could be completed. Ultimately this Debtor-led Sales Process did not result in any material progress.
34. By February 2025, BMO transferred the file to its special accounts management unit (“**SAMU**”) for intensive monitoring, as the Debtor-led Sales Process did not have material progress and total SIVs increased across the Dealerships. BDO was subsequently engaged by BMO, to assess its strategic options. The BMO Engagement included, among other things, assessment of the Dealerships' financial position, floor line analysis, vehicle inventory reviews, treasury function reviews, review of vehicle audit results, and a review of the Debtor-led Sales Process.
35. Pursuant to the BMO Engagement, BDO conducted a review of the Dealerships and delivered a summary of findings to BMO with respect to liquidity, credit facility breaches, governance,

and the status of the Debtor-led Sales Process. The BDO Memorandum, attached hereto as **Appendix “C”**, highlighted, among other things:

- a) a severe liquidity crisis as a result of operational cash burn;
- b) approximately \$6.4 million of SIVs;
- c) the Companies’ weak internal controls and lack of managerial oversight, and reporting structure; and
- d) that the Debtor-led Sales Process that had not materially progressed.

36. As a result of the facts set out in paragraph 35, the Debtors:

- a) engaged Tim Lamb Group as the sales agent of the Omnibus Dealerships (“**Tim Lamb**” or the “**Sales Agent**”) and;
- b) entered into two (2) forbearance agreements with BMO (collectively, the “**Forbearance Agreements**”):
 - (i) a forbearance agreement dated May 29, 2025 (the “**Omnibus Forbearance Agreement**”) between BMO and the Omnibus Debtors, attached hereto as **Appendix “D”**; and
 - (ii) a forbearance agreement dated June 9, 2025 (the “**Squamish Forbearance Agreement**”) between BMO and the Squamish Debtors, attached hereto as **Appendix “E”**.

37. The Forbearance Agreements prohibited further SIVs, embedded an automatic consent CCAA Order (as defined in the Forbearance Agreements) mechanism upon a Termination Event (as defined in the Forbearance Agreements), and formalized a sales process timeline with closing milestones which the Sales Agent had to periodically report on. The Forbearance Agreements also gave BMO a right to request a CRO.

38. Following multiple breaches of the Forbearance Agreements and Termination Events, BMO requested that a CRO be put in place, which led to the Omnibus Debtors retaining Full Circle as its CRO at the end of July 2025.

39. Since appointment, Full Circle’s updates to BMO confirmed the Debtors’ continuing financial deterioration, with SIVs continued to increase, and reaching approximately \$9.4 million per

BMO's audit result as of August 13, 2025 (an increase of approximately \$3 million after the Forbearance Agreements were signed). Further, the CRO uncovered significant financial irregularities including that the Omnibus Dealerships wholesaled vehicles for approximately \$1.4 million below market value from March 1, 2025, to August 8, 2025, including \$120,000 of losses on August 8, 2025, alone. Other financial irregularities included purchasing vehicles from these same vehicle wholesalers at inflated prices.

40. Given the continued breaches under the Forbearance Agreements, the rapid increase in SIVs to approximately \$9.4 million as of August 13, 2025, and the CRO's recently disclosed financial irregularities, the Proposed Monitor believes further erosion to BMO's collateral value will occur absent the timely CCAA Proceedings.
41. The Forbearance Agreements, provided for a court-supervised framework via Consent CCAA Order, including enhanced powers for the Monitor to execute and close transactions to stabilize operations and preserve value for the Debtors' stakeholders.
42. The Applicant has determined that the status quo is not sustainable. The Applicant requires more insight into the operational issues facing the Debtors and a clear path towards going-concern sales of the Dealerships through the Companies' sales process currently being run by the Sales Agent and/or a Court approved sale process if required. For this reason, BDO understands that commencement of these CCAA Proceedings with BDO being appointed as Monitor with expanded powers as set out in the proposed Initial Order is a necessary precondition before BMO will provide any further funding to the Companies. At this time, the Applicant is only prepared to fund such critical amounts needed to preserve the business until the Proposed Initial Order is granted.

OVERVIEW OF THE DEBTORS' 13-WEEK CASH FLOW

43. The CRO, with the assistance of BDO, prepared the Cash Flow Forecast for the 13-week period from August 22, 2025, to the week ending November 23, 2025 (the "**Cash Flow Period**") for the purposes of projecting the Debtors' estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix "F"**.
44. The Cash Flow Forecast is presented on a weekly basis and represents the CRO's estimates of the projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been

prepared using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Cash Flow Forecast.

45. The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Proposed Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by the CRO or employees of the Debtors. Based on the Proposed Monitor’s review, nothing has come to its attention that causes it to believe, in all material respects, that:

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

46. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described in paragraph 43 and since the Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

47. The Cash Flow Forecast shows that during the initial 10-day Stay Period (as defined herein) the Debtors will experience a net cash outflow of approximately \$454,565 and that during the Cash Flow Period, this amount will increase to \$3,415,024. The Cash Flow Forecast projects that during the Cash Flow Period the Debtors should have sufficient liquidity, with funds advanced via the Monitor’s Borrowing Certificates. As detailed below, the Proposed Monitor believes that the amount on the Monitor’s Borrowing Certificates and Monitor’s Borrowing Charge (herein defined) is appropriate and necessary given the Cash Flow Forecast and is limited to the amounts reasonably necessary.

RELIEF SOUGHT BY THE APPLICANT

48. The Proposed Initial Order seeks, among other things, a stay of proceedings the granting of various Court-ordered charges, and other relief to stabilize and protect the Debtors’ businesses

pending the Comeback Hearing, with a view to ultimately pursuing several dealership sales transactions to maximum enterprise value.

49. The Proposed Monitor understands that the majority of the Summit Auto Group's entities are incorporated in Alberta. Including the TD Dealership, there are 4 dealerships located in Alberta, and 4 located in British Columbia. In addition, the Debtors' counsel, based in Alberta, requested that any CCAA proceeding occur in Alberta to avoid the Debtors needing to retain B.C. counsel at an additional expense. The Proposed Monitor believes this request is reasonable and is supportive of the CCAA Proceedings and within application being brought in Alberta.

Initial Stay of Proceedings

50. The Applicant seeks a stay of proceedings for the Debtors for an initial period through and including September 1, 2025 (the "**Stay Period**"), which will allow the Monitor and the CRO to stabilize the operations of the Summit Auto Group, preserve the asset base and work with the Sales Agent to assess the Debtors' current sales process (determine which sales transaction(s) are in their final stages of closing requiring only Court approval to complete and/or create a Court approved sales process for those dealerships without an advanced purchase and sale offer, etc.).
51. The Proposed Monitor is of the view that the Stay Period is appropriate in the circumstances and is necessary to maintain operations through funding from the Applicant which, in turn, will allow the Applicant, the Monitor, and the CRO to achieve an efficient transition of control over the business to the CRO, under the Monitor's oversight.

Appointment of BDO as the Monitor with Expanded Powers

52. The Applicant is requesting that the Court appoint BDO as Monitor of the Debtors in these CCAA Proceedings, and that the Court grant the Monitor enhanced powers. These enhanced powers are intended to support the orderly administration of the Debtors' business and affairs with a view to preserving the businesses and maximizing value for the benefit of the Summit Auto Group's stakeholders.
53. The enhanced powers of the Monitor are described in the Proposed Initial Order and include the authority to, among other things:

- a) take actions and steps to manage, operate, and carry on the businesses of the Summit Auto Group, including authority to enter contractual arrangements on behalf of the Debtors;
 - b) continue any current engagement with the Summit Auto Group's current Sales Agent or alternatively terminate the current Sales Agent agreement and engage a new sales agent, for and on behalf of the Summit Auto Group;
 - c) continue the Debtors engagement with Full Circle as CRO within these CCAA Proceedings or amend the engagement with Full Circle as necessary, including to add Squamish Chrysler under its engagement;
 - d) take possession of, preserve, protect, and exercise control over the property of the Summit Auto Group including the Debtors' bank accounts;
 - e) report to, meet, discuss, and share information with affected persons on all matters relating to the Summit Auto Group's businesses and property;
 - f) oversee and direct the preparation and dissemination of financial and other information of the Summit Auto Group, including cash flow statements;
 - g) proceed to continue negotiations for the sale of the Dealerships; and
 - h) market and sell the assets of the Summit Auto Group;
54. The enhanced powers will allow the Monitor to facilitate the safeguarding of the businesses and the continuation of the CCAA Proceedings in a cost effective and efficient manner pending the Comeback Hearing at which point it is expected that the Applicant will seek to further expand the Monitor's powers.
55. Accordingly, the Proposed Monitor is of the view that granting the enhanced powers is imperative in the circumstances and consents to the enhanced powers if so, ordered by the Court.

CRO Engagement

56. Led by Mr. Lionel Robins, Full Circle is a consulting firm that specializes in automotive dealerships. It has the experience and capability to operate dealerships and has a strong reputation in the marketplace.

57. Full Circle was retained as financial advisor and CRO to the Omnibus Debtors at the end of July 2025 pursuant to the engagement letter between the CRO and the Omnibus Debtors (the “**CRO Engagement Agreement**”). Under the CRO Engagement Agreement, the CRO has reviewed and assisted in the preparation of the Cash Flow Forecast and has provided reporting to BDO and BMO. The CRO also assisted the Omnibus Debtors with the preparation of information pursuant to the terms of the Omnibus Forbearance Agreement. Full Circle has firm knowledge and understanding of the Summit Auto Group, other than Squamish Chrysler, but advised BDO it can quickly get up to speed and take over operations of Squamish Chrysler given its background knowledge of the other Dealerships and how they are currently being operated.
58. As part of the Proposed Initial Order, the Applicant seeks the appointment of Full Circle as CRO in respect of Squamish Chrysler within the CCAA Proceedings. Upon the granting of the Proposed Initial Order, the Monitor will execute an amended CRO engagement agreement with Full Circle which, among other things, will be expanded to include Squamish Chrysler (the “**Amended CRO Engagement Agreement**”). A copy of the Amended CRO Engagement Agreement is attached hereto as **Appendix “G”**.
59. BDO is supportive of a continued engagement and expanded role of the CRO who will be instrumental in replacing the role of Mr. Koch in an effective and cost-efficient manner.

Monitor’s Borrowing Charge

60. In the Proposed Initial Order, the Applicant seeks the approval of a Monitor’s borrowing certificate mechanism akin to a borrowing certificate within a receivership proceeding. This will allow BDO as the Monitor (if appointed) to borrow up to a maximum principal amount of \$500,000 during the Initial Stay Period (the “**Initial Maximum Amount**”), with an increase to such authorized borrowings to \$3,500,000 following the Comeback Hearing, directly from BMO through the issuance of Monitor’s Borrowing Certificates to fund the Dealerships’ operations in accordance with the Cash Flow Forecast. Further, the Proposed Initial Order seeks the granting of a Monitor’s Borrowing Charge (the “**Monitor’s Borrowing Charge**”) up to the Initial Maximum Amount.
61. The Proposed Monitor believes that the Initial Maximum Amount and Monitor’s Borrowing Charge is appropriate and necessary to fund operations as detailed in the Cash Flow Forecast.

The Proposed Monitor believes the amounts are limited to the amounts reasonably necessary for the Initial Stay Period.

Administration Charges

62. The Proposed Initial Order provides for a charge up to a maximum amount of \$350,000 (the “**Administration Charge**”) in favour of counsel to the Applicant, the Monitor and its independent counsel, the CRO, and the CRO’s counsel. Professional fee obligations secured by the Administration Charge are proposed to be paid in the ordinary course in accordance with the Cash Flow Forecast.
63. The Proposed Monitor is of the view that given the current liquidity constraints of the Applicants, the proposed Administration Charge is required. The Proposed Monitor is of the view that the Administration Charge is necessary for the effective participation of the professionals in the CCAA Proceedings and believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.
64. The Proposed Monitor understands that should the Proposed Initial Order be granted, the Applicant intends to request that the Administration Charge be increased to a maximum of \$750,000 at the Comeback Hearing.

Director’s Charge

65. The Proposed Initial Order provides for a director’s charge up to a maximum amount of \$250,000 (the “**Director’s Charge**”), subordinated to the Administration Charge and Monitor’s Borrowing Charge. The Proposed Monitor is supportive of the Director’s Charge, as the Monitor may require certain transitional assistance from Mr. Koch as a director of the Debtors.

SALES AGENT ENGAGEMENT

Sales Agent Update

66. As of the date of this Pre-Filing Report, all Omnibus Dealerships have received either letters of intent (“**LOI(s)**”), draft asset purchase agreements (“**APA(s)**”), or draft share purchase agreements (“**SPA(s)**”). Near-term milestones summarized as follows:

- a) Sun Valley Nissan: APA in near-final form;
- b) Arrow VW: LOI just received;
- c) Vermilion Chrysler: SPA finalized in circulation for execution;
- d) Castle Ford: OEM is supportive with a December 1, 2025, target closing;
- e) Western Sport Products: transaction expected to conclude by month-end; and
- f) Cranbrook Mitsubishi: OEM application in process (timing dependent on purchaser availability).

67. Squamish Chrysler has not been a part of the Sales Agent's process, instead, it is run by Mr. Koch and Mr. Mounzer. BDO understands, through discussions with the Sales Agent, that Squamish Chrysler's purchase has been approved by the OEM, and that a closing date is set for September 3, 2025.

Monitor's Oversight and Next Steps with regards to the current Sales Process

68. If appointed, the Monitor intends to work with the Sales Agent to assess the adequacy of the Debtor-led Sales Process. The Monitor's objective is to preserve momentum and, where transactions are substantially completed and commercially reasonable, seek Court approval to close near-ready deals. If the existing process or offers prove insufficient or face significant delays, or if the Monitor believes sales efforts have been inadequate, the Monitor will return to Court to seek approval of a sale investment and solicitation process with defined bid procedures, standard forms of APA, and clear milestones. The Monitor also intends to amend the existing Sales Agent agreement to include Squamish Chrysler should that deal not close.

69. Per initial estimates of the Sales Agent and CRO, it is anticipated that sale proceeds from the respective sales transactions will be insufficient to repay BMO, given the significant and on-going operating losses; losses created by the financial irregularities; the significant \$9.4 million SIV balance, and delinquent/delayed financials records making due diligence more challenging. As such, the Proposed Monitor believes that BMO is fulcrum creditor with regards to the Debtors and is supportive of the CCAA Proceedings.

CONCLUSION AND RECOMMENDATION

70. The Proposed Monitor has reviewed the Applicant's CCAA Application materials and has consented to act as the Monitor of the Debtors, should this Court grant the Proposed Initial Order.
71. For the reasons stated herein, the Proposed Monitor is of the view that the relief requested by the Applicant as set forth in the Proposed Initial Order is necessary, reasonable, and justified and will provide the Summit Auto Group the best opportunity to preserve value and maximize recoveries for their stakeholders.
72. The Proposed Monitor is therefore supportive of the Applicant's request for relief pursuant to the CCAA and the terms of the Proposed Initial Order.

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

Per:



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

APPENDIX A

COURT FILE
NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

MATTER

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2345137 ALBERTA LTD.,
2351497 ALBERTA LTD., 2497902 ALBERTA LTD.,
SUMMIT S AUTO LTD., SUMMIT V AUTO LTD.,
MK AUTO K-M LTD., 2437342 ALBERTA LTD.,
1972207 ALBERTA LTD., 1175104 B.C. LTD., 1262113 B.C. LTD.,
AND 1272986 B.C. LTD.

APPLICANT

BANK OF MONTREAL

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Gowling WLG (Canada) LLP
Suite 1600
421 7th Avenue SW
Calgary, Alberta T2P 4K9
Lawyer: Sam Gabor / Cameron Brunet
Phone: (403) 298 1946 / (403) 298 1976
Email: sam.gabor@ca.gowlingwlg.com /
cameron.brunet@gowlingwlg.com
File Number.: G10033962

CONSENT TO ACT AS MONITOR

BDO CANADA LIMITED., does hereby consent to act as Monitor of 2345137 Alberta Ltd., 2351497 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd., Summit V Auto Ltd., MK Auto K-M Ltd.; 2437342 Alberta Ltd., 1972207 Alberta Ltd., 1175104 B.C. Ltd., 1262113 B.C. Ltd., and 1272986 B.C. Ltd. if appointed by the Court.

An electronic copy of this Consent to Act as Monitor shall be as effective as an original.

DATED at Toronto, Ontario, this 13th day of August, 2025.

BDO CANADA LIMITED.

Per: 

Name: Clark Lonergan
Title: Senior Vice President

APPENDIX B

KOCH - BMO BANKING GROUP
Combined Financial Information
Year Ended December 31, 2023

KOCH - BMO BANKING GROUP
Index to Combined Financial Information
Year Ended December 31, 2023

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COMPILATION ENGAGEMENT REPORT	1
COMBINED FINANCIAL INFORMATION	
Combined Balance Sheet	2
Combined Statement of Earnings	3 - 4
Combined Statement of Retained Earnings	5
Notes to Combined Financial Information	6



COMPILATION ENGAGEMENT REPORT

To the Shareholders of Koch - BMO banking group

On the basis of information provided by management, we have compiled the combined balance sheets of 1175104 B.C. Ltd., 1272986 B.C. Ltd, Summit S Auto Ltd., Summit V Auto Ltd. and 2345137 Alberta Ltd (Koch - BMO banking group) as at December 31, 2023, and the combined statements of earnings and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled combined financial information ("financial information").

Management is responsible for the accompanying combined financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the combined financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the combined financial information.

Readers are cautioned that the combined financial information may not be appropriate for their purposes.

KV & Associates LLP

Edmonton, Alberta
November 29, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

KOCH - BMO BANKING GROUP
Combined Balance Sheet
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Accounts receivable	\$ 2,309,106	\$ 1,838,374
Inventory <i>(Note 2)</i>	18,138,925	15,708,986
Goods and services tax recoverable	10,570	-
Prepaid expenses and deposits	96,871	132,575
	20,555,472	17,679,935
PROPERTY AND EQUIPMENT <i>(Note 3)</i>	20,247,745	11,246,925
GOODWILL <i>(Net of accumulated amortization)</i>	136,173	136,173
DUE FROM RELATED PARTIES	1,078,544	832,301
	\$ 42,017,934	\$ 29,895,334
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Bank indebtedness	\$ 714,998	\$ 387,287
Accounts payable	2,558,832	1,397,715
Current portion of long term debt	1,187,210	686,939
Current portion of obligations under capital lease	22,047	33,766
Interest payable	108,442	46,852
Floor plan demand loans	17,154,680	14,964,963
Goods and services tax payable	-	3,834
	21,746,209	17,521,356
LONG TERM DEBT	16,254,549	8,848,566
OBLIGATIONS UNDER CAPITAL LEASE	20,825	45,398
DUE TO RELATED PARTIES	965,855	460,100
DUE TO SHAREHOLDERS	1,965,749	1,800,749
	40,953,187	28,676,169
SHAREHOLDERS' EQUITY		
Share capital	563	563
Retained earnings	1,064,184	1,218,602
	1,064,747	1,219,165
	\$ 42,017,934	\$ 29,895,334

Approved

See notes to financial information

KOCH - BMO BANKING GROUP
Combined Statement of Earnings
Year Ended December 31, 2023

	2023	2022
SALES		
Used vehicles	\$ 50,361,962	\$ 33,522,240
New vehicles	30,581,801	23,950,879
Finance, insurance and other	4,172,285	2,970,089
Service	4,023,681	2,997,712
Parts and accessories	3,086,859	2,963,851
Rent	1,602,708	721,815
	<u>93,829,296</u>	<u>67,126,586</u>
COST OF GOODS SOLD		
Used vehicles	48,802,803	31,712,589
New vehicles	29,128,609	22,535,412
Parts and accessories	3,060,453	2,435,501
Service	851,636	807,188
Finance, insurance and other	678,703	456,682
	<u>82,522,204</u>	<u>57,947,372</u>
GROSS PROFIT (12.05%; 2022 - 13.67%)	<u>11,307,092</u>	<u>9,179,214</u>
FEES		
Management fees	366,843	61,017
EXPENSES		
Wages and employee benefits	4,717,175	3,902,204
Interest on floor plan financing	1,880,834	751,655
Rent	1,254,059	1,060,674
Amortization	779,072	622,028
Office	680,488	612,571
Advertising and promotion	598,626	488,126
Vehicle and travel	396,601	312,282
Insurance and membership dues	247,115	163,987
Consulting fees	228,750	77,000
Management fees	212,500	34,000
Property taxes	164,372	133,817
Repairs and maintenance	151,373	235,755
Interest and bank charges	148,827	109,175
Telephone and utilities	135,733	136,409
Credit card charges	135,381	72,069
Equipment rentals	71,738	67,962
Accounting and legal	54,345	117,783
Management fees	50,000	-
Interest on obligations under capital lease	4,034	6,410
Bad debts	694	-
Supplies recovered	(15,799)	(2,050)
Floor plan interest recovery	(67,565)	(64,113)
	<u>11,828,353</u>	<u>8,837,744</u>

(continues)

See notes to financial information

KOCH - BMO BANKING GROUP
Combined Statement of Earnings (continued)
Year Ended December 31, 2023

	2023	2022
INCOME (LOSS) FROM OPERATIONS	(154,418)	402,487
OTHER INCOME		
Gain on disposal of rental properties	-	1,496,434
NET INCOME (LOSS)	\$ (154,418)	\$ 1,898,921

See notes to financial information

KOCH - BMO BANKING GROUP
Combined Statement of Retained Earnings
Year Ended December 31, 2023

	2023	2022
RETAINED EARNINGS (DEFICIT) - BEGINNING OF YEAR	\$ 1,218,602	\$ (680,319)
NET INCOME (LOSS)	(154,418)	1,898,921
RETAINED EARNINGS - END OF YEAR	\$ 1,064,184	\$ 1,218,602

KOCH - BMO BANKING GROUP
Notes to Combined Financial Information
Year Ended December 31, 2023

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the combined balance sheet of Koch - BMO banking group as at December 31, 2023, and the combined statements of earnings and retained earnings for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable less an allowance for doubtful accounts
- inventory valued at cost with a provision for slow moving or obsolete items
- property and equipment amortized over their useful lives
- accounts payable and accrued liabilities
- current income taxes payable as at the reporting date
- goodwill amortized over its estimated useful life

This combined financial information includes the accounts of the Koch - BMO banking group. All significant intercompany balances have been eliminated. Intercompany transactions have not been eliminated.

2. INVENTORY

	2023	2022
Parts and Accessories	\$ 716,149	\$ 737,874
Used Vehicles	10,862,675	9,128,045
New Vehicles	6,560,101	5,843,067
	\$ 18,138,925	\$ 15,708,986

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 4,752,706	\$ -	\$ 4,752,706	\$ 2,593,706
Buildings	13,672,658	811,849	12,860,809	6,731,441
Equipment	50,000	5,000	45,000	-
Computer equipment	234,639	134,081	100,558	112,152
Other machinery and equipment	1,543,751	787,324	756,427	876,010
Furniture and fixtures	904,366	547,738	356,628	430,649
Tools and dies	160,024	87,703	72,321	90,401
Leasehold improvements	493,566	140,759	352,807	402,566
Assets under construction	950,489	-	950,489	10,000
	\$ 22,762,199	\$ 2,514,454	\$ 20,247,745	\$ 11,246,925

4. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

APPENDIX C



Tel: 416 775 7829
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BDO Canada Limited
20 Wellington Street E., Suite 500
Toronto, ON M5E 1C5

March 11, 2025

The Bank of Montreal
Enbridge Centre
20th Floor - 10175 101 St. NW
Edmonton, AB T5J 0H3

Attention: Mr. John S. Gil, Director, Special Accounts Management Unit

Re: Summit V Auto Ltd. o/a Arrow Motors VW, 1175104 B.C. Ltd. o/a Cranbrook Mitsubishi, 1272986 B.C. Ltd. o/a Sun Valley Nissan, 2345137 Alberta Ltd. o/a Vermilion Chrysler, 2497902 Alberta Ltd. O/a Castle Ford, 2437342 Alberta Ltd. o/a Squamish Chrysler, 1262113 B.C. Ltd (**"Powersports"**), **Summit S. Auto Ltd. ("RealCo")**, and **2351497 Alberta Ltd. ("HoldCo")**, and collectively, **"Summit Automotive Group" or the "Company"**.

This memorandum of our initial findings is being provided to the Bank of Montreal ("**BMO**" or the "**Bank**") as per the engagement letter of BDO **Canada Limited ("BDO")** dated February 12th, 2025 (the "**Memorandum**").

A. EXECUTIVE SUMMARY

The Summit Automotive Group, comprising multiple dealership entities across British Columbia and Alberta, is currently facing a severe liquidity crisis. This crisis is driven by high interest costs, slow-moving vehicles leading to heavy curtailments, and ongoing operational inefficiencies.

The Company has chosen to circumvent its credit terms by: i) creating Sold in Violation Units ("**SIV(s)**"), ii) re-aging, and iii) re-chatteling its vehicles to manage liquidity. These credit facility violations total approximately \$7.5 million as follows:

TOTAL REPAYMENT	
Bank Identified SIVs	\$ 5,351,937
Additional SIVs	\$ 1,053,996
Re-Aging	\$ 130,013
Re-Chattels	\$ 949,318
Total Repayment Needed	\$ 7,485,264

The Company anticipates a significant cash burn of ~\$1.1 million (assuming no curtailments) in the coming months (March to July 31, 2025), with approximately \$1.4 million in debt servicing obligations and substantial curtailment requirements due to aging inventory, which far exceeds its cash flow from operations.

Governance deficiencies, including lack of financial oversight, decentralized reporting, and weak treasury controls; further exacerbate the liquidity shortfall and hinder the Company's ability to effectively manage its operations and/or sell its dealerships (impact on valuations).

- Additionally, an estimated \$626K of financial irregularities (later discussed) at the Squamish dealership underscores internal control failures. A claim for a similar amount **was filed with the Company's insurance company.**

BDO's review of the Company-led sales process has revealed significant delays, a lack of structure, and the absence of a formal advisor until recently, all of which have contributed to failed attempts to complete a dealership sale transaction to date.



Although ownership/**management's objectives** appear to be aligned with the Bank in terms of divesting assets to facilitate repayment, the **Company's** ability to effectively manage its operations and execute a successful/timely sales process remains a significant concern.

The Toronto-Dominion Bank ("**TD**"), which finances the TD Dealership (herein defined) has issued a default letter which may complicate matters if the Pincher Creek dealerships are not sold on a timely basis.

The urgency of this update is based on initial findings from BDO's fieldwork **and the Bank's** deteriorating position/increased exposure.

Key Considerations:

Given the Company's financial distress, liquidity constraints, and ongoing challenges in executing dealership sales, the following considerations are critical to ensuring a structured, timely and value-maximizing outcome:

- Coordinated Sale of All Dealerships - The current fragmented and unstructured approach to divestitures has resulted in multiple failed transactions. A comprehensive, coordinated sale strategy is likely required to maximize value and ensure an orderly reduction of the **Bank's exposure**.
- Advisor-Led Sales Process - Previous attempts to manage transactions internally have been ineffective. A structured, advisor-led sales process with defined timelines, clear buyer engagement strategies, and a formal execution framework is necessary to improve deal certainty and transparency for all stakeholders.
 - BDO/Bank/Company must have call with Sales Agent (herein defined) as soon as possible to understand the sales process currently being run.
- Credibility of Buyers and Transaction Readiness - Past deals have stalled due to unqualified buyers, lack of financing commitments, and minimal deposit structures. It is imperative to ensure that prospective purchasers are financially capable and transaction-ready, reducing the likelihood of further delays or failed transactions.
- Timely Execution to Protect Value - Prolonged delays increase financial risks, including liquidity strain, operational instability, and potential loss of asset value. Implementing a disciplined timeline with firm execution milestones will be necessary to avoid further deterioration in financial and operational conditions.
- Monitoring and Oversight of the Sales Process - Establishing a formalized monitoring framework, including regular progress updates, key performance milestones, and independent oversight, will be critical in assessing the effectiveness of the sale strategy and identifying risks proactively.
- Weak Governance and Operational Oversight - **The Company's internal controls, governance framework, and financial oversight remain weak, with management struggling to effectively oversee multi-location operations.** The lack of centralized financial oversight, standardized treasury policies, and structured decision-making processes increases financial risk and uncertainty. Significant monitoring and oversight will be required to ensure stability during the divestiture process.
- KPI Dashboard and Ongoing Monitoring - To mitigate risks and provide real-time visibility **into the Company's financial health, a dashboard of key performance indicators (KPIs)** should be implemented. This tool would provide management, the Bank, and the appointed monitor with critical insights into liquidity, inventory management, sales performance, and cash flow trends—**ensuring that the Bank's exposure is not deteriorating further.**
- Prevention of Further SIVs and Credit Facility Violations - No further SIV units, credit facility breaches, or potential unauthorized funding of the TD Dealership should occur.



Strict financial controls and monitoring must be in place to prevent further erosion of collateral and maintain compliance with lending agreements.

- Further Assessment of the Squamish Dealership - **Given Squamish’s ongoing financial and operational issues, including governance weaknesses and the Squamish irregularities, further due diligence is required to determine its viability and address outstanding concerns.**
- Security Position Assessment for the Bank - **A detailed analysis of the Bank’s security position should be conducted, including an updated assessment of collateral values, outstanding obligations, and potential recovery scenarios. This will provide the Bank with a clearer understanding of its exposure and inform decision-making regarding next steps.**

Without immediate action to restructure the sales approach, improve governance and oversight, **strengthen financial controls, and assess the Bank’s security position, the Company remains at risk** of further financial distress, prolonged divestiture challenges, and potential erosion of value for all stakeholders.

B. COMPANY BACKGROUND

Summit Automotive Group encompasses multiple dealership (7 new + 1 used) entities across British Columbia (“BC”) and Alberta (“AB”) that are financed by the Bank. **The Company’s** dealership operations financed by the Bank are summarized as follows:

Company	OEM	Location
Summit V Auto Ltd. ("VW")	Volkswagen	Cranbrook, BC
1175104 B.C. Ltd. ("Mitsubishi")	Mitsubishi	Cranbrook, BC
1272986 B.C. Ltd. ("Nissan")	Nissan	Cranbrook, BC
2345137 Alberta Ltd. ("Vermilion")	Stellantis	Vermilion, AB
2497902 Alberta Ltd. ("Ford")	Ford	Pincher Creek, AB
2437342 Alberta Ltd. ("Squamish")	Stellantis	Squamish, BC

VW, Mitsubishi, and Nissan (Collectively the “Head Office” or “Cranbrook Dealerships”) are next to each other in Cranbrook, BC, and is where Management (herein defined) carries out its duties. BDO notes that Mike (herein defined) owns another dealership (General Motors) in Pincher Creek, which is financing by TD (the “TD Dealership”), which will be discussed later in this Memorandum.

The Company also has a **holding company (“HoldCo”) and** operates a used vehicle dealership in Cranbrook BC, financed by BMO; however, given magnitude of the new car dealership operations, BDO has not conducted a review of these entities. As such, they have been excluded from this Memorandum and can be revisited at a later date.

BMO has extended approximately \$64.5 million in credit facilities to the Company (**the “BMO Facility”) which are** summarized as follows:

- \$36.7 million in Floor Line credit facilities;
- \$18.2 million in mortgages;
- \$6.1 million in goodwill loans;
- \$0.7 million in equipment loans;
- \$2.4 million in operating facilities; and
- \$0.4 million in credit card facilities.



Ownership & Management

The Company is privately owned, with key stakeholders including Michael Koch (“Mike”) and Donald Liddell (“Don” and collectively with Mike, “Management”), who serve as primary contacts for operational and financial matters.

Since its formation, the Company has expanded through acquisitions to position itself as a multi-OEM branded dealership group, along with the introduction of another shareholder for Ford and Squamish, Adam Mounzer (“Adam”). The ownership structure is as follows:

Dealership	Mike	Don	Adam
VW	80%	20%	0%
Mitsubishi	80%	20%	0%
Nissan	80%	20%	0%
Vermilion	80%	20%	0%
Ford	65%	0%	35%
Squamish	60%	0%	40%

Dealership operations at Vermilion and Squamish are managed independently by general managers (“GM(s)”), who report directly to Mike, while the rest of the operations are managed directly by Mike. Financial management for Nissan, Ford, and Mitsubishi is handled by Don, Squamish is handled by Mike, while Vermilion and VW are each assigned to separate controllers; however, all controllers operate out of the Head Office. Notably, financial oversight does not consolidate to Don, resulting in a fragmented financial reporting structure.

The Company has significant operational governance deficiencies, primarily due to the decentralized management approach and lack of clear operational and financial reporting structure. These deficiencies impact decision-making, cash flow management, and financial accountability, which will be discussed in later sections of this Memorandum.

Management/Ownership Agency

Ownership appears fully aware of the severity of the Company’s current financial position and recognizes the urgent need to take corrective action (namely divesting in dealerships). In discussions, ownership has acknowledged that the existing financial and operational challenges are unsustainable, and that the sale of substantially all the dealerships is necessary to reduce the **Bank’s exposure.**

Ownership has indicated a willingness to pursue a divestiture process, with the expectation that proceeds from the sale of dealerships will be used to repay the Bank in full while still preserving equity value for ownership. Given current market conditions and the state **of the Company’s** operations, BDO is unsure if the sale process currently underway will generate sufficient funds to satisfy outstanding obligations to the Bank while also leaving residual equity for the owners.

To ensure an orderly and value-maximizing transaction, it will be critical to establish a structured sales process with clear timelines/milestones for the sale process and engage a qualified advisor to facilitate negotiations and execution.



C. DEALERSHIP SALE PROCESS SUMMARY

BDO's review of the Company led sales process has revealed significant delays, a lack of structure, and the absence of a formal advisor until recently, all of which have contributed to multiple failed attempts to execute dealership sales.

- The Pincher Creek dealership sale (Ford and TD Dealership) fell through due to the withdrawal of potential buyer, leaving the Company currently without any active offers.
 - When BDO requested copies of the respective Asset Purchase Agreements (APAs) that were reportedly near execution, Management was unable to provide them, as they did not have copies in their possession (saying they were with their lawyers).
 - Further concerns arose regarding the credibility of the potential purchaser, as they had limited dealer principal experience (if any at all) and were still in the process of assembling a group of lenders to finance the acquisitions.
- The Squamish dealership sales remain in the same position as before, with no meaningful progress toward a successful transaction and BDO believes it is unlikely to close.
 - The Company continues to pursue the sale independently.
 - The only active buyer group remains the same as previously identified, with plans **to purchase Mike's** 65% stake and enter into partnership with Adam, who was involved in approving the transactions related to the Squamish Irregularities.
 - Additionally, Management has indicated that this buyer is expected to assume **Squamish's existing debt** (which is likely a non-starter for BMO), raising concerns about the feasibility of the transaction.

Despite Management's previous assertion that several transactions were in advanced stages, the process has not resulted in any successful closings. Furthermore, recent developments indicate additional setbacks rather than tangible progress, raising concerns about the feasibility and timing of the planned divestitures.

- LOIs received to date only include small refundable deposits (ranging from \$10K to \$50K), which do not give BDO confidence that these transactions will close.

To improve execution and maximize value, it will be essential to establish a disciplined and structured sales strategy, leveraging the expertise of financial and legal advisors, clearly defining transaction timelines, and proactively addressing deal risks that have previously led to failed transactions.

- **The Company's** current sales process remains uncoordinated and lacks formal execution steps and milestones:
 - Tim Lamb Group ("**Sales Agent**") has been involved to sell majority of the **Company's dealerships**, but BDO has not had any visibility into active negotiations, structured buyer outreach, or transaction timelines;
 - Sales Agent does not appear to have a concrete or timely formal execution timeline; and
 - Ongoing discussions have mostly taken place informally via text messages between the Company and Sales Agent, but without a clear execution strategy, buyer engagement framework, or defined next steps, there is little way to monitor the progress of these sales.



- Without a structured process driving these transactions forward, the likelihood of timely closings remains low in BDO's opinion.

Transaction Status Summary

Based on the state of negotiations, BDO has summarized the status of transactions in the table below during Fieldwork:

#	Transaction	Sales Agent	Status	Deal Type	Purchaser	Est. Purchase Price	Deposit Collected	Timing of Close	Sign. Conditions
1	Ford	Tim Lamb	No active deal - expecting LOIs						
2	VW	Tim Lamb	Materials being prepared to go to market						
3	Nissan	Tim Lamb	Not listed - Mike currently has no intention to sell						
4	Mitsubishi	Tim Lamb	LOI Received (Feb 10th)	Share Sale (100%)	Aykut Bilgin (owns 8 used dealerships in Vancouver)	\$1,950,000 goodwill + inventory	\$50K refundable	APA due March 20, 2025	OEM approval (Mitsubishi), financing
5	Squamish	Company	LOI Received (Feb 14th)	Share Sale (60% - Mike's portion)	Manveer Jawanda & Group	\$1,375,000 for 60% equity buyer assumes BMO debt	\$10K refundable	Proposed closing May 1, 2025	OEM approval (Stellantis), financing
6	Vermilion	Tim Lamb	LOI Received (Jan 23rd)	Asset Sale	Husny Ismael (used to own a Dodge dealership)	\$500,000 goodwill + ~\$325,000 machines/equipment + inventory	\$25K refundable	APA due Feb 28, 2025	OEM approval (Stellantis), financing

Note: BDO understands from Management that significant progress have been made since Fieldwork:

- **Vermilion has received a draft APA and is currently being finalized by the Company's counsel;**
- **Mitsubishi has received another LOI and is currently with the Company's counsel;**
- **Squamish LOI was re-signed, the Company understands the buyer is working with its lenders; and**
- **Tim Lamb is now sales agent for Nissan.**

Sale Process Considerations:

Given the Company's ongoing liquidity constraints/current financial position (cash flow requirements, SIVs, significant curtailments, credit facilities violations, etc.) and lack of meaningful progress in executing dealership sales, BDO believes the following actions are critical to achieving a successful outcome:

- A structured, coordinated sale of all dealerships is required (including Nissan), rather than the current piecemeal and uncoordinated approach, to maximize value and ensure an orderly divestiture process;
- An advisor-led sale process (**to the Bank's satisfaction**) must be established, with clear timelines, a defined buyer engagement strategy, a structured monitoring framework, and execution milestones to provide transparency to stakeholders and ensure accountability;
- A structured sales process framework should be able to stand up to potential court scrutiny if required; and
- Immediate discussions with Sales Agent are necessary to formalize (including the Bank and BDO) a structured framework for monitoring progress, identifying qualified buyers, and facilitating transaction execution.



D. OPERATIONAL GOVERNANCE ASSESSMENT

Our review of the Company's governance and financial management structure has identified several key areas that require immediate attention to strengthen financial oversight, operational control, and the integrity of financial reporting across its dealership network. The current framework presents governance challenges, including limited financial transparency for management, ineffective internal controls, and vulnerabilities that could increase financial risks.

The following key concerns have been noted:

Lack of Segregation of Duties at the Executive Level

A significant structural weakness within the Company is the concentration of decision-making authority in the hands of the owner-operator, Mike. Rather than delegating key financial and operational responsibilities, the owner maintains direct control over most aspects of the business, with all key personnel reporting directly to him.

- The CFO has limited oversight into a narrow segment of the business, restricting his ability to implement and enforce comprehensive financial controls across all dealerships.
- All major financial and operational decisions flow through Mike, bypassing structured layers of accountability and review.
- The dealership group is being run as though it were a single location (internal control deficiencies, etc.), despite its multi-city, multi-dealership footprint. This approach does not scale effectively and results in a reactive management style rather than a structured, proactive strategy.

Decentralized Financial Oversight

The Company's financial management is currently decentralized, with each dealership's controller operating independently and all located at the Cranbrook VW location (respective dealership finance function is not on-site at the various locations). There is no structured secondary review process at the corporate level (the controllers do not report into a CFO - Don in this case), resulting in financial statements being prepared and finalized at the dealership level without top-level oversight.

A formal month-end close review process is not in place, as each dealership independently conducts month-end closings without corporate-level review or consolidation. This lack of oversight increases the risk of financial misstatements.

Inconsistent Treasury Function Policies

The absence of standardized treasury policies across dealerships has led to variations in accounting practices, reporting timelines, and cash management. Additionally, the lack of centralized accounts receivable and payable functions creates challenges in cash flow monitoring, increases the risk of misstatements, and exposes the Company to potential control weaknesses.

Weak Internal Controls

A lack of segregation of duties, financial checks, and structured approval processes has contributed to:

- Management facing difficulties in identifying the root causes of financial and operational issues, delaying corrective actions and hindering proactive decision-making;



- Operational and financial challenges that go undetected until they escalate, as there is no clear accountability framework or structured review processes;
- An environment where financial irregularities may go undetected, as observed in the Squamish case (outlined below); and
- A lack of financial data integrity and structured reporting, affecting the Company's ability to make well-informed, strategic decisions.

Deficiencies in Treasury Function at the Dealership Level

Across multiple dealerships, treasury functions face challenges due to inadequate financial management practices, improper treasury oversight, and an insufficient level of accounting competency among treasury function staff. The absence of structured onboarding and training programs has further exacerbated these issues.

Lack of Coordination Between Front and Back Office

Due to weak controls and a lack of structured oversight, discrepancies have been identified through inquiry into how trade-ins are valued and recorded in inventory. If required by the Bank, further work and substantive testing of transactions at various dealerships can be performed.

Case Study: Squamish Irregularities & Financial Reporting Issues

The governance and control challenges noted above have been demonstrated in the financial irregularities at the Squamish dealership, where an estimated \$626K loss occurred as a result of suspicious transactions between Squamish and a third-party wholesaler involving several high-end vehicles being approved. In this case, these transactions were approved by Adam and funds **disbursed by Squamish's controller, but vehicles never arrived despite being put on the floorplan** (the "Squamish Irregularities").

Due to insufficient internal controls and financial oversight, this Squamish Irregularities went undetected at the corporate level for an extended period. **Our review of Squamish's financial records revealed significant disorganization, stemming from previous deficiencies in accounting and treasury functions. These governance gaps have contributed to increased concerns regarding the overall accuracy, completeness, and reliability of the Company's financial records.**

Further, Squamish has experienced delays in finalizing the dealership's 2023 financial statements, and failed to file 2023 corporate tax returns, resulting in a \$247K GST receivable being withheld by the CRA.

Internal Controls/Governance Considerations:

Given the control weaknesses previously identified: including the lack of centralized financial oversight, weak internal controls, and inconsistent treasury policies, the current governance structure continue to pose challenges. Without proper delegation and an empowered leadership team, the Company is unable to manage its dealership network efficiently, increasing operational inefficiencies, financial risks, and the likelihood of further control failures.

The Company's governance structure, financial oversight, and internal controls require significant enhancements to mitigate operational and financial risks. Current gaps have contributed to liquidity strain, unreliable financial reporting, and systemic challenges in treasury and inventory management.



The issues at Squamish underscore the urgency of these governance improvements. Delayed and inaccurate financial reporting, tax filing challenges, and weak internal controls highlight the need for immediate corrective action. Enhancements to financial controls, structured oversight, and governance protocols are critical for the Company to reduce financial and operational risks.

E. CASH FLOW & LIQUIDITY POSITION

BDO, with the help of the Company, has completed a high-level cash flow projection for BMO financed new car dealerships. The following table **presents the Company's projected cash flow** from operations from March 1, 2025, until July 31, 2025 (the "Period"):

Company Cash Projection	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Total
Cash from Operations						
1) Arrow Volkswagen (Cranbook)	(29,540)	(27,540)	(25,540)	(24,540)	(20,540)	(127,700)
2) Mitsubishi (Cranbook)	48,300	48,000	50,300	49,100	55,600	251,300
3) Nissan (Cranbook)	55,900	58,900	59,300	58,300	62,600	295,000
4) Castle Ford (Pincher Creek)	7,100	33,600	20,000	17,300	18,100	96,100
5) Stellantis (Squamish)	133,100	123,200	129,500	120,800	120,800	627,400
6) Dodge (Vermillion)	8,900	8,900	8,900	7,900	8,000	42,600
Total Cash from Operations	223,760	245,060	242,460	228,860	244,560	1,184,700
Less: Stellantis (Squamish)	(133,100)	(123,200)	(129,500)	(120,800)	(120,800)	(627,400)
Sensitized Cash from Operations	90,660	121,860	112,960	108,060	123,760	557,300
Debt Servicing	(286,058)	(284,066)	(282,585)	(281,116)	(279,909)	(1,413,734)
Other Cash Outflow	-	-	-	(186,078)	(28,819)	(214,897)
Total Cash (Outflow)/Inflow	(195,398)	(162,206)	(169,625)	(359,135)	(184,968)	(1,071,332)
Curtailments	(1,202,059)	(1,354,446)	(1,862,409)	(1,810,601)	(1,983,593)	(8,213,108)
Total Cash Inflow/(Outflow)	(1,397,457)	(1,516,652)	(2,032,034)	(2,169,736)	(2,168,561)	(9,284,440)

- BDO notes that these numbers are high-level estimates and given the internal control/governance issues previously highlighted these figures may be subject to material variances.
- Management estimates that ~\$1.2 million will be generated from operations during the Period; however, BDO has little confidence in the Squamish numbers and, as such, has sensitized its numbers (break-even) to be more in line **with the Company's other** Stellantis dealership in Vermillion resulting in cash from operations of ~\$557K.
 - February 2025 was projected to burn ~\$335K in cash (excluding curtailments), which we believe may be understated and was funded through additional SIVs.
- Given the significant debt levels and other cash flow requirements (including property tax instalments) of this Company, it is anticipated that ~\$1.1 million of additional cash flow is required during the Period.
 - High debt levels are driven by **the Company's** underperforming dealerships, high-inventory levels and inflated floor line facility debt levels (without the corresponding assets - SIVs).
 - This amount also does not include professional fees that will be required to monitor this Company (given its current financial issues) and the Bank's exposure.
- If curtailments requirements are serviced in normal course then the cash flow requirement balloons to ~\$9.3 million.
 - Curtailment amounts are substantial, reflecting the excessive amount of aging slow-moving vehicle inventory within the system.



Cash Flow Considerations:

We believe the anticipated cash flow requirement is likely to be understated given the significant SIV and floor line facility violations to date (~\$7.5 million). It is also concerning that Management was shocked by quantum of the SIVs during the period of January to February 2025 (~\$1.05 million) and was unable to provide BDO with answers of where the funds were being used (if they were not being used to repay the floor line facilities for those units sold).

As of February 28, 2025, the Company has ~\$1.05 million available across all its operating lines, which the Company could easily exceed should any unexpected significant cash burns occur.

F. FLOORPLAN ADHERENCE & INVENTORY MANAGEMENT

BDO's on-site work was limited to four (4) days beginning on February 24, 2025, through to February 27, 2025 (the "**Fieldwork**").

- BDO inquired with BMO during **Fieldwork to receive a copy of the Company's floorplan** of financed vehicles as of February 24th, 2025 (the "**Feb 24 Floorplan**").
- Note that BDO's initial analysis was **issued on January 13, 2025 (the "Initial Analysis")**.

Vehicle Floor Line Facilities

As at February 23, 2025, 754 new and used vehicles were financed by BMO for ~\$36.7 million **across all dealerships ("Financed Vehicles Population")**, summarized below:

FINANCED VEHICLES POPULATION		
Dealership	Vehicle #	Principal
Mitsubishi	98	\$ 3,449,064
Nissan	118	\$ 4,532,702
Ford	69	\$ 4,605,987
Squamish	204	\$ 10,496,491
Vermilion	111	\$ 7,966,083
VW	154	\$ 5,600,952
Total Feb 24 Floorplan	754	\$ 36,651,279

BDO reviewed the Company's Feb 24 Floorplan amounts to assess whether dealerships are approaching or exceeding their credit limits and analysis is outline below:

Dealership	NEW LINE (INCL. DEMO & LOANERS)			USED LINE		
	Limit	Current	Availability	Limit	Current	Availability
VW	5,000,000	4,315,147	684,853	1,500,000	1,285,805	214,195
Mitsubishi	3,000,000	2,812,239	187,761	2,000,000	636,825	1,363,175
Nissan	4,500,000	3,606,729	893,271	2,000,000	925,974	1,074,026
Vermilion	9,700,000	7,372,126	2,327,874	1,500,000	593,957	906,043
Ford	6,000,000	4,191,338	1,808,662	1,500,000	414,649	1,085,351
Aggregate (Note 1)	25,200,000	22,297,579	2,902,421	7,500,000	3,857,209	3,642,791
Squamish	9,000,000	7,847,168	1,152,832	2,750,000	2,649,322	100,678
Total	34,200,000	30,144,747	4,055,253	10,250,000	6,506,532	3,743,468
Total Facilities				44,450,000	36,651,279	7,798,721

- Per the credit agreements, the new floor line facility includes Demo and Loaner vehicles.



- Additionally, the agreements for VW, Mitsubishi, Nissan, Ford, and Vermilion include a special provision where these five (5) dealerships are subject to a combined maximum limit for each line (“**Special Provision**”).
- Squamish operates under a separate, stand-alone limit.
- The **Company’s** Stellantis dealerships (Squamish & Vermilion) have exorbitant inventory levels representing over 50% of the advanced for line facilities and represent 56% of the SIVs (see below).
- A number of the dealerships are at or near their facility limits.

Sold in Violation Units

A Sold Out of Trust (“SOT”) Unit, also referred to as a Sold in Violation Unit (“SIV”), occurs when a dealership sells a vehicle that is financed under its floor plan arrangement but fails to remit the proceeds to the floor plan lender as required. This constitutes a breach of the financing agreement and is a serious violation that can indicate financial distress, cash flow issues, or mismanagement.

Dealership	TOTAL SIV PRINCIPAL		Total SIV
	Through Bank Audit	Additional SIV	
Mitsubishi	593,500.76	-	593,500.76
Nissan	366,633.25	99,612.45	466,245.70
Pincher Creek Ford	763,290.06	-	763,290.06
Squamish	1,009,528.90	759,025.65	1,768,554.55
Vermilion	942,037.28	-	942,037.28
VW	1,676,946.30	195,358.20	1,872,304.50
Total SIV Principal	5,351,936.55	1,053,996.30	6,405,932.85

- In total, there are 126 SIV vehicles financed for ~\$6.4 million per Feb 24 Floorplan (the “**Total SIV(s)**”).
- The **Company’s** SIV balance number increased by ~21 vehicles or ~1.05 million (the “**Additional SIV(s)**”) from the Bank Identified SIVs (**defined in Appendix “A”**).
- BDO also identified nine (9) recently sold vehicles financed for \$330,702 per Feb 24 Floorplan (the “**Potential SIV(s)**”) which needs to be repaid before they become SIV units. Per Management, these vehicles have now been repaid as of the date of this Memorandum.
- Further details regarding the Total SIV, Additional SIV and Potential SIV units can be found in Appendix A.

Other Credit Facility Violations

Re-aged/Re-chatteled Vehicles

Our Initial Analysis identified 46 re-aged / re-chatteled vehicles with a total principal of ~\$1.75 million which we not eligible for financing by the Bank per its credit agreement.

BDO performed an expedited analysis based on the updated passage of time and SIVs and noted that at least 31 vehicles remain currently financed, with a total outstanding balance of ~\$1.08 million that needs to be repaid:

- 5 re-aged vehicles financed for \$130,013; and
- 26 re-chatteled vehicles financed for \$949,318.



These amounts represent potential inventory valuation issues that will be crystallized when these vehicles are ultimately sold. In the normal course these would be self-funded vehicles and not financed by the Bank. Additional details regarding these vehicles can be found in Appendix A.

Demo/Family Vehicles - further details regarding this analysis can be found in Appendix A.

Credit Facility Considerations

Absent an immediate sales transaction closing and/or a significant equity injection by ownership of \$1.5 million+ it is anticipated the credit facility violations will continue or the **Company's operating lines** reach their limits during the Period.

G. OTHER ITEMS

The Company operates an additional dealership in Pincher Creek, AB, Westcastle Chevrolet Buick **GMC (the "TD Dealership")**, which is financed by TD Bank ("TD"). **BDO notes that the Company is also in default with TD, A copy of the notice of default (the "Default Notice") is attached hereto as Appendix "B".** The Default Notice highlights financial covenant breaches, including liquidity and leverage ratio violations, as well as late financial reporting. TD has reserved its rights and may require an immediate capital injection to restore compliance.

The Company asserts that no funds have been transferred from BMO financed dealerships to support the TD Dealership. However, BDO has not conducted a review of intercompany transactions to corroborate this.

- The Company also noted that the TD Dealership has no SIV units in contrast to the significant level of BMO financed dealership SIVs.

Other Considerations:

BDO has not obtained supporting documentation regarding intercompany transactions/accounts and will work with the Company to understand the flow of funds between the companies if required.

TD may also move to enforce on its loans and as such may impact the overall direction of the Company.

H. OWNERSHIP SENTIMENT

Mike expressed that he has been an owner of this business since 2012, operating with 13 years of structured processes, clean financial reporting, and stability. The recent losses, cash flow challenges, and a series of unfortunate circumstances have created **the "perfect storm"**.

Should you have any questions with respect to the above please contact the undersigned.

Yours,

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



APPENDIX A - FLOOR FACILITY ANALYSIS

Sold in Violation Analysis

Given the tight timeframe, BDO did not carry out inventory count procedures. Instead, BDO **inquired with BMO during Fieldwork to receive a copy of the Company’s latest floorplan audit result**, which shows 105 SIV vehicles financed for ~\$5.35M per Feb 24 Floorplan (the **“Bank Identified SIVs”**): (The Bank Identified SIVs are based on audit results from February 20-21, 2025, for all dealerships except Squamish, which was based on data from January 17, 2025.)

BANK IDENTIFIED SIVs		
Dealership	Vehicle #	Principal
Mitsubishi	15	\$ 593,501
Nissan	8	\$ 366,633
Ford	8	\$ 763,290
Squamish	16	\$ 1,009,529
Vermilion	13	\$ 942,037
VW	45	\$ 1,676,946
Total Bank Identified SIVs	105	\$ 5,351,937

Using Bank Identified SIVs listing, BDO worked with the Company and identified an additional 21 SIV vehicles financed for ~\$1.05M per Feb 24 Floorplan:

ADDITIONAL SIVs		
Dealership	Vehicle #	Principal
Mitsubishi	0	\$ -
Nissan	2	\$ 99,612
Ford	0	\$ -
Squamish	15	\$ 759,026
Vermilion	0	\$ -
VW	4	\$ 195,358
Total Additional SIVs	21	\$ 1,053,996

Potential SIV Units

During Fieldwork, BDO also identified nine (9) recently sold vehicles financed for \$330,702 per Feb 24 Floorplan which needs to be repaid before becoming SIV units. Per Management, these vehicles have been repaid as of the date of this Memorandum:

REPAYMENT NEEDED		
Dealership	Vehicle #	Principal
Mitsubishi	1	\$ 39,006
Nissan	1	\$ 52,502
Ford	1	\$ 46,289
Squamish	3	\$ 96,902
Vermilion	0	\$ -
VW	3	\$ 96,002
Total Repayment Needed	9	\$ 330,702



Re-aging / Re-chatteling Analysis

Since the Company asserts that no additional re-aging or re-chatteling has occurred since the Initial Analysis. Given the urgency of this Memorandum, this section serves as an update to BDO's Initial Analysis of re-aging and re-chatteling rather than carrying out a full analysis to corroborate Management's assertion.

Through BDO's review of the credit agreements, BDO noted minor inconsistencies among the dealerships' agreements regarding curtailment terms. However, these inconsistencies do not result in material changes to BDO's overall calculation. As such, BDO has elected to use the following curtailment terms (the "Curtailment Terms") for the purpose of quantifying re-chatteling and re-aging violation amount:

CURTAILMENT TERMS				
Vehicle Type	Curtailment Start Time	Full Payout By	Curtailment Duration	Curtailment Percentage
New	12 Months	22 Months	10 Months	10%/month
Demo (Including Family)	Right Away	12 Months	12 Months	15% right away, then 2.5%/month
Loaner (Courtesy)	Right Away	12 Months	12 Months	2.5%/month
Used	6 Months	12 Months	6 Months	10%/month

Based on the above curtailment terms, BDO carried out an update calculation summarized as follows:

Dealership	Re-Chattel / Re-Aging Summary					
	Re-Aging		Re-Chattel		Total	
	Vehicle #	Principal	Vehicle #	Principal	Vehicle #	Principal
Per Initial Finding	8	\$ 222,034	38	\$ 1,531,113	46	\$ 1,753,147
Payoff	(1)	\$ (26,550)	(11)	\$ (367,901)	(12)	\$ (394,451)
Amount Curtailed	-	\$ (18,324)	-	\$ (162,093)	-	\$ (180,417)
Curtailment Needed	7	\$ 177,161	27	\$ 1,001,118	34	\$ 1,178,279

The table above summarizes the outstanding balance of vehicles re-aged / re-chatted. This analysis follows BDO's initial findings and incorporates updates based on payoffs, regular curtailments, and required adjustments as per the Curtailment Terms Table. BDO has also excluded vehicles that are currently labelled as SIVs.

Initial Finding identified 46 re-aged / re-chatted vehicles with a total principal of ~\$1.75M, including:

- 8 re-aged vehicles financed for \$222,034; and
- 38 re-chatted vehicles financed for \$1,531,113.

Since then, 3 vehicles financed for \$98,948 are now labelled as SIV, 12 vehicles have been fully paid off (\$394,451), and regular curtailments have further decreased the outstanding balance by \$180,417.

After accounting for these reductions, 31 vehicles remain currently financed, with a total outstanding balance of ~\$1.08M that needs to be repaid:

- 5 re-aged vehicles financed for \$130,013; and
- 26 re-chatted vehicles financed for \$949,318.



Overall, the total repayment amount needed is ~\$7.49M, summarized as follows:

TOTAL REPAYMENT	
Bank Identified SIVs	\$ 5,351,937
Additional SIVs	\$ 1,053,996
Re-Aging	\$ 130,013
Re-Chattels	\$ 949,318
Total Repayment Needed	\$ 7,485,264

Demo / Loaners Misclassification

A review of the Company’s credit agreements indicates the following conditions for demonstrator vehicles (“Demos”) and courtesy vehicles (“Loaners”):

- Any vehicle on the floorplan can be classified as a Demo, with no quantity cap. Vehicles driven by owners or family members (“Family Demo”) must be separately classified and are capped at five vehicles per dealership.
- The total financing for Demos (including Family Demos) and Loaners combined must not exceed 10% of the dealership’s authorized floorplan limit (varies by dealership).

With the above understanding, BDO obtained a listing of Demo and Family Demo vehicles from the Company and cross referenced it against the vehicle classifications per Feb 24 Floorplan. This comparison identified several misclassifications, quantified as follows:

	Mitsubishi	VW	Nissan	Pincher Creek	Vermilion	Squamish	Total
Family Demo chatted as New	-	-	49,973	-	-	-	49,973
Family Demo chatted as Used	-	-	-	-	-	-	-
Demo chatted as New	8,382	-	-	-	148,357	64,936	221,674
Demo chatted as Used	42,000	77,241	48,230	37,800	-	41,438	246,708
Total Incorrectly Chatted	50,382	77,241	98,203	37,800	148,357	106,373	518,355

BDO’s analysis identified that a total of 11 Demo vehicles financed for ~\$518K are misclassified (“Misclassifications”). The impact of these misclassifications primarily relates to curtailments, as different vehicle classifications are subject to varying curtailment terms. However, given the relatively small monetary amount compared to the other identified misstatements (SIVs, re-chattel, etc.), BDO has not conducted a detailed curtailment recalculation.

Demo & Loaner Limit Analysis

Per the credit agreements, the total amount financed for Demo and Loaner vehicles cannot exceed 10% of each dealership’s authorized floorplan limit. This cap applies to the new line, which includes Demo and Loaner vehicles.

For this analysis, BDO assumes that any previously identified Misclassifications are corrected. The following table summarizes that the Company is in compliance with this limit:

DEMO & LOANER LIMIT ANALYSIS			
Dealership	Limit	Current	Availability
VW	500,000	369,399	130,601
Mitsubishi	300,000	50,382	249,618
Nissan	450,000	285,608	164,392
Vermilion	970,000	568,727	401,273
Ford	600,000	198,261	401,739
Squamish	900,000	376,413	523,587



National Auto Group
100 Wellington Street West
Toronto, Ontario
M5K 1A2

May 16, 2024

DELIVERED VIA EMAIL

2412170 ALBERTA LTD.
o/a Westcastle Chevrolet Buick GMC
1100 Waterton Ave
Pincher Creek, Alberta
T0K 1W0

Attention: Mike Koch

RE: Your Indebtedness to The Toronto-Dominion Bank (the “Bank”)

We refer you to the Automotive Lending Agreement dated July 5, 2022 (the “**ALA**”).

All capitalized terms set out below but not defined herein shall have the meaning as defined and described in the ALA.

2412170 ALBERTA LTD. (the “**Borrower**”) is in default pursuant to the ALA as a result of its failure to comply with the following terms & covenants (collectively the “Obligations”):

1. Financial Covenant Default

- a) **Liquidity:** Minimum Current ratio of 1.10:1.00, tested monthly based on the financials statements of the Borrower. The Borrower was in default for the following periods:
 - Internal Monthly Dealership operating statement for January 31, 2024, with result of 1.08:1.00.
 - Internal Monthly Dealership operating statement for February 29, 2024, with result of 1.08:1.00.
 - Internal Monthly Dealership operating statement for March 31, 2024, with result of 1.07:1.00.

- b) **Leverage:** Maximum Debt to Tangible Net Worth ratio of 7.50:1.00, tested monthly based on the combined financial statements of 2412170 Alberta Ltd. and 2416326 Alberta Ltd. The Borrower was in default for the below periods:
 - Internal Monthly Dealership operating statement for March 31, 2024, with result of 7.53:1.00.

2. Reporting Covenants

- a) Annual Review Engagement Financial Statements for 2412170 Alberta Ltd. & 2416326 Alberta Ltd. Within 120 days of each fiscal year.
 - Finalized statements at issuance of this letter time have not been received.

3. Corrective measures to be reviewed by the Bank

In view of the above defaults, the Bank will be reviewing next steps upon receipt of April's Month End Statements and again, May 31st

- a) TD reserves the right to implement late reporting fees per "ALA" of \$350 per entity. Each may be applied on May 31, 2024 as it relates to the late FYE statements, for a total of \$700 with ongoing reviews thereafter
- b) TD reserves the right to require an immediate capital injection by the Shareholder (not permitted from related entities in which the bank does not hold execute Postponement agreements), which will restore covenants to an onside position.

Conclusion

The Bank does not waive the defaults of the Obligations and reserves all rights in connection therewith. This includes without limitation, demanding payment of the facilities established pursuant to the ALA in the event that the Bank determines in its sole discretion that you are not acting in good faith, or your efforts to rectify the defaults are not satisfactory to the Bank.

All fees and expenses, including legal expenses and additional Audits, that are incurred by the Bank in connection with the ongoing administration of the ALA and the enforcement of the Bank's rights thereunder will be charged to the Borrower.

Please direct any queries or comments to the attention of the undersigned.

Yours truly,

THE TORONTO-DOMINION BANK

CC Guarantor: 2416326 Alberta Ltd

Scott Flamank

Scott Flamank
Senior Relationship Manager

Greg Stevens

Greg Stevens
Manager Commercial Credit

APPENDIX D

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is dated this May 29, 2025.

BETWEEN:

BANK OF MONTREAL (the "Lender" or "BMO")

-AND-

**1175104 B.C. LTD., 1262113 B.C. LTD., 1272986 B.C. LTD., 2345137 ALBERTA LTD.,
2351497 ALBERTA LTD., 2497902 ALBERTA LTD.,
SUMMIT S AUTO LTD., AND SUMMIT V AUTO LTD. (the "Borrowers")**

-AND-

MK AUTO K-M LTD. (the "Corporate Guarantor")

-AND-

MICHAEL KOCH (the "Personal Guarantor")

- A. **WHEREAS** the Lender entered into the Credit Agreements with the Borrowers, and the Debtors executed and provided the Security and Original Guarantees to the Lender to secure the Indebtedness;
- B. **AND WHEREAS** the obligations of the Debtors to the Lender are payable upon default and/or on demand, and the Debtors are in default of the Lender Documents to which they are a party, as is set out herein, and the Lender has made demand on the Debtors for repayment of the Indebtedness;
- C. **AND WHEREAS** the Debtors have requested that the Lender forbear from enforcement of the Lender Documents to provide them with time to repay the Indebtedness in full, as defined herein;
- D. **AND WHEREAS** the Lender has agreed to forbear from immediate enforcement of its rights under the Lender Documents upon the terms and conditions set out in the Agreement;

NOW THEREFORE in consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration exchanged between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. Unless otherwise defined herein, the following capitalized terms have the following meanings:

- (a) **"235 Term Sheet"** as defined at 2.1(a)(viii).

- (b) **“Additional Guarantees”** means the additional unlimited guarantees as set out in Schedule “F” in a form satisfactory to the Lender.
- (c) **“Additional Security”** means the additional security as set out in Schedule “G” in a form satisfactory to the Lender.
- (d) **“Agreement”** means this agreement, including all Schedules, as it may be supplemented or amended by written agreement between the Parties.
- (e) **“Amended and Restated CCAA Order”** is defined in Article 4.3(e).
- (f) **“Application”** is defined at Article 4.2(c).
- (g) **“BDO”** means BDO Canada Limited.
- (h) **“BDO Representatives”** means BDO and its consultants, appraisers, agents, experts, auditors, accountants, managers, counsel or employees.
- (i) **“BIA”** means the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3.
- (j) **“Borrowers”** is defined in the preamble.
- (k) **“Borrowers’ Defaults”** is defined in Article 2.1(a)(v) and are as set out in Schedule “C”
- (l) **“CCAA”** means the *Companies’ Creditors Arrangement Act*, RSC 1985 c C-36.
- (m) **“CCAA Proceeding”** means a proceeding commenced by the Lender pursuant to the CCAA.
- (n) **“Consent CCAA Order”** means the initial CCAA order pursuant to the CCAA consented to by the Corporate Debtors, as set out in Schedule “D”.
- (o) **“Consent Judgement”** means a consent Judgment consented to by the Personal Guarantor, as set out in Schedule “F”.
- (p) **“Consent Orders”** means the Consent CCAA Order and Consent Judgment
- (q) **“Corporate Debtors”** means the Borrowers and Corporate Guarantor.
- (r) **“Corporate Guarantor”** is defined in the preamble.
- (s) **“Court”** means the Court of King’s Bench of Alberta.
- (t) **“Credit Agreements”** means collectively the term sheets and operating loan agreements set out in Schedule “A”.
- (u) **“CRO”** is defined in Article 11.3.
- (v) **“Dealerships”** means the motor vehicle dealerships owned and operated by the Corporate Debtors in Alberta and British Columbia, including commonly known as Cranbrook Mitsubishi, Western Sport Products, Sun Valley Nissan, Vermillion Chrysler, , Castle Ford Sales, Summit Auto, Arrow Volkswagon.

- (w) “**Dealer Statements**” is defined in Article 5.5(a)(iv).
- (x) “**Debtors**” means collectively the Borrowers, Corporate Guarantor and Personal Guarantor as defined in the preamble, and “**Debtor**” means any one of them.
- (y) “**Demand Letters**” means the demand letters issued upon the Debtors dated April 1, 2025, demanding repayment of their respective Indebtedness.
- (z) “**Dispute Period**” is defined in Article 5.2(a).
- (aa) “**EBITDA**” means earnings before interest expense, taxes, depreciation/amortization, excluding all extraordinary non-recurring unusual items
- (bb) “**Existing Defaults**” is defined in Article 2.1(a)(viii).
- (cc) “**Forbearance Date**” is defined in Article 3.2.
- (dd) “**Forbearance Fee**” is defined in Article 8.1.
- (ee) “**Forbearance Period**” is defined in Article 3.2.
- (ff) “**Guarantees**” means collectively the Original Guarantees and Additional Guarantees.
- (gg) “**Guarantees Indebtedness**” is defined in Article 2.1(a)(vi).
- (hh) “**Guarantors’ Defaults**” is defined in Article 2.1(a)(viii).
- (ii) “**Indebtedness**” is defined in Article 2.1(a)(vi) and as set out in Schedule “B” and for certainty means the Loans Indebtedness and Guarantees Indebtedness
- (jj) “**Interested Party**” is defined in Article 7.2(b).
- (kk) “**Lender Documents**” means the Credit Agreements, Original Guarantees, Security and the other documents set out in Schedule “A”.
- (ll) “**Limitation Period**” is defined in Article 10.1(a).
- (mm) “**Loans Indebtedness**” is defined in Article 2.1(a)(iv).
- (nn) “**LOI**” is defined at Article 7.2(e).
- (oo) “**NOI**” means a notice of intention to enforce security pursuant to Section 244 of the BIA.
- (pp) “**OEM**” means original equipment manufacturer.
- (qq) “**Offer to Purchase**” means any written offer to purchase, LOI, binding agreement or other form of agreement from any person in any form or substance relating to the sale of one or more of the Dealerships or the Corporate Debtors rights therein.
- (rr) “**Original Guarantees**” means collectively the guarantee agreements set out in Schedule “A”.
- (ss) “**Parties**” means the Debtors and the Lender, and “**Party**” means any one of them.

- (tt) “**Personal Guarantor**” is defined in the preamble.
- (uu) “**Releasees**” is defined in Article 2.2(a).
- (vv) “**Security**” means collectively the general security agreements, mortgages, assignments of rents and leases, and any other security documents set out in Schedule “A”.
- (ww) “**SIV**” means sales in violation.
- (xx) “**Solicitation**” is defined in Article 7.1.
- (yy) “**Solicitation Advisor**” means a financial advisor satisfactory to the Lender whose role shall be to assist the Debtors with the implementation and conduct of the Solicitation.
- (zz) “**Solicitation Update**” is defined in Article 7.3.
- (aaa) “**Standstill Period**” is defined in Article 10.1(a).
- (bbb) “**Termination Event**” is defined in Article 3.2.

1.2 **Rules of Interpretation:**

- (a) In this Agreement, headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (b) Words importing the singular number include the plural and vice versa, and words importing gender include masculine, feminine and neuter;
- (c) References to “herein”, “hereunder”, and similar expressions shall be a reference to this Agreement and not to any particular section;
- (d) Reference to a statute shall be deemed to refer to such statute and the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding such statute or the regulations made pursuant thereto; and
- (e) Unless otherwise noted, all references to “Article” refer to an article, sub-article, Lender’s Records. The Debtors acknowledge that the Lender’s records shall, in the absence of manifest error, constitute prima facie proof of the Indebtedness, payments made and interest accrued.

1.3 **Governing Law.** This Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada.

1.4 **Entire Agreement.** This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and supersedes all prior written and verbal discussions or communications between the parties and their agents, and may not be amended or modified except by written consent executed by all parties.

1.5 Schedules. The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule A – Lender Documents

Schedule B - Indebtedness

Schedule C – Borrowers' Defaults

Schedule D – Consent CCAA Order

Schedule E – Consent Judgment

Schedule F – Additional Guarantees

Schedule G – Additional Security

ARTICLE 2 - ACKNOWLEDGEMENTS AND WAIVERS

2.1 Acknowledgements.

- (a) The Debtors hereby acknowledge and agree that:
- i. the facts as set out in the Recitals to this Agreement are true and accurate in all material respects and the same are expressly incorporated into and form part of this Agreement;
 - ii. the Lender Documents and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and the Lender Documents are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect, subject only to any amendments provided hereunder, including the Lender's rights under the Credit Agreements to cap and limit the Corporate Debtors operating lines in accordance with the terms of the Credit Agreements;
 - iii. other than the covenants and agreements specifically contained herein, the Lender has not made any promises and has not taken any action or omitted to take any action, that would constitute a waiver or estoppel of the Lender's rights to enforce the Security or pursue its remedies in respect of the Lender Documents;
 - iv. the Credit Agreements are valid and binding on the Borrowers, and the Borrowers are liable for all obligations owing to the Lender under the Credit Agreements, howsoever and wheresoever they arise, including all interest, fees, costs (including legal fees on a solicitor and his own client basis) and expenses incurred or accruing by the Lender and all other indebtedness of the Borrowers to the Lender, including as may hereafter be advanced, charged or incurred, and that equals as of March 12, 2025, the amounts set out below which are particularized in Schedule "B", which amounts continue to accrue

interest, fees, professional fees, charges, and costs (collectively the “**Loans Indebtedness**”)

- a. 1175104 B.C. Ltd. - **\$4,040,715.70**
 - b. 1262113 B.C. Ltd. - **\$147,785.96**
 - c. 1272986 B.C. Ltd. - **\$5,139,036.97**
 - d. 2345137 Alberta Ltd. - **\$8,897,753.03**
 - e. 2351497 Alberta Ltd. - **\$1,225,000.00**
 - f. 2497902 Alberta Ltd. - **\$7,303,402.32**
 - g. Summit S Auto Ltd. - **\$17,205,554.16**
 - h. Summit V Auto Ltd. - **\$6,088,305.59**
- v. the Borrowers are in default of their obligations to the Lender under the Credit Agreements and Security as provided for under the Demand Letters and as specifically listed in Schedule “C” (“**Borrowers’ Defaults**”).
- vi. the Original Guarantees are valid and binding and the Debtors are liable for all obligations owing to the Lender under their respective Original Guarantees, howsoever and wheresoever they arise, whether guaranteeing the direct indebtedness of a Borrower or indebtedness a Borrower has guaranteed as provided for under the Original Guarantees, including all interest, fees, costs (including legal fees on a solicitor and own client basis) and expenses incurred or accruing by the Lender and all other indebtedness owing to the Lender, including as may hereafter be advanced, charged or incurred, and which equals as of March 12, 2025 the amounts set out below, which amounts continue to accrue interest, fees, professional fees, charges, and costs as set out in the Original Guarantees (the “**Guarantees Indebtedness**” along with the Loans Indebtedness, the “**Indebtedness**”)
- a. 1175104 B.C. Ltd. - **\$46,006,838.03**
 - b. 1262113 B.C. Ltd. - **\$49,899,767.77**
 - c. 1272986 B.C. Ltd. - **\$44,908,516.76**
 - d. 2345137 Alberta Ltd. - **\$41,149,800.70**
 - e. 2351497 Alberta Ltd. - **\$48,822,553.73**
 - f. 2497902 Alberta Ltd. - **\$42,744,151.41**
 - g. Summit S Auto Ltd. - **\$32,841,999.57**

- h. Summit V Auto Ltd. - **\$43,959,248.14**
- i. MK Auto K-M Ltd. - **\$50,047,553.73**
- j. Michael Koch - **\$2,480,000**
- vii. the Unlimited guarantee from 2351497 Alberta Ltd. in support of the entire indebtedness 1272986 B.C. Ltd. dated December 20, 2022 inadvertently listed 1272986 B.C. Ltd. as both Customer and Guarantor. The guarantee is valid and binding upon 2351497 Alberta Ltd.;
- viii. with respect to the term sheet of 2351497 Alberta Ltd. dated March 2023 (the **"235 Term Sheet"**) the text block on the signature page headed "Guarantors Acknowledgement, Agreement and Consent" incorrectly states the borrower's name as "MK Auto K-M Ltd.", not "2351497 Alberta Ltd." The Debtors acknowledge that MK Auto K-M Ltd. was listed as borrower in error and that the correct name to be listed was 2351497 Alberta Ltd., and they do not dispute the validity or binding effect of the term sheet as against the Debtors as guarantors listed therein and 2351497 Alberta Ltd.;
- ix. the Debtors are in default of their respective obligations to the Lender under the Original Guarantees having failed to repay amounts owing to the Lender following demand as required under the Guarantees (the **"Guarantors' Defaults"** with the Borrowers' Defaults, the **"Existing Defaults"**);
- x. the Security:
 - A. has been duly granted by the Corporate Debtors in favour of the Lender and is valid, enforceable, and binding upon the Corporate Debtors, as applicable, in all respects;
 - B. has been provided by the Corporate Debtors, as applicable, to the Lender to secure repayment and performance of all of their respective obligations to the Lender, without limitation, including their respective Indebtedness, all amounts owing in connection with the Credit Agreements and Guarantees, as applicable, and all other amounts now or in the future owing to the Lender; and
 - C. has not been discharged, varied, waived or altered and each of the documents comprising the Security is valid, binding upon the Corporate Debtors as applicable, and is enforceable against the Corporate Debtors as applicable in accordance with the terms thereof.
- xi. the General Security Agreement executed by 2345137 Alberta Ltd., incorrectly listed 2345137 Alberta Ltd. in the signature line as "23415137 Alberta Ltd." (adding a 1). The General Security Agreement is valid and binding upon 2345137 Alberta Ltd.
- xii. the Corporate Debtors were duly served by the Lender with respective Demand Letters and NOIs demanding repayment of their respective Indebtedness;

- xiii. the Personal Guarantor was duly served by the Lender with his respective Demand Letter demanding repayment of his respective Indebtedness;
- xiv. the aforementioned demands for payment and NOIs have expired or shall expire and following expiry the Lender is entitled to exercise all rights and remedies pursuant to the Lender Documents or otherwise available at law against the Debtors forthwith and without any further notice, subject to the terms of this Agreement;
- xv. the Debtors do not dispute their liability to repay any of the Indebtedness on any basis and all rights of the Lender shall remain in full force and effect. The Debtors hereby confirm that the Lender Documents are in full force and effect and that the Debtors do not have any right of set off, damages, recoupment or other offset or any defense, claim or counterclaim with respect to any of the Lender Documents. The Debtors further confirm that they have no right to be extended additional credit from the Lender under the Credit Agreements;
- xvi. the amounts guaranteed under the Additional Guarantees shall form part of the Indebtedness under this Agreement;
- xvii. the Additional Guarantees shall form part of the Guarantees under this Agreement and which shall guarantee repayment of the Indebtedness; and
- xviii. the Additional Security shall form part of the Security under this Agreement and which shall secure the Indebtedness.

2.2 Release and Waiver. Each Debtor hereby:

- (a) releases and forever discharges the Lender and its affiliates, and their respective past, present and future employees, representatives, counsel, directors, officers, servants, agents, consultants, shareholders, assigns, insurers, predecessors, and successors (collectively, the "**Releasees**"), of and from any and all manner of actions, causes of actions, suits, contracts, claims, demands, damages, losses, costs, and expenses of any nature or kind whatsoever, whether known, unknown or discovered, suspected or unsuspected, whether at law or in equity, which the Debtor ever had or now have or hereafter can, shall or may have or by reason of any cause, matter or thing whatsoever existing up to the present time relating, whether directly or indirectly, to the Indebtedness, the Lender Documents or any errors or omissions of any of the Releasees with regard thereto;
- (b) waives against each of the Releasees any defence that it may have existing up to the present time to any present or future legal action or other enforcement brought by the Lender to collect the Indebtedness or enforce or realize upon the Security, whether said defence arises (and expressed through counterclaim, defence, or otherwise) by reason of any cause, matter, error, omission, neglect or thing caused or done, whether direct or indirect, by any of the Releasees existing as at the date of this Agreement relating to or arising, whether directly or indirectly, from the Indebtedness or the Lender Documents;
- (c) acknowledges that, except as expressly set out herein, the Lender has not waived any of its rights in respect of the Existing Defaults and expressly reserves its rights to rely on the Existing Defaults upon the occurrence of a Termination Event; and

- (d) agrees that they shall be obligated to indemnify and hold the Releasees harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, claims, legal costs on a solicitor-client full indemnity basis, expenses or disbursements of any kind or nature whatsoever incurred by the Releasees, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any person, including, without limitation, the respective officers, directors, agents, trustees, creditors, partners or shareholders of the Debtors or any of their respective subsidiaries, whether threatened or initiated, in respect of any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of the Lender Documents, this Agreement or any other document executed and/or delivered in connection herewith or therewith. The foregoing indemnity shall not apply to any liabilities, obligations, losses, penalties, actions, judgments, suits, claims, legal costs, expenses or disbursements that arise by reason of the gross negligence or wilful misconduct of a Releasee claiming indemnity hereunder. The foregoing indemnity shall survive the termination of this Agreement, the Lender Documents and the payment in full of the indebtedness owed by the Debtors to the Lender.

- 2.3 No Protection Without Consultation.** Each Debtor covenants and agrees that they will not, without expressly consulting with the Lender, make any filing or seek any protection (including a stay of proceedings) pursuant to the BIA, the CCAA or otherwise at law or in equity.

ARTICLE 3 - FORBEARANCE

- 3.1 Forbearance.** Conditional upon the satisfaction or waiver of the conditions precedent in Article 4.1 of this Agreement and subject to the Lender immediately demanding upon the Additional Guarantees which issuance of demands shall not constitute a default by the Lender under this Agreement, the Lender covenants and agrees, subject to the terms and conditions hereof, that it will take no action to recover the Indebtedness or to enforce against the Debtors its rights or remedies, including any action to:

- (a) exercise any of its rights or remedies under the Lender Documents or applicable law, provided that the Lender shall continue to be able to cap and limit the Corporate Debtors operating lines in accordance with the terms of the Credit Agreements;
- (b) appoint or apply for a receiver or CCAA monitor pursuant to the Credit Agreements or the Security or at law, or otherwise enforce its rights under any Lender Document against the Debtors;
- (c) seize any of the property, assets or undertaking of the Debtors;
- (d) commence or continue any proceeding or application in any court of competent jurisdiction including, without limitation, issuing claims against the Debtors, appointing or applying for a receiver or receiver-manager or CCAA monitor in respect of the Debtors or any or all of their assets; or
- (e) issue any petition pursuant to the BIA or any other insolvency or corporate laws against the Debtors.

3.2 Forbearance Periods. The forbearance of the Lender's rights pursuant to Article 3.1 shall remain in full force and effect (the "**Forbearance Period**") until 5:00 P.M. MST September 12, 2025, or such other and later date as the Lender may agree to in writing (the "**Forbearance Date**") or the occurrence of any of the following termination events (each such event a "**Termination Event**"):

- (a) the Debtors or any one of them failing to meet any of the conditions precedent at Article 4.1 of this Agreement;
- (b) any default by the Debtors including the non-performance of any term, condition, covenants or other obligation of the Debtors under any agreement with the Lender including, but not limited to, the Lender Documents and this Agreement, except the Existing Defaults;
- (c) any person or entity other than the Lender taking any step against or in respect of the Debtors that may impair the Security or the recovery position of the Lender in the manner of making demand for payment, delivering notice of enforcement or legal action or legal proceeding, obtaining any judgment or writ of enforcement, serving any garnishment or requirement/enhanced requirement to pay;
- (d) any creditors of the Debtors, other than the Lender, issuing any petition pursuant to the BIA or any other insolvency or corporate laws against the Debtors;
- (e) the Corporate Debtors ceasing operations for any of the Dealerships;
- (f) Michael Koch or Don Liddell resigning as employees of the Debtors;
- (g) the Lender acting reasonably deems any of the collateral subject to the Security to be in jeopardy;
- (h) without the express written consent of the Lender, the Debtors or any one of them making an assignment in bankruptcy or any other assignment for the benefit of creditors, making any proposal or seeking any relief under the BIA, the *Business Corporations Act* (Alberta), the CCAA, the *Winding-Up and Restructuring Act* (Canada), or any other bankruptcy, insolvency or analogous law;
- (i) any material adverse change which impacts the Debtors' ability to repay the Indebtedness and which arises after the date hereof in respect of the Debtors, as determined by the Lender acting reasonably; and
- (j) any person or entity other than the Lender taking any other step described in Article 3.1 hereof.

Upon the occurrence of a Termination Event, and subject to applicable law, the Lender shall be at liberty to immediately take any action otherwise precluded under Article 2 hereof.

3.3 Curing. The Debtors shall have seven (7) days to cure any defaults arising under Article 3.2(b) of this Agreement.

3.4 Forbearance Extension. If, in the Lender's sole and unfettered discretion, the Lender determines an extension of the Forbearance Date is warranted, the Lender may provide

notice in writing to the Debtors (including by email, facsimile or any other written means), the Lender's confirmation of its agreement to an extension and the date and time the Forbearance Date has been extended to and the Lender may require that the Debtors enter into such amendments and other agreements as required by the Lender to bring any such extensions into force.

3.5 Termination Event Default Waiver. If, in the Lender's sole and unfettered discretion, the Lender determines a waiver of a default under Article 3.2 of this Agreement constituting a Termination Event is warranted, the Lender may provide in writing to the Debtors (including by email, facsimile or any other written means), the Lender's confirmation of its waiver of the default following which this Agreement shall remain in full force and effect.

3.6 Remedies. Upon the occurrence of a Termination Event:

- (a) the Lender may pursue all rights and remedies that the Lender may have in connection with the Debtors pursuant to the Lender Documents as the Lender deems appropriate and to the extent permissible by law including, without limitation, applying to have signed and entered the Consent CCAA Order, as defined at Article 3 herein; the appointment of an interim receiver, or a receiver and manager, or a CCAA monitor either by instrument or upon application to a court having jurisdiction;
- (b) the Debtors shall, unconditionally and irrevocably, provide the Lender with such necessary additional consents in order to immediately enforce the Security including, without limitation, the consent of the Debtors to the appointment of a receiver, receiver-manager, interim receiver, national receiver, trustee, trustee in bankruptcy, CCAA monitor or such like enforcement agent appointed by the Lender under the Security or by virtue of an order of a court of competent jurisdiction, as the Lender may direct;
- (c) the Debtors hereby waive any requirements for demands to be made and waive otherwise applicable time periods under common law, the BIA and the *Personal Property Security Act (Alberta)* and *Personal Property Security Act (British Columbia)*.

3.7 Remedies not exhaustive. The foregoing remedies are not exhaustive, and the Lender may in its sole discretion, elect to exercise some, none, or all of the foregoing remedies and such remedies may be exercised independently and in any order deemed necessary or advisable by the Lender upon the occurrence or during the continuation of any Termination Event. For greater certainty, the Indebtedness is and remains payable on demand by the Lender.

3.8 Power of Attorney. Effective upon the occurrence of a Termination Event, the Debtors irrevocably constitute and appoint the Lender and each of its officers holding office from time to time as the true and lawful attorney of the Debtors with power of substitution in the name of the Debtors to do any and all such acts and things or execute and deliver all such agreements, documents and instruments, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement, or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the Indebtedness, and the Debtors hereby ratify and agree to ratify all acts of any such attorney taken or done in accordance with this Article 3.8. The power of attorney set forth above is coupled with an interest, shall not be revoked or terminated by any act or thing other than the repayment in full of the Indebtedness. The Debtors hereby release the

Lender from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Lender, under such powers of attorney, other than claims, causes of action and demands that arise by reason of the gross negligence or wilful misconduct of the Lender.

- 3.9 Non-Performance of Covenants.** If any Debtor fails to perform any of its covenants or agreements hereunder, the Lender may itself, but shall not be obliged to, perform or cause to be performed the same and all reasonable expenses incurred, or payments made by the Lender in so doing shall be paid by the Debtor to the Lender forthwith upon demand. Any such expenses or payments remaining unpaid after demand shall bear interest at the rates agreed to pursuant to the Lender Documents, or this Agreement, as the case may be, from the date such expense or payment was incurred or made by the Lender until paid and shall be added to the Indebtedness and secured by the Security.

ARTICLE 4 - CONDITIONS PRECEDENT

- 4.1 Conditions Precedent.** The following are conditions precedent to the effectiveness of the Forbearance Period:

- (a) the Debtors shall provide to the Lender's solicitors a fully executed PDF copy of this Agreement;
- (b) the Debtors shall deliver to the Lender's solicitors in trust a fully executed PDF of the Consent CCAA Order;
- (c) the Debtors shall deliver to the Lender's solicitors in trust a fully executed PDF of the Consent Judgment;
- (d) the Debtors execute and return PDF copies of the Additional Guarantees and Additional Security to the Lender.

- 4.2 Consent Order.** The Consent Orders shall be held by the solicitors for the Lender in trust until the occurrence of a Termination Event at which time:

- (a) the Lender, or the Lender's agent, shall be authorized by the Debtors to appropriately fill in all blanks appearing in the Consent Judgment as the Lender deems fit, acting reasonably;
- (b) the Lender, or the Lender's agent, shall be authorized by the Debtors to appropriately fill in all blanks appearing in the Consent CCAA Order as the Lender deems fit, acting reasonably;
- (c) the Lender, or the Lender's agent, subject to applicable law, shall, after providing at least five (5) days notice to the Debtors in writing, be at liberty to bring an Application before the Court at the Judicial Centre of Calgary to have the Consent Orders signed by a Judge or Applications Judge of the Court (an "**Application**"), and may enter the Order or Orders as soon as convenient thereafter, and the Debtors hereby expressly waive the right to contest the Application or withdraw their consent thereto; and
- (d) the Debtors consent to (and hereby agree not to contest), an amended and restated initial Order in the form of the model CCAA Order approved by the Court, with the amendments granted in the Consent CCAA Order and any increases to the

Administration Charge and Monitor's Borrowing Charge (as such terms are defined in the Consent CCAA Order) in respect of the Corporate Debtors at a comeback hearing to be scheduled within ten days of the Court's granting of the Consent CCAA Order (the "**Amended and Restated CCAA Order**"), which Amended and Restated CCAA Order, shall be in form and substance satisfactory to the Lender;

- (e) the Debtors acknowledge and agree that the Lender's unfettered and irrevocable right to exercise the relief as set forth in this Article 4.2 is a fundamental and essential term of this Agreement and, but for this Agreement, the Lender would have brought proceedings to enforce the remedies contemplated in this Article 4.2 in accordance with the terms hereof.

4.3 Judicial Centre. The Debtors hereby attorn to the non-exclusive jurisdiction of the courts of competent jurisdiction in the Province of Alberta located in the judicial district of Calgary. The Debtors acknowledge and agree that any action commenced by the Lender in respect of the Debtors may be started by the Lender and carried on in the judicial centre of Calgary, Alberta. The Debtors hereby waive any right apply to transfer any judicial proceedings to another jurisdiction.

ARTICLE 5 - POSITIVE COVENANTS

5.1 Indebtedness. Subject to the Existing Defaults and the terms of this Agreement, the Debtors shall continue to observe all of their respective covenants and obligations as set out in the Lender Documents.

5.2 Deemed Consent. The Lender may at any time, from time to time, provide an updated statement of account outlining the current amount of the Indebtedness, at which time:

- (a) the Debtors shall have three (3) business days to advise the Lender of any dispute they may have with the amount of the Indebtedness (the "**Dispute Period**") and the particulars of such dispute; and
- (b) failure to advise the Lender within the Dispute Period, shall be deemed to be an irrevocable acceptance by the Debtors as to the amount of the Indebtedness as at the applicable or effective date of such updated statement of account outlining the then current amount of the Indebtedness.

5.3 Repayment of Indebtedness. The Indebtedness shall be repaid in full on or before the Forbearance Date.

5.4 Current Reporting. Subject to the terms of this Agreement, the Debtors will meet and maintain all ongoing reporting requirements set out in the Lender Documents.

5.5 Provision of Specific Information to BDO. The Debtors shall compile, prepare and provide to BDO, with the assistance of BDO where such assistance from BDO is deemed reasonably necessary by BDO, the following information, in each case containing information current to date:

- (a) within twenty (20) days of the date this Agreement:
 - (i) a list of the Corporate Debtors' aged accounts receivables as of March 31, 2025, April 31, 2025 and May 31, 2025;

- (ii) a list of the Corporate Debtors' aged trade payables, including a separate list of priority payables (if any) as of March 31, 2025, April 31, 2025 and May 31, 2025;
 - (iii) Dealership statements ("**Dealer Statement(s)**") provided, for the most current month, which have been provided to the OEMs;
 - (iv) Confirmation of share ownership for each Corporate Debtor and copies of all share certificates for all current shares for each Corporate Debtor;
 - (v) Copies of all minute books for each Corporate Debtor;
- (b) Within sixty (60) days of the date of this Agreement or such other date as agreed to by the Lender:
- (i) the unaudited combined financial statement (intercompany eliminations effected) for all Dealerships for the fiscal year ending December 31, 2024;
- (c) on a bi-weekly basis (by the second business day):
- (i) a summary of all vehicle sales across each Dealership for the previous week, including:
 - (A) VIN(s);
 - (B) corresponding sale proceeds;
 - (C) bill of sale date;
 - (D) funding date; and
 - (E) floor plan payoff date and amount (if vehicle is financed);
 - (ii) a reconciliation of SIVs against each Dealerships' vehicle inventory listing after each floorplan audit;
- (d) on a weekly basis, the Solicitation Update as provided for under Article 7.3 of this Agreement; and
- (e) on a monthly basis (by the 20th day of the following month):
- (i) a summary of each of its Dealerships' aged accounts receivable and accounts payable listings;
 - (ii) updated vehicle inventory listing of each Dealership;
 - (iii) a summary of intercompany transactions;
 - (iv) management prepared internal financial statements or Dealer Statements;
 - (v) OEM statements from each respective vehicle manufacturer; and
 - (vi) bank reconciliations of all operating accounts.
- (f) on a monthly basis (by the 20th day of each month month):
- (i) in house prepared financial statements for each Corporate Debtor, including income statement, balance sheet, cash flow statement and in house calculations of EBITDA.

- 5.6 Provision of Other Information.** The Debtors covenant and agree to provide the Lender, forthwith upon request, with such other and further information that the Lender or BDO may reasonably request.
- 5.7 Access to Property.** The Debtors undertake and agree to provide BDO Representatives, and the Lender and its designated consultants, appraisers, agents, experts, auditors, accountants, managers, counsel or employees with reasonable access to the Corporate Debtors' property, including the Dealerships, during regular business hours on no less than twenty-four (24) hours' notice.
- 5.8 Priority Payments.** In respect of priority payments, the Debtors represent, warrant, covenant, and agree that with respect to the Corporate Debtors:
- (a) from and after the date of this Agreement they will remit, in accordance with legal requirements, (i) any statutory deemed trust amounts or other amounts in favour of the Crown in Right of Canada or of any province that are required to be withheld or deducted, including, but not limited to, from employees' wages, including, without limitation, amounts in respect of employment insurance, Canada Pension Plan, and income taxes; (ii) amounts payable in respect of Workers' Compensation, employment insurance, Canada Pension Plan, and income taxes with respect to employees; and (iii) all goods and services or sales taxes payable by it or its customers in connection with the retail sale of goods and services by it to such customers; and (iv) all municipal property taxes owing with respect to the real property subject to the Security;
 - (b) all remittances and payments described in subarticle (a) are, as of the date hereof, current and in good standing or arrangements have been made to bring such remittances and payments into good standing; and
 - (c) the Debtors shall provide to the Lender at any time at the request of the Lender, a certificate or other evidence, in form and substance acceptable to the Lender, acting reasonably, certifying that (i) the remittances and payments described in subarticle (a) are in good standing as of the date designated in the Lender's request.
- 5.9 Costs.** The Lender's costs and expenses (including legal fees on a solicitor and his own client, full indemnity basis), including but not limited to, in connection with the issuance of the Demand Letters and NOIs, the preparation of court materials and orders, preparation and enforcement of this Agreement, shall become part of the Indebtedness regardless of any varying forms of legal fees payable under the Lender Documents, and the Debtors jointly and severally agree and acknowledge that they are liable to the Lender for those costs and that such liability is secured by the Security and the Guarantees. The Debtors agree and acknowledge that they are jointly and severally liable for the Lender's legal costs on a solicitor and its own client, full indemnity basis incurred by or on behalf of the Lender resulting from any action instituted by the Lender, including issuance of demands and statutory notices, and preparation and enforcement of this Lender Documents and this Agreement.
- 5.10 Insurance Coverage.** The Debtors shall provide to the Lender within seven (7) days of the execution of this Agreement proof of all risk and general liability insurance coverage for the Corporate Debtors' assets, including for the Dealerships and all real and personal property contents related thereto, satisfactory to the Lender with confirmation that the Lender is first loss payee in each insurance policy. Any insurance policy expiring in 2025 shall be renewed on the direction of the Lender for a period of coverage satisfactory to the Lender and with terms of coverage satisfactory to the Lender.

5.11 Access for BDO. In addition to, and not to derogate from any prior contractual arrangements between the Lender, BDO and the Corporate Debtors, the Debtors acknowledges that BDO has been engaged by the Lender to provide the Lender business and consulting services with respect to the Corporate Debtors, the Dealerships and their businesses and operations and BDO will provide and require the full co-operation of the Corporate Debtors' management, officers, employees, professional advisors and agents throughout the Forbearance Period. In particular, the Debtors agree that:

- (a) the BDO Representatives shall have unrestricted access to the Dealerships, books, records, information (however stored), facilities, banking, loan and credit card records, assets, lands and premises of the Corporate Debtors and the BDO Representatives may copy any documents or information of the Corporate Debtors;
- (b) the BDO Representatives shall be entitled to assist the Corporate Debtors with the preparation and provision of the information at Article 5.5 and 5.6 of this Agreement;
- (c) the Debtors and their officers, employees and agents shall answer all inquiries fairly, fully and to the best of their ability and they shall provide the BDO Representatives with any information that they may request with respect to the affairs of the Corporate Debtors;
- (d) the Debtors authorize the BDO Representatives to contact the Corporate Debtors' professional advisors, which in BDO's discretion it deems appropriate;
- (e) the BDO Representatives shall be entitled to provide the Lender and Lender's legal counsel, all documents, records, reports and information received or prepared by them in the course of BDO's engagement with the Lender and may fully disclose to the Lender's counsel and the Lender all matters arising out of BDO's engagement with the Lender;
- (f) the Debtors authorize the Lender and its counsel to disclose to the BDO Representatives any information they have concerning the Corporate Debtors, their applicable subsidiaries and affiliates (as defined below) and their respective businesses, assets and affairs; and
- (g) throughout the course of BDO's engagement with the Lender, BDO will be reporting to the Lender and its legal counsel on a regular basis. BDO may prepare a written report or reports pursuant to its engagement at such times as may be agreed between BDO and the Lender.

ARTICLE 6 - NEGATIVE COVENANTS

6.1 Prohibition on Debt. Without the express written consent of the Lender, the Corporate Debtors shall not incur any short or long term debt, including extending credit between themselves, other than normal trade credit payments made in the ordinary course of business and debt existing on the date hereof, including payments by the Corporate Debtors other than 1262113 BC Ltd. of ordinary course monthly expenses for 1262113 BC

Ltd. up to the maximum amount of \$11,000 per month and all such payments shall be documented in writing by the Corporate Debtors as loans to 1262113 BC Ltd. by the applicable Corporate Debtor providing such funds. Without limiting the foregoing, where the Corporate Debtors or any of them require an advance of credit for the payment of amounts set forth in Article 5.8, the Corporate Debtors are required to obtain pre-approval for payment of such expenses in writing from the Lender, and it is expressly agreed and understood that any amounts so advanced will form part of the Indebtedness and be secured by the Security. **Prohibition on Certain Accounts Payable.** Prior to the Forbearance Date, without the prior written consent of the Lender, the Corporate Debtors may not make any principal payments to any other lenders except for normal trade credit payments made in the ordinary course of business, regularly scheduled payments under indebtedness existing as of the date of this Agreement, and amounts necessary to satisfy ongoing monthly debt obligations by 1262113 BC Ltd. to Northpoint Commercial Finance Canada Inc. up to a maximum amount of \$2,200 a month.

- 6.2 Prohibition on Shareholder Loans and Other Payments.** Prior to the Forbearance Date, without the prior written consent of the Lender, the Corporate Debtors will not make any principal payments on shareholder loans, any interest payments on shareholder loans or pay any dividends or any other distributions to shareholders in their capacities as shareholders. For clarity, normal employment income in the ordinary course of business may continue to be paid to persons who act as employees and/or officers of the Corporate Debtors, but who also happen to be shareholders of one or more of the Debtors provided that no increases in employment income occur during the Forbearance Period for any principals of the Debtors and their family members who are employed by the Corporate Debtors.
- 6.3 Prohibition on Intercompany Transactions.** The Corporate Debtors shall not perform any intercompany transactions with 2412170 Alberta Ltd o/a Westcastle Chevrolet Buick GMC during the Forbearance Period greater than \$5,000 without the express written consent of the Lender, and such transactions shall only include those recurring and periodic intercompany transactions in place as of the date of this Agreement, which relate to shared expenses with one or more of the Debtors.
- 6.4 Idem.** Subject to Article 6.3, the Corporate Debtors may perform intercompany transactions during the Forbearance Period up to an aggregate amount of \$100,000, and once an aggregate of \$100,000 of intercompany transactions has occurred, no further intercompany transactions shall occur unless consented to in writing by the Lender. The Corporate Debtors shall not perform any single intercompany transaction \$50,000 or greater, or an aggregate of individual concurrent transactions of \$50,000 or greater, without the express written consent of the Lender. Any intercompany transactions shall only occur for the Corporate Debtors to pay for recurring ordinary course business expenses which existed as of the date of this Agreement.
- 6.5 Floorplan Compliance.** The Debtors covenant and agree that during the Forbearance Period, they shall not:
- (a) sell any floorplan-financed vehicles without full repayment of proceeds to the Lender, and shall not cause or incur any additional SIV;
 - (b) re-age or re-chattel any financed vehicles without the Lender's prior written consent;
 - (c) use any vehicles as a demonstrator or loaner vehicles unless it is properly designated and financed as such;

- (d) exceed their authorized floor line credit limits on an aggregate basis up until June 30, 2025 and after June 30, 2025 on an individual basis; and
- (e) undertake any actions that would otherwise constitute a breach of floorplan financing terms as outlined in the Lender Documents.

6.6 No Sale of Other Property. The Debtors acknowledge and agree that:

- (a) no property which is the subject of the Security shall be sold by the Debtors outside the ordinary course of the Corporate Debtors' businesses without the express written permission of the Lender;
- (b) should any property which is the subject of the Security, or any part thereof, be sold or conveyed that all proceeds of such sale shall be forthwith paid to the Lender to be applied in payment of the Indebtedness;
- (c) after the date hereof, they shall not grant any additional security, encumbrances or charges to any other party, including without limitation, purchase money security interests or mortgages, of their property, including, but not limited to the property secured against by the Security, without the express written consent of the Lender; and
- (d) they shall give the Lender prompt written notice of the happening of any event which would reasonably be expected to materially adversely affect or impair the ability of the Lender to collect the Indebtedness or affect or impair the ability of the Lender to realize on the Security, or which would reasonably be expected to result in a material adverse change to the Corporate Debtors' operations and/or financial position.

ARTICLE 7 - SOLICITATION PROCESS/ SALE TRANSACTION

7.1 Solicitation Process. The Debtors covenant and agree to develop and advance in consultation with BDO and the Lender a process satisfactory to the Lender to solicit strategic financial investors or purchasers to generate sufficient funds to repay the Indebtedness by the Forbearance Date (**the "Solicitation"**).

7.2 Milestones. The following milestones shall be achieved by the Debtors:

- (a) By on or before July 15, 2025, the Debtors shall be in receipt of one or more expressions of interest from prospective purchasers or investors (each an "**Interested Party**") for the sale of all of the Dealerships satisfactory to the Lender providing that:
 - i. the Interested Parties are prepared to proceed with transactions with the Corporate Debtors that will generate sufficient proceeds to satisfy repayment of the Indebtedness; and
 - ii. the Interested Parties have sufficient funding to close the transactions they have proposed;
- (b) by on or before August 15, 2025, the Debtors shall be in receipt of one or more binding letters of intention (a "**LOI**") for the sale of all of the Dealerships in forms satisfactory to the Lender which shall include, but not limited to, the following express terms;

- i.a purchase price(s) without financial conditions in amount sufficient to satisfy the Indebtedness;
 - ii. payment of a non-refundable deposit(s) in an amount equivalent to 10 percent of the purchase price of any one Dealership contained in an LOI, and being no less than \$100,000 per Dealership; and
 - iii. no conditions precedent related to due diligence or director approval (other than in respect of definitive documents) other than original manufacturer approval.
- (c) by on or before August 31, 2025, following the selection of one or more LOIs acceptable in a form satisfactory to the Lender for the sale of all of the Dealerships, the Corporate Debtors and the selected Interested Parties shall have entered into finalized definitive asset purchase agreement(s) or other forms of agreement satisfactory to the Lender in its sole and unfettered discretion for the sale of all of the Dealerships; and
- (d) by on or before September 12, 2025, the transactions for the sale of all of the Dealerships shall have closed.

7.3 Solicitation Update. For the duration of the Forbearance Period, the Debtors and the Solicitation Advisor shall provide the Lender with weekly updates commencing on May 26, 2025, and on the Thursday of each week thereafter, with respect to the Corporate Debtors progress on the Solicitation and in particular, the identification and selection of strategic buyers and the status of all discussions with Interested Parties (the “**Solicitation Update**”).

7.4 Submissions of Offers and Approval(s) of Transaction(s).

- (a) The Debtors shall provide to the Lender all Offers to Purchase within two (2) business days of reception by a Debtor;
- (b) The Corporate Debtors shall not execute any Offers to Purchase without the express written consent of the Lender;
- (c) If an Offer to Purchase is presented to the Lender and the Lender notifies the Debtors that such Offer to Purchase is acceptable to the Lender in its sole and unfettered discretion, then the Corporate Debtors shall execute such Offer(s) to Purchase and proceed to close the transaction(s) arising therefrom in a manner acceptable to the Lender, acting reasonably, including negotiating and executing such other closing documents in forms satisfactory to the Lender.

7.5 Appointment of CCAA Monitor to Close Transactions. In addition to and not derogating from the Lender’s rights to seek the entering of the Consent CCAA Order after a Termination Event, the Lender shall also be entitled to seek the granting of the Consent CCAA Order and approval of a sale(s) transaction(s) within a CCAA Proceeding, wherein the Debtors consent to BDO acting as monitor and being granted enhanced monitor powers, including the sole power to execute all offers to purchase on behalf of the Corporate Debtors and proceed to close all such sale(s) transaction(s) on behalf of the Corporate Debtors, and the Corporate Debtors hereby acknowledge that they shall continue to remain in possession of their businesses and operations during such a CCAA Proceeding and consent to continue operating their businesses pursuant to all agreements, licenses, statutes and regulations they are obligated to do so under.

ARTICLE 8 - FORBEARANCE FEE

- 8.1 **Fee.** As consideration for this Agreement, the Debtors jointly and severally agree to pay the Lender a forbearance fee in the amount of \$100,000 (the "**Forbearance Fee**"). The Debtors agree that the Forbearance Fee shall thereby become part of the Indebtedness on the date so earned, be subject to the Credit Agreements and Guarantees, and be secured by the Security. The Forbearance Fee shall be immediately due and payable by the Debtors upon their execution of this Agreement and shall be deemed to have been earned on the date of this Agreement and be payable upon from the proceeds of sale from the first Dealership sold.

ARTICLE 9 - REPRESENTATIONS AND WARRANTIES

- 9.1 The Debtors hereby represent, warrant and agree that:
- (a) the Corporate Debtors are validly existing and in good standing under the laws of their governing jurisdiction, they are duly registered in all other jurisdictions where the nature of their property or character of their businesses requires registration and have all necessary power and authority to own their properties and carry on their business' as presently carried on or as contemplated by this Agreement;
 - (b) the Corporate Debtors have full power, legal right and authority, and have taken all necessary action to be authorized, to enter into this Agreement and do all such acts and things as are required by this Agreement to be done, observed or performed in accordance with the terms hereof;
 - (c) none of the authorizations, executions or deliveries of this Agreement is in conflict with or contravention of the Corporate Debtors' articles, by-laws, other organization documents or resolutions of the Corporate Debtors' directors, shareholders, partners or trustees or the provisions of any other indenture, instrument, undertaking or other agreement to which they are a party or their properties or assets are bound; and
 - (d) other than the Existing Defaults, no Termination Events are occurring under the Lender Documents.
- 9.2 **Survival.** The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by or on behalf of the Lender, and the representations and warranties in connection with the Lender Documents shall survive until the Lender Documents have been terminated in accordance with their respective terms.

ARTICLE 10 - TOLLING

10.1 The Debtors each agree that:

- (a) the Lender's rights shall not be affected in any way by the passage of any applicable limitation periods during the period beginning on the date of this Agreement and ending on the occurrence of a Termination Event (the "**Standstill Period**"), including, without limiting the generality of the foregoing, the limitation periods provided by the *Limitation Act* [SBC 2012] Chapter 13 (the "**Limitation Act (BC)**") and *Limitations Act*, RSA 2000 c L-12 (the "**Limitations Act (Alberta)**") and the limitation periods provided under the Supreme Court Civil Rules, BC Reg

168/2009 and *Alberta Rules of Court*, Alta Reg 124/2010 (all of the foregoing limitation periods being collectively the “**Limitation Period**”);

- (b) for greater certainty, and in addition, in defence to any subsequent proceedings brought by the Lender against a Debtor, no Debtor shall rely in any way, to the detriment of the Lender, on the passage of time during the Standstill Period, and the time that passes during the Standstill Period shall be deemed not to have passed in respect of the computation of any Limitation Period; and
- (c) the Lender and Debtors agree that this Agreement is an agreement within the meaning of sections 7 and 9 of the *Limitations Act* (Alberta) and rule 4.33(1)(a) of the *Alberta Rules of Court*.

ARTICLE 11 - RETENTION OF CONSULTANTS

- 11.1 Liability for Consultant’s Fees.** The Debtors acknowledge and agree that they shall be jointly and severally liable for the payment of the reasonable and documented fees, disbursements, and costs of the CRO, and any operators, consultants, appraisers, agents, experts, auditors, accountants, managers of the Lender, including BDO and the BDO Representatives incurred prior to and after the execution of this Agreement, and that these fees shall form part of the Indebtedness, be subject to the Guarantees and be secured by the Security. The Lender acknowledges and agrees that such fees primarily pertain to the Corporate Debtors and not the Personal Guarantor, and as such, the liability of the Personal Guarantor with respect to the same shall be limited up to the amounts guaranteed under his guarantees of the Indebtedness and shall not form additional costs under his guarantees incurred in enforcing the respective guarantees of the Personal Guarantor.
- 11.2 Lender May Pay Consultants and Debit Debtors’ Accounts.** The Debtors agree that the Lender may pay the reasonable and documented fees, disbursements, and costs of the CRO and any of its operators, consultants, appraisers, agents, experts, auditors, accountants, including BDO and the BDO Representatives, and thereafter upon two (2) days notice to the Debtors debit the Debtors’ accounts maintained with the Lender, thereby increasing the Indebtedness owing by the Debtors to the Lender by the amount of such fees, disbursements, and costs, and all such amounts will be added to the aggregate Indebtedness owing by the Debtors to the Lender, will form part of the Indebtedness, and will be subject to the Lender Documents.
- 11.3 Chief Restructuring Officer.** The Lender may at any time during the Forbearance Period provide to the Debtors with the names of two (2) consulting services who may act as Chief Restructuring Officer (“**CRO**”) for the Corporate Debtors and within two (2) business days, the Debtors shall pick one of the parties to act as CRO for the Corporate Debtors. Subsequently, the Corporate Debtors shall forthwith enter into a consulting agreement as between the Corporate Debtors and CRO formally engaging the CRO, in a form satisfactory to the Lender and the CRO.
- 11.4 Idem.** The Debtors agree that BDO shall have the discretion to retain a CRO of the Corporate Debtors within a CCAA Proceeding without the consent or input of the Debtors.

ARTICLE 12 - MISCELLANEOUS

- 12.1 Confidentiality.** Save and except as provided for in this Agreement, the Debtors acknowledge and agree that the existence and terms of this Agreement constitute confidential information and the Debtors shall not by any means whatsoever disclose,

transmit, release, publish or disseminate to any other person in any fashion directly or indirectly the existence or any of the terms of this Agreement save and except:

- (a) As required by law;
- (b) As may be reasonably required for legal, accounting and income tax purposes; or
- (c) The prior written consent of the Lender.

12.2 Rights Cumulative. The parties agree that all the rights and remedies of the Lender hereunder and under any agreement delivered pursuant hereto are cumulative and are in addition to, without prejudice to and shall not be deemed to exclude, any other right or remedy allowed to the Lender hereunder or any agreement delivered pursuant hereto or under the Lender Documents, except as specifically set out herein.

12.3 Application of Funds. The Debtors acknowledge and agree that any amounts or proceeds received during the term of this Agreement by the Lender from the Debtors or which are the subject of this Agreement may be applied by the Lender to any part of the Indebtedness in the Lender's sole and unfettered discretion.

12.4 Idem. The Debtors agree that all rights and remedies of the Lender may be exercised concurrently.

12.5 Communication by the Lenders. Each Debtor hereby waives its rights to confidentiality in respect of all communications the Lender has in favour of, and hereby authorizes the Lender, and its agents, to communicate with any shareholders, guarantors, creditors of the Corporate Debtors, suppliers of the Corporate Debtors, parties interested in providing financing to the Corporate Debtors, parties interested in purchasing assets of the Corporate Debtors or the Lender's security and position, and professionals retained by any of the foregoing parties (collectively, the "**Interested Parties**") and each Debtor shall provide such waivers and consents as may be required to ensure that the Interested Parties can fully and frankly discuss with the Lender all matters related to the Corporate Debtors.

12.6 Management of Lender's Financial Risk. Each Debtor hereby acknowledges and agrees that the implementation and performance of this Agreement is to facilitate the Lender's management of its financial risk and to facilitate the Debtors' efforts to retire the Indebtedness and does not constitute any form of management or control over any of the Debtors' assets or operations.

12.7 Legal Advice. Each Debtor acknowledges and represents having carefully read this Agreement, knowing and understanding its contents, receiving all information and advice required, including independent legal advice relating to the Lender Documents, this Agreement, and the credit arrangements between the Debtors and the Lender generally, or expressly hereby waives the right to same, and in this regard: (a) acknowledges and consents to this Agreement; (b) voluntarily accepts the terms and conditions herein and (c) agrees to be bound by the provisions of this Agreement.

12.8 Confirmation. Each Debtor acknowledges receiving valuable consideration (the adequacy and sufficiency of which is specifically acknowledged) for their obligations hereunder and agrees that none of:

- (a) the terms of this Agreement; nor

- (b) any failure by the Lender to insist upon strict performance or observance of the requirements of its rights set forth in this Agreement, the Lender Documents, or any waiver or amendment by the Lender of any such requirements;

shall prejudice the Lender's rights under any or all of the Lender Documents or this Agreement, nor shall sustain or constitute any defence or estoppel in favour of the Debtors in respect of enforcement the Lender Documents or this Agreement.

12.9 Time of the Essence. Time shall be of the essence in this Agreement.

12.10 Notices. Any notices under this Agreement may be delivered by courier or email transmission to the parties at the addresses set forth below and, where so given, shall be deemed received by the recipient on the same business day as delivered or transmitted if delivered or transmitted prior to 5:00 p.m. (Calgary time), otherwise on the next business day:

if to the Lender:

Bank of Montreal

Attention: Jon Gil

Email: John1.Gil@bmo.com

with a copy to:

Gowling WLG (Canada) LLP

Suite 1600, 421 7th Avenue SW, Calgary, Alberta T2P 4K9

Email: sam.gabor@gowlingwlg.com

if to the Debtors:

1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd.,

2351497 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd., Summit V Auto Ltd.,

MK Auto K-M Ltd., Michael Koch c/o Michael Koch

2034 Cranbrook St N, Cranbrook, BC V1C 3T1

Email: mike@arrowvw.com

With a copy to:

Soheel Hussein

Bryan and Company

10180 101 Street Northwest, 2900 Manulife Place,

Edmonton, AB T5J 3V5

Email: sshussein@bryanco.com

12.11 No Amendment. Save as expressly provided in this Agreement, nothing in this Agreement is intended to alter, amend, modify or limit the existence or the effectiveness of any agreement between the Debtors, including, without limitation, the Lender Documents.

12.12 Conflict. In the event that there is any conflict between the provisions of this Agreement and the Lender Documents, the provisions of this Agreement shall govern to the extent of the conflict.

12.13 Currency and Time References.

- (a) Unless otherwise noted, all references to currency shall be deemed to refer to Canadian Dollars.
- (b) Unless otherwise noted, all references to time shall be deemed to refer to Calgary, Alberta local time.

12.14 Severability. If any provision of any of this Agreement, Lender Documents or any part thereof is found or determined to be invalid, illegal or unenforceable, such provision shall be severable and the remainder of this Agreement and the Lender Documents, as the case may be, shall be construed as if such invalid, illegal or unenforceable provision or part had been deleted therefrom.

12.15 No Waiver. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement.

12.16 No Prior Waivers, Reinstatement or Release by Lender. Except as expressly set forth herein, the execution, delivery and effectiveness of this Agreement shall not directly or indirectly (i) create any obligation to make any further extensions of credit or to continue to defer any enforcement action after the occurrence of any Termination Event (ii) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreements or the Security, as the case may be, (iii) amend, modify or operate as a waiver of any provision of the Lender Documents, as the case may be, or any right, power or remedy of the Lender, (iv) constitute a consent to any merger or other transaction or to any sale, restructuring or refinancing transaction (v) constitute a course of dealing or other basis for altering the Lender Documents or any other contract or instrument. Except as expressly set forth herein, the Lender reserves all of its rights, powers and remedies under the Lender Documents and applicable law. All of the provisions of the Lender Documents, including without limitation, the time of the essence provisions, are hereby reiterated, and if ever waived, are hereby reinstated. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Lender Documents, as the case may be.

12.17 Perfection of Security. All security interests in favour of Lender shall be registered or perfected in all such jurisdictions and against all such trade names as may be required, in the reasonable opinion of the Lender or its counsel, to preserve and protect the enforceability and priority of the Credit Agreements and the Security.

12.18 Successors and Assigns. This Agreement and Lender Documents shall be binding and enure to the benefit of each of the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

12.19 Assignment. The Debtors shall not assign any of their rights or obligations hereunder or thereunder, as the case may be, without the prior written consent of the Lender (which consent may be arbitrarily withheld). The Lender may, in its absolute discretion, assign, without notice to the Debtors and without the consent of the Debtors, to an assignee of its own choosing all or any interest of the Lender in all or any of the Lender Documents and this Agreement, and any document, Consent Order granted or arising pursuant to this Agreement.

12.20 Assurances. The parties hereby covenant and agree to do such further and other things that the other party may reasonably request to give full or better effect to the provisions of this Agreement.

12.21 Execution. This Agreement may be executed in counterparts and delivered via emailed PDF (with duplicates to follow by ordinary post or delivery), and all counterparts when taken together, shall constitute one Agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents effective the date first above written.

BANK OF MONTREAL

Per: _____
Name:

Title:
I have authority to bind the corporation

Per: _____
Name:

Title:
I have authority to bind the corporation

BORROWERS

1175104 B.C. LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

1262113 B.C. LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

1272986 B.C. LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

2345137 ALBERTA LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

2351497 ALBERTA LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

2497902 ALBERTA LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

SUMMIT S AUTO LTD.

Per: DocuSigned by: Mike Koch
Name: C7DF5CDB274F474... Mike Koch

Title: owner
I have authority to bind the corporation

SCHEDULE "A"
LENDER DOCUMENTS

The Lender intends to rely upon all of its agreements and security provided by the Debtors and related parties including, but not limited to, the following:

Term Sheets

1. Term Sheet dated May 2024, between 1175104 B.C. Ltd., and the Lender
2. Term Sheet dated May 2024, between 1262113 B.C. Ltd., the Lender
3. Term Sheet dated May 2024, between 1272986 B.C. Ltd., the Lender
4. Term Sheet dated May 2024, between 2345137 Alberta Ltd., the Lender
5. Term Sheet dated March 2023, between 2351497 Alberta Ltd., the Lender
6. Term Sheet dated May 2024, between Summit V Auto Ltd., the Lender
7. Term Sheet dated May 2024, between 2497902 Alberta Ltd., the Lender
8. Term Sheet dated May 2024, between Summit S Auto Ltd., the Lender

Operating Loan Agreements

1. Operating Loan Agreement dated May 23, 2024 between 1175104 B.C. Ltd. (o/a Cranbrook Mitsubishi) and the Lender
2. Operating Loan Agreement dated May 23, 2024 between 1262113 B.C. Ltd. (o/a Western Sport Products) and the Lender
3. Operating Loan Agreement dated May 23, 2024 between 1272986 B.C. Ltd. (o/a Sun Valley Nissan) and the Lender
4. Operating Loan Agreement dated May 23, 2024 between 2345137 Alberta Ltd. (o/a Vermilion Chrysler Ltd.) and the Lender
5. Operating Loan Agreement dated May 23, 2024 between 2345137 Alberta Ltd. (o/a Vermilion Chrysler Ltd.) and the Lender
6. Operating Loan Agreement dated May 19, 2024 between 2497902 Alberta Ltd. (o/a Castle Ford Sales Ltd.) and the Lender
7. Operating Loan Agreement dated May 23, 2024 between Summit S Auto Ltd. and the Lender
8. Operating Loan Agreement dated May 23, 2024 between Summit V Auto Ltd. (o/a Arrow Volkswagen) and the Lender

Personal Property Security

1. General security agreement dated November 27, 2020, from 1175104 B.C. Ltd.
2. General security agreement dated May 23, 2024, from 1262113 B.C. Ltd.
3. General security agreement dated 10 March, 2021 from 1272986 B.C. Ltd.
4. General security agreement dated June 19, 2021, from 2345137 Alberta Ltd.
5. General security agreement dated December 20, 2022, from 2351497 Alberta Ltd.
6. General security agreement dated November 27, 2020, from Summit V Auto Ltd.
7. General security agreement dated May 19, 2023 from 2497902 Alberta Ltd.
8. General security agreement dated November 27, 2020 from Summit S Auto Ltd.
9. General security agreement dated November 27, 2020, from MK Auto K-M Ltd.
10. Chattel Mortgage (P.P.S.A.) dated November 27, 2020, granted by 1175104 B.C. Ltd. over property at 941 Victoria Ave N, Cranbrook, BC V1C 0B2,
11. Chattel Mortgage (P.P.S.A.) dated March 10, 2021, granted by 1272986 B.C. Ltd. over property at 2034 Cranbrook St N, Cranbrook, BC
12. Chattel Mortgage (P.P.S.A.) dated July 28, 2021, granted by 2345137 Alberta Ltd. over property at 4524 Railway Avenue, Vermilion, BC

13. Chattel Mortgage (P.P.S.A.) dated November 27, 2020, granted by Summit V Auto Ltd. over property at 2034 Cranbrook St N, Cranbrook, BC V1C 3T1
14. Chattel Mortgage (P.P.S.A.) dated May 19, 2023, granted by 2497902 Alberta Ltd. over property at 2034 Cranbrook St N, Cranbrook, BC V1C 3T1

Real Property Security

1. Mortgage dated June 1, 2023 in respect of the real property located at 1050 Corner Mountain Street, Pincher Creek, Alberta, T0K 1W0, in favour of BMO in the principal amount of \$7,600,000.
2. Mortgage dated September 18, 2023 in respect of the real property located at 1104 Chief Mountain Avenue, Pincher Creek, Alberta, T0K 1W0, in favour of BMO in the principal amount of \$1,010,000.
3. Mortgage dated February 2, 2023, in respect on the real property located at 5417 52nd Avenue, Mannville, Alberta, T0B 2T0, in favour of BMO in the principal amount of \$160,000.
4. Mortgage dated August 4, 2021 in respect of the real property located at 4524 Railway Avenue, Vermilion, Alberta, T9X 1E9, in favour of BMO in the principal amount of \$1,285,000.
5. Mortgage dated June 29, 2022 in respect of the real property located at 2016 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1, in favour of BMO in the principal amount of \$6,525,000.
6. Mortgage dated June 29, 2022 in respect of the real property located at 2024 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1, in favour of BMO in the principal amount of \$6,525,000.
7. Mortgage dated November 30, 2020 in respect of the real property located at 2034 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1, in favour of BMO in the principal amount of \$6,900,000.

Assignments of Leases and Rents

1. General assignment of rents and leases dated June 1, 2023 in respect of the real property located at 1050 Corner Mountain Street, Pincher Creek, Alberta, T0K 1W0.
2. General assignment of rents and leases dated September 18, 2023 in respect of the real property located at 1104 Chief Mountain Avenue, Pincher Creek, Alberta, T0K 1W0.
3. General assignment of rents and leases dated January 24, 2023 in respect on the real property located at 5417 52nd Avenue, Mannville, Alberta, T0B 2T0.
4. General assignment of rents and leases dated July 29, 2021 in respect of the real property located at 4524 Railway Avenue, Vermilion, Alberta, T9X 1E9.
5. Assignment of rents registered dated July 5, 2022 in respect of the real property located at 2016 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1.
6. Assignment of rents registered dated July 5, 2022 in respect of the real property located at 2024 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1.

7. Assignment of rents registered dated November 30, 2020, in the British Columbia Land Titles office in respect of the real property located at 2034 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1.
8. Assignment of rents registered dated November 30, 2020, in the British Columbia Land Titles office in respect of the real property located at 2124 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1.

Guarantees

1. Unlimited Guarantee dated November 27, 2020, by MK Auto K-M Ltd. in support of the entire indebtedness of 1175104 B.C. Ltd. owing to the Lender
2. Unlimited Guarantee dated November 27, 2020, by Summit V Auto Ltd. in support of the entire indebtedness of 1175104 B.C. Ltd. owing to the Lender
3. Unlimited Guarantee dated November 27, 2020, by Summit S Auto Ltd. in support of the entire indebtedness of 1175104 B.C. Ltd. owing to the Lender
4. Unlimited Guarantee dated December 20, 2022, by 2351497 Ltd. in support of the entire indebtedness of 1175104 B.C. Ltd. owing to the Lender
5. Unlimited Guarantee dated May 23, 2024, by 1262113 Ltd. in support of the entire indebtedness of 1175104 B.C. Ltd. owing to the Lender
6. Unlimited Guarantee dated May 29, 2024 by M.K. (Mukunghwa) Auto Ltd. in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
7. Unlimited Guarantee dated May 29, 2024 by 1175104 B.C. Ltd in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
8. Unlimited Guarantee dated May 29, 2024 by 1272986 B.C. Ltd. in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
9. Unlimited Guarantee dated May 29, 2024 by Summit V Auto Ltd. in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
10. Unlimited Guarantee dated May 29, 2024 by 2345137 Alberta Ltd. in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
11. Unlimited Guarantee dated May 29, 2024 by Summit S Auto Ltd. in support of the entire indebtedness of 1262113 B.C. Ltd. owing to the Lender
12. Unlimited Guarantee dated 22 March, 2021, by MK Auto K-M Ltd. in support of the entire indebtedness of 1272986 B.C. Ltd. owing to the Lender
13. Unlimited Guarantee dated 22 March, 2021 by 1175104 B.C. Ltd. in support of the entire indebtedness of 1272986 B.C. Ltd. owing to the Lender
14. Unlimited Guarantee dated 22 March, 2021, by Summit S Auto Ltd. in support of the entire indebtedness of 1272986 B.C. Ltd. owing to the Lender
15. Unlimited Guarantee dated December 20, 2022, by 2351497 Alberta Ltd. in support of the entire indebtedness of 1272986 B.C. Ltd. owing to the Lender
16. Unlimited Guarantee dated May 29, 2024, by 1262113 B.C. Ltd. in support of the entire indebtedness of 1272986 B.C. Ltd. owing to the Lender
17. Unlimited Guarantee dated June 10, 2021, by MK Auto K-M Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
18. Unlimited Guarantee dated June 19, 2021, by Summit S Auto Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
19. Unlimited Guarantee dated May 19, 2023, by 2497902 Alberta Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
20. Unlimited Guarantee dated June 10, 2021, by 1272986 B.C. Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
21. Unlimited Guarantee dated June 19, 2021, by 1175104 B.C. Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender

22. Unlimited Guarantee dated December 20, 2022 by 2351497 B.C. Ltd. in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
23. Unlimited Guarantee dated May 29, 2024 by 1262113 B.C. Ltd., in support of the entire indebtedness of 2345137 Alberta Ltd. owing to the Lender
24. Unlimited Guarantee dated December 20, 2022 by 2345137 Alberta Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. owing to the Lender
25. Unlimited Guarantee dated December 20, 2022 by MK Auto K-M Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. owing to the Lender
26. Unlimited Guarantee dated December 20, 2022 by Summit V Auto Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. owing to the Lender
27. Unlimited Guarantee dated December 20, 2022 by 1272986 B.C. Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. owing to the Lender
28. Unlimited Guarantee dated December 20, 2022 by 1175104 B.C. Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. owing to the Lender
29. Unlimited Guarantee dated December 20, 2022 by Summit S Auto Ltd. in support of the entire indebtedness of 2351497 Alberta Ltd. (o/a 235 AB) owing to the Lender
30. Unlimited Guarantee dated November 27, 2020 by Summit S Auto Ltd. in support of the entire indebtedness of Summit V Auto Ltd. owing to the Lender
31. Unlimited Guarantee dated November 27, 2020 by MK Auto K-M Ltd. in support of the entire indebtedness of Summit V Auto Ltd. owing to the Lender
32. Unlimited Guarantee dated 22 March, 2021 by 1272986 B.C. Ltd. in support of the entire indebtedness of Summit V Auto Ltd. owing to the Lender
33. Unlimited Guarantee dated November 27, 2020 by 1175104 B.C. Ltd. in support of the entire indebtedness of Summit V Auto Ltd. owing to the Lender
34. Unlimited Guarantee dated December 20, 2022 by 2351497 Alberta Ltd. in support of the entire indebtedness of Summit V Auto Ltd. owing to the Lender
35. Unlimited Guarantee dated May 23, 2024 by 1262113 B.C. Ltd. in support of the entire indebtedness of Summit V Autos Ltd. owing to the Lender
36. Unlimited Guarantee dated May 19, 2023 by Summit V Auto Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
37. Unlimited Guarantee dated May 19, 2023 by Summit S Auto Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
38. Unlimited Guarantee dated May 19, 2023 by MK Auto K-M Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
39. Unlimited Guarantee dated May 19, 2023 by 2351497 Alberta Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
40. Unlimited Guarantee dated May 19, 2023 by 2345137 Alberta Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
41. Unlimited Guarantee dated May 19, 2023 by 1272986 B.C. Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
42. Unlimited Guarantee dated May 19, 2023 by 1175104 B.C. Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
43. Unlimited Guarantee dated May 29, 2024 by 1262113 B.C. Ltd. in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
44. Limited personal guarantee dated May 19, 2023 by Micheal Koch in support of the entire indebtedness of 2497902 Alberta Ltd. owing to the Lender
45. Unlimited Guarantee dated November 27, 2020 by Summit V Auto Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
46. Unlimited Guarantee dated November 27, 2020 by MK Auto K-M Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
47. Unlimited Guarantee dated November 27, 2020 by 2497902 Alberta Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender

48. Unlimited Guarantee dated June 19, 2021 by 2345137 Alberta Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
49. Unlimited Guarantee dated March 10, 2021 by 1272986 B.C. Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
50. Unlimited Guarantee dated November 27, 2020 by 1175104 B.C. Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
51. Unlimited Guarantee dated December 20, 2022 by 2351497 Alberta Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
52. Unlimited Guarantee dated May 29, 2024 by 1262113 B.C. Ltd. in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
53. Limited personal guarantee dated November 27, 2020 by Micheal Koch in support of the entire indebtedness of Summit S Auto Ltd. owing to the Lender
54. Unlimited Guarantee dated December 20, 2022 by 2351497 Alberta Ltd. in support of the entire indebtedness of MK Auto K-M Ltd. owing to the Lender

Assignment, Postponement and Subordination Agreements

1. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by MK Auto K-M Ltd. in favour of the Lender with respect to 1175104 B.C. Ltd.
2. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Donald Liddell in favour of the Lender with respect to 1175104 B.C. Ltd.
3. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Michael Koch in favour of the Lender with respect to 1175104 B.C. Ltd.
4. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Summit S Auto Ltd. in favour of the Lender with respect to 1175104 B.C. Ltd.
5. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Summit V Auto Ltd. in favour of the Lender with respect to 1175104 B.C. Ltd.
6. Assignment, Postponement and Subordination Agreement dated May 29, 2024, by 1175104 B.C. Ltd. in favour of the Lender with respect to 1262113 B.C. Ltd.
7. Assignment, Postponement and Subordination Agreement dated May 29, 2024 by M.K. (Mukunghwa) Auto Ltd. in favour of the Lender with respect to 1262113 B.C. Ltd.
8. Assignment, Postponement and Subordination Agreement dated May 29, 2024, by Summit S Auto Ltd. in favour of the Lender with respect to 1262113 B.C. Ltd.
9. Assignment, Postponement and Subordination Agreement dated May 29, 2024, by 1272986 B.C. Ltd. in favor of the Lender
10. Assignment, Postponement and Subordination Agreement dated June 10, 2021, by MK Auto K-M Ltd. in favour of the Lender with respect to 2345137 Alberta Ltd.
11. Assignment, Postponement and Subordination Agreement dated June 19, 2021, by 1272986 B.C. Ltd. in favour of the Lender with respect to 2345137 Alberta Ltd.
12. Assignment, Postponement and Subordination Agreement dated June 19, 2021, by Summit S Auto Ltd. in favour of the Lender with respect to 2345137 Alberta Ltd.
13. Assignment, Postponement and Subordination Agreement dated June 19, 2021, by 1175104 B.C. Ltd. in favour of the Lender with respect to 2345137 Alberta Ltd.
14. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by MK Auto K-M Limited in favour of the Lender with respect to Summit V Auto Ltd.
15. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Summit S Auto Limited in favour of the Lender with respect to Summit V Auto Ltd.
16. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by 1175104 B.C. Limited in favour of the Lender with respect to Summit V Auto Ltd.
17. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by 1262113 B.C. Limited in favour of the Lender with respect to Summit V Auto Ltd.

18. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Micheal Koch in favour of the Lender with respect to Summit V Auto Ltd.
19. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Donald Liddell in favour of the Lender with respect to Summit V Auto Ltd.
20. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by Summit V Auto Limited in favour of the Lender with respect to 2497902 Alberta Ltd.
21. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by Summit S Auto Limited in favour of the Lender with respect to 2497902 Alberta Ltd.
22. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by MK Auto K-M Ltd. in favour of the Lender with respect to 2497902 Alberta Ltd.
23. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by 2351497 Alberta Ltd. in favour of the Lender with respect to 2497902 Alberta Ltd.
24. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by 2345137 Alberta Ltd. in favour of the Lender with respect to 2497902 Alberta Ltd.
25. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by 1175104 B.C. Ltd. in favour of the Lender with respect to 2497902 Alberta Ltd.
26. Assignment, Postponement and Subordination Agreement dated May 29, 2024, by 1262113 B.C. Ltd in favour of the Lender with respect to 2497902 Alberta Ltd.
27. Assignment, Postponement and Subordination Agreement dated May 19, 2023, by Michael Koch in favour of the Lender with respect to 2497902 Alberta Ltd.
28. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Summit V Auto Ltd. in favour of the Lender with respect to Summit S Auto Ltd.
29. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Michael Koch in favour of the Lender with respect to Summit S Auto Ltd.
30. Assignment, Postponement and Subordination Agreement dated November 27, 2020, by Donald Liddell in favour of the Lender with respect to Summit S Auto Ltd.
31. Assignment, Postponement and Subordination Agreement dated June 19, 2021, by 2345137 Alberta Ltd. in favour of the Lender with respect to Summit S Auto Ltd.
32. Assignment, Postponement and Subordination Agreement dated November 27, 2020 by 1175104 B.C. Ltd. in favour of the Lender with respect to Summit S Auto Ltd.
33. Assignment, Postponement and Subordination Agreement dated November 27, 2020 by MK Auto K-M Ltd. in favour of the Lender with respect to Summit S Auto Ltd.
34. Assignment, Postponement and Subordination Agreement dated May 29, 2024 by 1262113 Ltd. in favour of the Lender with respect to Summit S Auto Ltd.
35. Assignment, Postponement and Subordination Agreement dated December 20, 2022, by Michael Koch in favour of the Lender with respect to 2351497 Alberta Ltd

Other Documents

1. Insurer's confirmation of coverage and of BMO as first loss payee in relation to All Risk Insurance Policy held by 1175104 B.C. Ltd. o/a Cranbrook Mitsubishi and Summit S Auto Ltd., dated September 3, 2024, by Lloyd Sadd Insurance Brokers Ltd.
2. Insurer's confirmation of coverage and of BMO as first loss payee in relation to All Risk Insurance Policy held by 2345137 Alberta Ltd. o/a Vermilion Chrysler Dodge Jeep Ram, dated August 3, 2024, by Lloyd Sadd Insurance Brokers Ltd.
3. Insurer's confirmation of coverage and of BMO as first loss payee in relation to All Risk Insurance Policy and Commercial General Liability Policy held by Summit V Auto Ltd. o/a Arrow VW and Summit S Auto Ltd., dated June 1, 2024, by Lloyd Sadd Insurance Brokers Ltd.
4. Landlord waiver dated March 30, 2021 in relation to 2024 Cranbrook St N, BC, V1C 3T1, by 686151 B.C. Ltd.

all as have been or may be amended, extended or supplemented from time to time.

The Lender further relies upon all further agreements, guarantees and additional collateral security as may have been provided in support of the Indebtedness, all forbearance agreements, forbearance amending and extension agreements, and restated forbearance agreements, all as may have been entered into from time to time.

SCHEDULE "B"
INDEBTEDNESS

Borrower	Facility Name	Account Number	Outstanding (CAD)
1175104 B.C. LTD.	Facility "A"	0010-1923-656	\$439,109.45
1175104 B.C. LTD.	Facility "A"	BMTO646187OS	\$10,000.00
1175104 B.C. LTD.	Facility "B"	372594960002	\$2,779,833.55
1175104 B.C. LTD.	Facility "C"	372594960003	\$750,651.72
1175104 B.C. LTD.	Facility "F"	5264-5500-0024-8538	\$16,892.49
1175104 B.C. LTD.	Facility "F"	37954	\$44,228.49
TOTAL: \$4,040,715.70			

Borrower	Facility Name	Account Number	Outstanding (CAD)
1262113 B.C. LTD.	Facility "A"	0010-1883-252	\$96,948.06
1262113 B.C. LTD.	Facility "C"	5264-5500-0038-3939	\$837.90
1262113 B.C. LTD.	Facility "C"	BMTO714293OS	\$50,000.00
TOTAL: \$147,785.96			

Borrower	Facility Name	Account Number	Outstanding (CAD)
1272986 B.C. LTD.	Facility "A"	0010-1921-626	\$427,139.77
	Facility "A"	BMTO644623OS	\$10,000.00
1272986 B.C. LTD.	Facility "B"	372598320003	\$3,454,896.37
1272986 B.C. LTD.	Facility "C"	372598320002	\$1,003,844.98
1272986 B.C. LTD.	Facility "D"	372598320001	\$37,916.98
1272986 B.C. LTD.	Facility "F"	5264-5500-0024-8546	\$25,088.17
1272986 B.C. LTD.	Facility "F"	36113	\$180,150.70
TOTAL: \$5,139,036.97			

Borrower	Facility Name	Account Number	Outstanding (CAD)
2345137 Alberta Ltd.	Facility "A"	0010-1916-720	\$331,587.17
2345137 Alberta Ltd.	Facility "B"	373314990001	\$7,832,008.78
2345137 Alberta Ltd.	Facility "C"	373314990004	\$636,257.40
2345137 Alberta Ltd.	Facility "D"	373314990002	\$11,333.19
2345137 Alberta Ltd.	Facility "E"	373314990003	\$56,666.81
2345137 Alberta Ltd.	Facility "G"	5264-5500-0026-1887	\$29,899.68
TOTAL: \$8,897,753.03			

Borrower	Facility Name	Account Number	Outstanding (CAD)
2351497 Alberta Ltd.	Facility "A"	375506670001	\$1,225,000.00
TOTAL: \$1,225,000.00			

Borrower	Facility Name	Account Number	Outstanding (CAD)
2497902 Alberta Ltd.	Facility "A"	0010-1889-937	\$353,318.07
2497902 Alberta Ltd.	Facility "B"	376095480002	\$4,644,508.49
2497902 Alberta Ltd.	Facility "C"	376095480003	\$645,834.92
2497902 Alberta Ltd.	Facility "D"	376095480001	\$1,649,999.93
2497902 Alberta Ltd.	Facility "E"	5264-5500-0033-7893	\$9,740.91
TOTAL: \$7,303,402.32			

Borrower	Facility Name	Account Number	Outstanding (CAD)
Summit S Auto Ltd.	Facility "A"	372594930003	\$2,047,500.17
Summit S Auto Ltd.	Facility "B"	372594930006	\$352,958.62
Summit S Auto Ltd.	Facility "B.i."	372594930004	\$482,500.00
Summit S Auto Ltd.	Facility "C"	372594930005	\$791,283.19
Summit S Auto Ltd.	Facility "D"	372594930007	\$4,837,875.00
Summit S Auto Ltd.	Facility "E"	372594930013	\$110,000.00
Summit S Auto Ltd.	Facility "F"	372594930009	\$5,580,000.00
Summit S Auto Ltd.	Facility "G"	372594930010	\$1,070,429.93
Summit S Auto Ltd.	Facility "H"	372594930011	\$720,104.11
Summit S Auto Ltd.	Facility "I"	372594930012	\$1,160,000.00

Summit S Auto Ltd.	Facility "J"	0010-1923-664	\$52,903.14
TOTAL: \$17,205,554.16			

Borrower	Facility Name	Account Number	Outstanding (CAD)
Summit V Auto Ltd.	Facility "A"	0010-1923-672	\$420,210.61
	Facility "A"	BMTO646188OS	\$10,000.00
Summit V Auto Ltd.	Facility "B"	372594910002	\$4,290,771.00
Summit V Auto Ltd.	Facility "C"	372594910003	\$1,341,097.33
Summit V Auto Ltd.	Facility "F"	5264-5500-0024-8553	\$26,266.65
TOTAL: \$6,088,305.59			

SCHEDULE "C"
BORROWERS' DEFAULTS

1175104 B.C. Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreement accepted by 1175104 B.C. Ltd. as borrower on May 23, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$593,501 wherein vehicles have been sold by 1175104 B.C. Ltd. and 1175104 B.C. Ltd. has failed to remit \$593,501 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";
2. Misclassifying \$8,382 in demo/loaner vehicles as new vehicles;
3. Misclassifying \$42,000 in demo/loaner vehicles as used vehicles;
4. Re-chatteling \$153,724 in vehicles;
5. 1175104 B.C. Ltd. combined with the guarantors 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd. failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024;
6. Failing to deliver the following reporting:
 - a. From 1175104 B.C. Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. 2497902 Alberta Ltd. and 1262113 B.C. Ltd. Annual Accountant Prepared Financial Statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial Statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From 1175104 B.C. Ltd. and the guarantors 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;
7. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 1175104 B.C. Ltd., and (ii) the ability of 1175104 B.C. Ltd. to discharge its payment obligations to the Lender; and
8. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 1175104 B.C. Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

1262113 B.C. Ltd.

1. 1262113 B.C. Ltd. combined with the guarantors 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd., failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024.
2. Failing to deliver the following reporting:
 - a. From 1262113 B.C. Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. and 2497902 Alberta Ltd., Annual Accountant Prepared Financial Statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From 1262113 B.C. Ltd. and the guarantors 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;
3. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 1262113 B.C. Ltd., and (ii) the ability of 1262113 B.C. Ltd. to discharge its payment obligations to the Lender; and
4. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 1262113 B.C. Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

1272986 B.C. Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreement accepted by 1272986 B.C. Ltd. as borrower on May 23, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$466,246 wherein vehicles have been sold by 1272986 B.C. Ltd. and 1272986 B.C. Ltd. has failed to remit \$466,246 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";
2. Misclassifying \$49,973 in family demo/loaner vehicles as new vehicles;
3. Misclassifying \$48,230 in demo/loaner vehicles as used vehicles;
4. Re-chatteling \$574,125 in vehicles;

5. 1272986 B.C. Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd., failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024.
6. Failing to deliver the following reporting:
 - a. From 1272986 B.C. Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. 2497902 Alberta Ltd. and 1262113 B.C. Ltd., Annual Accountant Prepared Financial statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From 1272986 B.C. Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Review Engagement" as required by the Lender within 120 days of respective year end;
7. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 1272986 B.C. Ltd., and (ii) the ability of 1272986 B.C. Ltd. to discharge its payment obligations to the Lender; and
8. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 1272986 B.C. Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

2345137 Alberta Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreement accepted by 2345173 Alberta Ltd as borrower on May 23, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$942,037 wherein vehicles have been sold by 2345137 Alberta Ltd. and 2345137 Alberta Ltd. has failed to remit \$942,037 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";
2. Misclassifying \$148,357 in demo/loaner vehicles as new vehicles;
3. Re-chatteling \$149,975 in vehicles;
4. 2345137 Alberta Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd., failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November, 2024;

5. Failing to deliver the following reporting:
 - a. From 2345137 Alberta Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. 2497902 Alberta Ltd. and 1262113 B.C. Ltd., Annual Accountant Prepared Financial Statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial Statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From 2345137 Alberta Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial Statements on a Combined Basis at a minimum "Compilation Review Engagement" as required by the Lender within 120 days of respective year end;
6. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 2345137 Alberta Ltd., and (ii) the ability of 2345137 Alberta Ltd. to discharge its payment obligations to the Lender; and
7. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 2345137 Alberta Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

2351497 Alberta Ltd.

1. 2351497 Alberta Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., failing to maintain a minimum debt service coverage ratio ("DSC") of 1.10:1 for the fiscal year ending December 31, 2023, 1.15:1 for the fiscal year ending December 31, 2023, 1.20:1 for the fiscal year ending December 31, 2024, and 1:25:1 thereafter, and maintaining a DSC ratio of 1.02:1 calculated for the fiscal year ending December 2023;
2. Failing to deliver the following reporting:
 - a. From 2351497 Alberta Ltd., Annual Accountant Prepared financial statements on a minimum "Compilation Engagement" basis within 120 days of respective year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd. and 2345137 Alberta Ltd., Annual Accountant Prepared Financial statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd., Annual Accountant Prepared Financial statements at a minimum "Compilation Engagement" within 120 days of respective year end;

- d. From 2351497 Alberta Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;
3. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) 2351497 Alberta Ltd., and (ii) the ability of 2351497 Alberta Ltd. to discharge its payment obligations to the Lender; and
4. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 2351497 Alberta Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

2497902 Alberta Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreement accepted by 2497902 Alberta Ltd. as borrower on May 23, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$763,290 wherein vehicles have been sold by 2497902 Alberta Ltd. and 2497902 Alberta Ltd. has failed to remit \$763,290 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";
2. Misclassifying \$37,800 in demo/loaner vehicles as used vehicles;
3. 2497902 Alberta Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. and Summit V Auto Ltd., failing to maintain a minimum current ratio of 1:05:1 and maintaining a current ratio of 1.03:1 calculated as of November 2024;
4. Failing to deliver the following reporting:
 - a. From 2497902 Alberta Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and 1262113 B.C. Ltd., Annual Accountant Prepared Financial statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From 2497902 Alberta Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., Summit S Auto Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;

5. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 2497902 Alberta Ltd., and (ii) the ability of 2497902 Alberta Ltd. to discharge its payment obligations to the Lender; and
6. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 2497902 Alberta Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

Summit S Auto Ltd.

1. Summit S Auto Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd., failing to maintain a minimum debt service coverage ratio ("DSC") of 1.05:1 for the fiscal year ending December 31, 2023, 1.15:1 for the fiscal year ending December 31, 2024 and 1.25:1 thereafter, and maintaining a DSC ratio of 1.02:1 calculated for the fiscal year ending December 2023;
2. Failing to deliver the following reporting:
 - a. From Summit S Auto Ltd., Annual Accountant Prepared financial statements on a minimum "Compilation Review Engagement" basis within 120 days of respective year end;
 - b. From Summit V Auto Ltd., 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd. 2497902 Alberta Ltd. and 1262113 B.C. Ltd., Annual Accountant Prepared Financial statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and Summit V Auto Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;
3. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of Summit S Auto Ltd., and (ii) the ability of Summit S Auto Ltd. to discharge its payment obligations to the Lender; and
4. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by Summit S Auto Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

Summit V Auto Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreement accepted by Summit V Auto Ltd. as borrower on May 23, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$1,872,305 wherein vehicles have been sold by Summit V Auto Ltd. and Summit V Auto Ltd. has failed to remit \$1,872,305 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";

2. Misclassifying \$77,241 in demo/loaner vehicles as used vehicles;
3. Re-chatteling \$44,263 in vehicles;
4. Re-aging \$48,662 in vehicles;
5. Summit V Auto Ltd. combined with the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and MK Auto K-M Ltd., failing to maintain a current ratio at a minimum of 1.05:1 and maintaining a current ratio of 1.03:1 calculated as of November, 2024;
6. Failing to deliver the following reporting:
 - a. From Summit V Auto Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From 1175104 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd. and 1262113 B.C. Ltd., Annual Accountant Prepared Financial statements at a minimum "Review Engagement" within 120 days of respective year end;
 - c. From Summit S Auto Ltd. and 2351497 Alberta Ltd., Annual Accountant Prepared Financial statements at a minimum "Compilation Engagement" within 120 days of respective year end;
 - d. From Summit V Auto Ltd. and the guarantors 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd. and MK Auto K-M Ltd., Annual Accountant Prepared Financial statements on a Combined Basis at a minimum "Compilation Engagement" as required by the Lender within 120 days of respective year end;
7. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of Summit V Auto Ltd., and (ii) the ability of Summit V Auto Ltd. to discharge its payment obligations to the Lender; and
8. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by Summit V Auto Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

SCHEDULE "D"
CONSENT CCAA ORDER

SCHEDULE "E"
CONSENT JUDGMENT

SCHEDULE "F"
ADDITIONAL GUARANTEES

1. Unlimited guarantee by 2351497 Alberta Ltd. in support of the entire indebtedness 1272986 B.C. Ltd. owing to the Lender direct and indirect by way of guarantee or otherwise in a form satisfactory to the Lender.

2. Unlimited guarantee by MK Auto-K-M Ltd in support of the entire indebtedness 1262113 B.C. Ltd. owing to the Lender direct and indirect by way of guarantee or otherwise in a form satisfactory to the Lender.

SCHEDULE "G"
ADDITIONAL SECURITY

1. General security agreement from 23415137 Alberta Ltd. in favour of the Lender.
2. B.C. Collateral Mortgage in the amount of \$28,150,000 and ancillary documents thereto, in a form satisfactory to the Lender, from Summit S Auto Ltd. against lands commonly known and legally described as:
 - a) 2034 Cranbrook St N, Cranbrook, B.C.
009-512-845 (PIN)
LOT 4 DISTRICT LOTS 24 AND 28 KOOTENAY DISTRICT PLAN 15610
 - b) 2124 Cranbrook St N, Cranbrook, B.C. ("**2124 Cranbrook**")
009-512-217 (PIN)
LOT 7 DISTRICT LOT 28 KOOTENAY DISTRICT PLAN 15610
 - c) 2016 Cranbrook St N, Cranbrook, B.C.
009-512-781 (PIN)
LOT 1 DISTRICT LOTS 24 AND 28 KOOTENAY DISTRICT PLAN 15610
 - d) 2024 Cranbrook St N, Cranbrook, B.C.
009-512-829 (PIN)
LOT 2 DISTRICT LOTS 24 AND 28 KOOTENAY DISTRICT PLAN 15610
3. Assignment of Rents with respect to 2124 Cranbrook.
4. Priority Agreement from Summit V Auto with respect to leases on 2124 Cranbrook St N and 2034 Cranbrook S N
5. Alberta Collateral Mortgage and ancillary documents thereto in the amount of \$28,150,000, in a form satisfactory to the Lender, from Summit S Auto Ltd. against lands commonly known and legally described as:
 - a) 4524 Railway Avenue, Vermilion, Alberta
PLAN 9022960
BLOCK 65
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.562 HECTARES (1.39 ACRES) MORE OR LESS
 - b) 1050 Corner Mountain Street, Pincher Creek, Alberta
PLAN 2010937
BLOCK 6
LOT 10
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.071 HECTARES (2.65 ACRES) MORE OR LESS

c) 1104 Chief Mountain Ave, Pincher Creek, Alberta

PLAN 2010937

BLOCK 6

LOT 8

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 0.424 HECTARES (1.05 ACRES) MORE OR LESS

APPENDIX E

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is dated this June 9, 2025.

BETWEEN:

BANK OF MONTREAL (the "Lender" or "BMO")

-AND-

2437342 ALBERTA LTD., (the "Borrower")

-AND-

1972207 ALBERTA LTD. (the "Corporate Guarantor")

- A. **WHEREAS** the Lender entered into the Credit Agreements with the Borrower, and the Debtors executed and provided the Security and Guarantees to the Lender to secure the Indebtedness;
- B. **AND WHEREAS** the obligations of the Debtors to the Lender are payable upon default and/or on demand, and the Debtors are in default of the Lender Documents to which they are a party, as is set out herein, and the Lender has made demand on the Debtors for repayment of the Indebtedness;
- C. **AND WHEREAS** the Debtors have requested that the Lender forbear from enforcement of the Lender Documents to provide them with time to repay the Indebtedness in full, as defined herein;
- D. **AND WHEREAS** the Lender has agreed to forbear from immediate enforcement of its rights under the Lender Documents upon the terms and conditions set out in the Agreement;

NOW THEREFORE in consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration exchanged between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

- 1.1 **Definitions.** Unless otherwise defined herein, the following capitalized terms have the following meanings:
- (a) **"Agreement"** means this agreement, including all Schedules, as it may be supplemented or amended by written agreement between the Parties.
- (b) **"Application"** is defined at Article 4.2(c).
- (c) **"BDO"** means BDO Canada Limited.
- (d) **"BDO Representatives"** means BDO and its consultants, appraisers, agents, experts, auditors, accountants, managers, counsel or employees.

- (e) **“BIA”** means the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3.
- (f) **“Borrower”** is defined in the preamble.
- (g) **“Borrower’s Defaults”** is defined in Article 2.1(a)(v) and are as set out in Schedule “C”.
- (h) **“CCAA”** means the *Companies’ Creditors Arrangement Act*, RSC 1985 c C-36.
- (i) **“CCAA Proceeding”** means a proceeding commenced by the Lender pursuant to the CCAA.
- (j) **“Consent CCAA Order”** means the consent CCAA Order, as set out in Schedule “F”.
- (k) **“Consent Judgement”** means a consent Judgment consented to by the Debtors , as set out in Schedule “E”.
- (l) **“Consent Orders”** means the Consent Receivership Order and Consent Judgment.
- (m) **“Consent Receivership Order”** means the consent receivership order set out in Schedule “D”.
- (n) **“Debtors”** means the Borrower and Corporate Guarantor.
- (o) **“Corporate Guarantor”** is defined in the preamble.
- (p) **“Court”** means the Court of King’s Bench of Alberta.
- (q) **“Credit Agreements”** means the credit agreements set out in Schedule “A”.
- (r) **“CRO”** is defined in Article 11.3.
- (s) **“Dealer Statements”** is defined in Article 5.6(a)(iv).
- (t) **“Debtors”** means collectively the Borrower and Corporate Guarantor as defined in the preamble, and **“Debtor”** means any one of them.
- (u) **“Demand Letters”** means the demand letters issued upon the Debtors dated April 1, 2025, demanding repayment of their respective Indebtedness.
- (v) **“Dispute Period”** is defined in Article 5.2(a).
- (w) **“EBITDA”** means earnings before interest expense, taxes, depreciation/amortization, excluding all extraordinary non-recurring unusual items.
- (x) **“Existing Defaults”** is defined in Article 2.1(a)(vii).
- (y) **“Forbearance Date”** is defined in Article 3.2.
- (z) **“Forbearance Fee”** is defined in Article 7.1.
- (aa) **“Forbearance Period”** is defined in Article 3.2.
- (bb) **“Guarantees”** means the guarantee agreements set out in Schedule “A”.

- (cc) **“Guarantee Indebtedness”** is defined in Article 2.1(a)(vi).
- (dd) **“Guarantor’s Defaults”** is defined in Article 2.1(a)(vii).
- (ee) **“Indebtedness”** is defined in Article 2.1(a)(vi) and as set out in Schedule “B” and for certainty means the Loans Indebtedness and Guarantee Indebtedness.
- (ff) **“Lender Documents”** means the Credit Agreements, Guarantees, Security and the other documents set out in Schedule “A”.
- (gg) **“Limitation Period”** is defined in Article 9.1(a).
- (hh) **“Loan Indebtedness”** is defined in Article 2.1(a)(iv).
- (ii) **“NOI”** means a notice of intention to enforce security pursuant to Section 244 of the BIA.
- (jj) **“OEM”** means original equipment manufacturer.
- (kk) **“Offer to Purchase”** means any written offer to purchase, LOI, binding agreement or other form of agreement from any person in any form or substance relating to the sale of one or more of the Dealerships or the Debtors rights therein.
- (ll) **“Parties”** means the Debtors and the Lender, and **“Party”** means any one of them.
- (mm) **“Releasees”** is defined in Article 2.2(a).
- (nn) **“Security”** means collectively the general security agreements and any other security documents set out in Schedule “A”.
- (oo) **“SIV”** means sales in violation.
- (pp) **“Squamish”** means the Dealership owned by 2437342 Alberta Ltd. in Squamish, British Columbia operating as Squamish Chrysler Dodge Jeep Ram.
- (qq) **“Standstill Period”** is defined in Article 9.1(a).
- (rr) **“Termination Event”** is defined in Article 3.2.

1.2 **Rules of Interpretation:**

- (a) In this Agreement, headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (b) Words importing the singular number include the plural and vice versa, and words importing gender include masculine, feminine and neuter;
- (c) References to “herein”, “hereunder”, and similar expressions shall be a reference to this Agreement and not to any particular section;
- (d) Reference to a statute shall be deemed to refer to such statute and the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of

supplementing or superseding such statute or the regulations made pursuant thereto;
and

(e) Unless otherwise noted, all references to "Article" refer to an article, sub-article, Lender's Records. The Debtors acknowledge that the Lender's records shall, in the absence of manifest error, constitute prima facie proof of the Indebtedness, payments made and interest accrued.

1.3 **Governing Law.** This Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada.

1.4 **Entire Agreement.** This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and supersedes all prior written and verbal discussions or communications between the parties and their agents, and may not be amended or modified except by written consent executed by all parties.

1.5 **Schedules.** The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule A – Lender Documents

Schedule B - Indebtedness

Schedule C – Borrower's Defaults

Schedule D – Consent Receivership Order

Schedule E – Consent Judgment

Schedule F – Consent CCAA Order

ARTICLE 2 - ACKNOWLEDGEMENTS AND WAIVERS

2.1 **Acknowledgements.**

(a) The Debtors hereby acknowledge and agree that:

- i. the facts as set out in the Recitals to this Agreement are true and accurate in all material respects and the same are expressly incorporated into and form part of this Agreement;
- ii. the Lender Documents and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and the Lender Documents are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect, subject only to any amendments provided hereunder, including the Lender's rights under the Credit Agreements to cap and limit the Corporate Debtors operating lines in accordance with the terms of the Credit Agreements;
- iii. other than the covenants and agreements specifically contained herein, the Lender has not made any promises and has not taken any action or omitted to take any action, that would constitute a waiver or estoppel of the Lender's rights

to enforce the Security or pursue its remedies in respect of the Lender Documents;

- iv. the Credit Agreements are valid and binding on the Borrower, and the Borrower are liable for all obligations owing to the Lender under the Credit Agreements, howsoever and wheresoever they arise, including all interest, fees, costs (including legal fees on a solicitor and his own client basis) and expenses incurred or accruing by the Lender and all other indebtedness of the Borrower to the Lender, including as may hereafter be advanced, charged or incurred, and that equals as of March 12, 2025, the amounts set out below which are particularized in Schedule "B", which amounts continue to accrue interest, fees, professional fees, charges, and costs (collectively the "**Loan Indebtedness**"):
 - a. 2437342 Alberta Ltd. - **\$13,443,378.02**
- v. the Borrower is in default of its obligations to the Lender under the Credit Agreements and Security as provided for under the Demand Letters and as specifically listed in Schedule "C" ("**Borrower's Defaults**").
- vi. the Guarantees are valid and binding and Corporate Guarantor is liable for all obligations owing to the Lender under its Guarantees, howsoever and wheresoever they arise, whether guaranteeing the direct indebtedness of a Borrower or indebtedness a Borrower has guaranteed as provided for under the Guarantees, including all interest, fees, costs (including legal fees on a solicitor and own client basis) and expenses incurred or accruing by the Lender and all other indebtedness owing to the Lender, including as may hereafter be advanced, charged or incurred, and which equals as of March 12, 2025 the amounts set out below, which amounts continue to accrue interest, fees, professional fees, charges, and costs as set out in the Guarantees (the "**Guarantee Indebtedness**" along with the Loan Indebtedness, the "**Indebtedness**"):
 - a. 1972207 Alberta Ltd. – **\$13,433,378.02**
- vii. The Corporate Guarantor is in default of its respective obligations to the Lender under the Guarantees having failed to repay amounts owing to the Lender following demand as required under the Guarantees (the "**Guarantor's Defaults**" with the Borrower' Defaults, the "**Existing Defaults**");
- viii. the Security:
 - A. has been duly granted by the Debtors in favour of the Lender and is valid, enforceable, and binding upon the Debtors, as applicable, in all respects;
 - B. has been provided by the Debtors, as applicable, to the Lender to secure repayment and performance of all of their respective obligations to the Lender, without limitation, including their respective Indebtedness, all amounts owing in connection with the Credit Agreements and Guarantees, as applicable, and all other amounts now or in the future owing to the Lender; and

- C. has not been discharged, varied, waived or altered and each of the documents comprising the Security is valid, binding upon the Debtors as applicable, and is enforceable against the Debtors as applicable in accordance with the terms thereof.
- ix. the Debtors were duly served by the Lender with respective Demand Letters and NOIs demanding repayment of their respective Indebtedness;
 - x. the aforementioned demands for payment and NOIs have expired or shall expire and following expiry the Lender is entitled to exercise all rights and remedies pursuant to the Lender Documents or otherwise available at law against the Debtors forthwith and without any further notice, subject to the terms of this Agreement;
 - xi. the Debtors do not dispute their liability to repay any of the Indebtedness on any basis and all rights of the Lender shall remain in full force and effect. The Debtors hereby confirm that the Lender Documents are in full force and effect and that the Debtors do not have any right of set off, damages, recoupment or other offset or any defense, claim or counterclaim with respect to any of the Lender Documents. The Debtors further confirm that they have no right to be extended additional credit from the Lender under the Credit Agreements.

2.2 **Release and Waiver.** Each Debtor hereby:

- (a) releases and forever discharges the Lender and its affiliates, and their respective past, present and future employees, representatives, counsel, directors, officers, servants, agents, consultants, shareholders, assigns, insurers, predecessors, and successors (collectively, the “**Releasees**”), of and from any and all manner of actions, causes of actions, suits, contracts, claims, demands, damages, losses, costs, and expenses of any nature or kind whatsoever, whether known, unknown or discovered, suspected or unsuspected, whether at law or in equity, which the Debtor ever had or now have or hereafter can, shall or may have or by reason of any cause, matter or thing whatsoever existing up to the present time relating, whether directly or indirectly, to the Indebtedness, the Lender Documents or any errors or omissions of any of the Releasees with regard thereto;
- (b) waives against each of the Releasees any defence that it may have existing up to the present time to any present or future legal action or other enforcement brought by the Lender to collect the Indebtedness or enforce or realize upon the Security, whether said defence arises (and expressed through counterclaim, defence, or otherwise) by reason of any cause, matter, error, omission, neglect or thing caused or done, whether direct or indirect, by any of the Releasees existing as at the date of this Agreement relating to or arising, whether directly or indirectly, from the Indebtedness or the Lender Documents;
- (c) acknowledges that, except as expressly set out herein, the Lender has not waived any of its rights in respect of the Existing Defaults and expressly reserves its rights to rely on the Existing Defaults upon the occurrence of a Termination Event; and
- (d) agrees that they shall be obligated to indemnify and hold the Releasees harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, claims, legal costs on a solicitor-client full indemnity basis, expenses or disbursements of any kind or nature whatsoever incurred by the

Releasees, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any person, including, without limitation, the respective officers, directors, agents, trustees, creditors, partners or shareholders of the Debtors or any of their respective subsidiaries, whether threatened or initiated, in respect of any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of the Lender Documents, this Agreement or any other document executed and/or delivered in connection herewith or therewith. The foregoing indemnity shall not apply to any liabilities, obligations, losses, penalties, actions, judgments, suits, claims, legal costs, expenses or disbursements that arise by reason of the gross negligence or wilful misconduct of a Releasee claiming indemnity hereunder. The foregoing indemnity shall survive the termination of this Agreement, the Lender Documents and the payment in full of the indebtedness owed by the Debtors to the Lender.

- 2.3 **No Protection Without Consultation.** Each Debtor covenants and agrees that they will not, without expressly consulting with the Lender, make any filing or seek any protection (including a stay of proceedings) pursuant to the BIA, the CCAA or otherwise at law or in equity.

ARTICLE 3 - FORBEARANCE

- 3.1 **Forbearance.** Conditional upon the satisfaction or waiver of the conditions precedent in Article 4.1 of this Agreement, the Lender covenants and agrees, subject to the terms and conditions hereof, that it will take no action to recover the Indebtedness or to enforce against the Debtors its rights or remedies, including any action to:
- (a) exercise any of its rights or remedies under the Lender Documents or applicable law, provided that the Lender shall continue to be able to cap and limit the Corporate Debtors operating lines in accordance with the terms of the Credit Agreements;
 - (b) appoint or apply for a receiver or CCAA monitor pursuant to the Credit Agreements or the Security or at law, or otherwise enforce its rights under any Lender Document against the Debtors;
 - (c) seize any of the property, assets or undertaking of the Debtors;
 - (d) commence or continue any proceeding or application in any court of competent jurisdiction including, without limitation, issuing claims against the Debtors, appointing or applying for a receiver or receiver-manager or CCAA monitor in respect of the Debtors or any or all of their assets; or
 - (e) issue any petition pursuant to the BIA or any other insolvency or corporate laws against the Debtors.
- 3.2 **Forbearance Periods.** The forbearance of the Lender's rights pursuant to Article 3.1 shall remain in full force and effect (the "**Forbearance Period**") until 5:00 P.M. MST September 12, 2025, or such other and later date as the Lender may agree to in writing (the "**Forbearance Date**") or the occurrence of any of the following termination events (each such event a "**Termination Event**"):

- (a) the Debtors or any one of them failing to meet any of the conditions precedent at Article 4.1 of this Agreement;
- (b) any default by the Debtors including the non-performance of any term, condition, covenants or other obligation of the Debtors under any agreement with the Lender including, but not limited to, the Lender Documents and this Agreement, except the Existing Defaults;
- (c) any person or entity other than the Lender taking any step against or in respect of the Debtors that may impair the Security or the recovery position of the Lender in the manner of making demand for payment, delivering notice of enforcement or legal action or legal proceeding, obtaining any judgment or writ of enforcement, serving any garnishment or requirement/enhanced requirement to pay;
- (d) any creditors of the Debtors, other than the Lender, issuing any petition pursuant to the BIA or any other insolvency or corporate laws against the Debtors;
- (e) the Borrower ceasing operations for Squamish;
- (f) Michael Koch resigning as directors or officers of the Borrower;
- (g) the Lender acting reasonably deems any of the collateral subject to the Security to be in jeopardy;
- (h) without the express written consent of the Lender, the Debtors or any one of them making an assignment in bankruptcy or any other assignment for the benefit of creditors, making any proposal or seeking any relief under the BIA, the *Business Corporations Act* (Alberta), the CCAA, the *Winding-Up and Restructuring Act* (Canada), or any other bankruptcy, insolvency or analogous law;
- (i) any material adverse change which impacts the Debtors' ability to repay the Indebtedness and which arises after the date hereof in respect of the Debtors, as determined by the Lender acting reasonably; and
- (j) any person or entity other than the Lender taking any other step described in Article 3.1 hereof.

Upon the occurrence of a Termination Event, and subject to applicable law, the Lender shall be at liberty to immediately take any action otherwise precluded under Article 2 hereof.

3.3 **Curing.** The Debtors shall have seven (7) days to cure any defaults arising under Article 3.2(b) of this Agreement.

3.4 **Forbearance Extension.** If, in the Lender's sole and unfettered discretion, the Lender determines an extension of the Forbearance Date is warranted, the Lender may provide notice in writing to the Debtors (including by email, facsimile or any other written means), the Lender's confirmation of its agreement to an extension and the date and time the Forbearance Date has been extended to and the Lender may require that the Debtors enter into such amendments and other agreements as required by the Lender to bring any such extensions into force.

- 3.5 **Termination Event Default Waiver.** If, in the Lender's sole and unfettered discretion, the Lender determines a waiver of a default under Article 3.2 of this Agreement constituting a Termination Event is warranted, the Lender may provide in writing to the Debtors (including by email, facsimile or any other written means), the Lender's confirmation of its waiver of the default following which this Agreement shall remain in full force and effect.
- 3.6 **Remedies.** Upon the occurrence of a Termination Event:
- (a) the Lender may pursue all rights and remedies that the Lender may have in connection with the Debtors pursuant to the Lender Documents as the Lender deems appropriate and to the extent permissible by law including, without limitation, applying to have signed and entered the Consent CCAA Order, as defined at Article 3 herein; the appointment of an interim receiver, or a receiver and manager, or a CCAA monitor either by instrument or upon application to a court having jurisdiction;
 - (b) the Debtors shall, unconditionally and irrevocably, provide the Lender with such necessary additional consents in order to immediately enforce the Security including, without limitation, the consent of the Debtors to the appointment of a receiver, receiver-manager, interim receiver, national receiver, trustee, trustee in bankruptcy, CCAA monitor or such like enforcement agent appointed by the Lender under the Security or by virtue of an order of a court of competent jurisdiction, as the Lender may direct, including a CCAA Proceeding under the CCAA naming 1175104 B.C. Ltd., 1262113 B.C. Ltd., 1272986 B.C. Ltd., 2345137 Alberta Ltd., 2351497 Alberta Ltd., 2497902 Alberta Ltd., Summit S Auto Ltd., Summit V Auto Ltd., MK Auto K-M Ltd. by which the Debtors expressly agree to be added as debtor parties under the Consent CCAA Order;
 - (c) the Debtors hereby waive any requirements for demands to be made and waive otherwise applicable time periods under common law, the BIA and the *Personal Property Security Act* (Alberta) and *Personal Property Security Act* (British Columbia).
- 3.7 **Remedies not exhaustive.** The foregoing remedies are not exhaustive, and the Lender may in its sole discretion, elect to exercise some, none, or all of the foregoing remedies and such remedies may be exercised independently and in any order deemed necessary or advisable by the Lender upon the occurrence or during the continuation of any Termination Event. For greater certainty, the Indebtedness is and remains payable on demand by the Lender.
- 3.8 **Power of Attorney.** Effective upon the occurrence of a Termination Event, the Debtors irrevocably constitute and appoint the Lender and each of its officers holding office from time to time as the true and lawful attorney of the Debtors with power of substitution in the name of the Debtors to do any and all such acts and things or execute and deliver all such agreements, documents and instruments, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement, or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the Indebtedness, and the Debtors hereby ratify and agree to ratify all acts of any such attorney taken or done in accordance with this Article 3.8. The power of attorney set forth above is coupled with an interest, shall not be revoked or terminated by any act or thing other than the repayment in full of the Indebtedness. The Debtors hereby release the Lender from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Lender, under such powers of

attorney, other than claims, causes of action and demands that arise by reason of the gross negligence or wilful misconduct of the Lender.

- 3.9 **Non-Performance of Covenants.** If any Debtor fails to perform any of its covenants or agreements hereunder, the Lender may itself, but shall not be obliged to, perform or cause to be performed the same and all reasonable expenses incurred, or payments made by the Lender in so doing shall be paid by the Debtor to the Lender forthwith upon demand. Any such expenses or payments remaining unpaid after demand shall bear interest at the rates agreed to pursuant to the Lender Documents, or this Agreement, as the case may be, from the date such expense or payment was incurred or made by the Lender until paid and shall be added to the Indebtedness and secured by the Security.

ARTICLE 4 - CONDITIONS PRECEDENT

- 4.1 **Conditions Precedent.** The following are conditions precedent to the effectiveness of the Forbearance Period:

- (a) the Debtors shall provide to the Lender's solicitors a fully executed PDF copy of this Agreement;
- (b) the Debtors shall deliver to the Lender's solicitors in trust a fully executed PDF of the Consent Receivership Order;
- (c) the Debtors shall deliver to the Lender's solicitors in trust a fully executed PDF of the Consent Judgment.

- 4.2 **Consent Order.** The Consent Orders shall be held by the solicitors for the Lender in trust until the occurrence of a Termination Event at which time:

- (a) the Lender, or the Lender's agent, shall be authorized by the Debtors to appropriately fill in all blanks appearing in the Consent Judgment as the Lender deems fit, acting reasonably;
- (b) the Lender, or the Lender's agent, shall be authorized by the Debtors to appropriately fill in all blanks appearing in the Consent Receivership Order as the Lender deems fit, acting reasonably;
- (c) the Lender, or the Lender's agent, subject to applicable law, shall, after providing at least five (5) days notice to the Debtors in writing, be at liberty to bring an Application before the Court at the Judicial Centre of Calgary to have the Consent Orders signed by a Judge or Applications Judge of the Court (an "**Application**"), and may enter the Consent Orders as soon as convenient thereafter, and the Debtors hereby expressly waive the right to contest the Application or withdraw their consent thereto; and
- (d) the Debtors acknowledge and agree that the Lender's unfettered and irrevocable right to exercise the relief as set forth in this Article 4.2 is a fundamental and essential term of this Agreement and, but for this Agreement, the Lender would have brought proceedings to enforce the remedies contemplated in this Article 4.2 in accordance with the terms hereof.

- 4.3 **Judicial Centre.** The Debtors hereby attorn to the non-exclusive jurisdiction of the courts of competent jurisdiction in the Province of Alberta located in the judicial district of Calgary. The Debtors acknowledge and agree that any action commenced by the Lender in respect

of the Debtors may be started by the Lender and carried on in the judicial centre of Calgary, Alberta. The Debtors hereby waive any right apply to transfer any judicial proceedings to another jurisdiction.

ARTICLE 5 - POSITIVE COVENANTS

- 5.1 **Indebtedness.** Subject to the Existing Defaults and the terms of this Agreement, the Debtors shall continue to observe all of their respective covenants and obligations as set out in the Lender Documents.
- 5.2 **Deemed Consent.** The Lender may at any time, from time to time, provide an updated statement of account outlining the current amount of the Indebtedness, at which time:
- (a) the Debtors shall have three (3) business days to advise the Lender of any dispute they may have with the amount of the Indebtedness (the “**Dispute Period**”) and the particulars of such dispute; and
 - (b) failure to advise the Lender within the Dispute Period, shall be deemed to be an irrevocable acceptance by the Debtors as to the amount of the Indebtedness as at the applicable or effective date of such updated statement of account outlining the then current amount of the Indebtedness.
- 5.3 **Milestones.** The following milestones shall be achieved by the Debtors:
- (a) By on or before July 4, 2025, the Debtors shall provide the Lender with a conditional term sheet and other evidence satisfactory to the Lender which provides that the Corporate Guarantor has obtained financing and/or has funds sufficient in an amount to purchase the assets of the Borrower, or alternatively effect a share sale causing the Corporate Guarantor or its nominee to become the controlling shareholder of the Borrower, for a purchase price in the amount of the Indebtedness, which funds shall be conveyed to the Lender on or before the Forbearance Date;
 - (b) By on or before August 4, 2025, the Debtors shall provide the Lender with a binding commitment letter and evidence satisfactory to the Lender which provides that the Corporate Guarantor has obtained financing and/or has funds sufficient in an amount to purchase the assets of the Borrower, or alternatively effect a share sale causing the Corporate Guarantor or its nominee to become the controlling shareholder of the Borrower, for a purchase price in the amount of the Indebtedness, which funds shall be conveyed to the Lender on or before the Forbearance Date;
 - (c) The Debtors shall enter into a transaction prior to the Forbearance Date satisfactory to the Lender which causes the Corporate Guarantor or its nominee to or assets of the Borrower, or alternatively effect a share sale causing the Corporate Guarantor or its nominee to become the controlling shareholder of the Borrower, and which causes the purchase price in the amount of the Indebtedness to be paid to the Lender in repayment of the Indebtedness prior to the Forbearance Date.
- 5.4 **Repayment of Indebtedness.** The Indebtedness shall be repaid in full on or before the Forbearance Date.
- 5.5 **Current Reporting.** The Debtors will meet and maintain all ongoing reporting requirements set out in the Lender Documents.

5.6 **Provision of Specific Information to BDO.** The Debtors shall compile, prepare and provide to BDO, with the assistance of BDO where such assistance from BDO is deemed reasonably necessary by BDO, the following information, in each case containing information current to date:

- (a) within twenty (20) days of the date this Agreement:
 - (i) a list of the Borrower's aged accounts receivables as of March 31, 2025, April 31, 2025 and May 31, 2025;
 - (ii) a list of the Borrower's aged trade payables, including a separate list of priority payables (if any) as of March 31, 2025, April 31, 2025 and May 31, 2025;
 - (iii) Dealership statements ("**Dealer Statement(s)**") provided, for the most current month, which have been provided to the OEMs;
 - (iv) Confirmation of share ownership for each Debtor and copies of all share certificates for all current shares for each Debtor;
 - (v) Copies of all minute books for each Debtor;
- (b) Within sixty (60) days of the date of this Agreement or such other date as agreed to by the Lender:
 - (i) the unaudited financial statement (intercompany eliminations effected) for Squamish for the fiscal year ending December 31, 2024;
- (c) on a bi-weekly basis (by the second business day):
 - (i) a summary of all vehicle sales across Squamish for the previous week, including:
 - (A) VIN(s);
 - (B) corresponding sale proceeds;
 - (C) bill of sale date;
 - (D) funding date; and
 - (E) floor plan payoff date and amount (if vehicle is financed);
 - (ii) a reconciliation of SIVs against Squamish's vehicle inventory listing after each floorplan audit;
- (d) on a weekly basis, an update on the Debtors' efforts to seek financing pursuant to the milestones set out in Article 5.3; and
- (e) on a monthly basis (by the 20th day of the following month):
 - (i) a summary of each Squamish's aged accounts receivable and accounts payable listings;
 - (ii) updated vehicle inventory listing for Squamish;
 - (iii) a summary of intercompany transactions involving Squamish;
 - (iv) management prepared internal financial statements or Dealer Statements for Squamish;

- (v) OEM statements from each respective vehicle manufacturer relating to Squamish; and
- (vi) bank reconciliations of all operating accounts for Squamish;
- (f) on a monthly basis (by the 20th day of each month month):
 - (i) in house prepared financial statements for each Debtor, including income statement, balance sheet, cash flow statement and in house calculations of EBITDA;
- (g) as a one-time requirement, the Debtors shall assist BDO with a comprehensive review of Squamish consisting of:
 - (i) a full vehicle inventory count and reconciliation of all inventory
 - (ii) a detailed review of Squamish's operations including potential ownership issues;
 - (iii) a detailed review of vehicles sales and purchases;
 - (iv) a review of its corporate filings with government agencies, including the CRA and all licensing and regulatory bodies;
 - (v) a review of Squamish's financials; and
 - (vi) any additional procedures to be carried out by BDO regarding the operation of Squamish.

5.7 **Provision of Other Information.** The Debtors covenant and agree to provide the Lender, forthwith upon request, with such other and further information that the Lender or BDO may reasonably request.

5.8 **EBITDA.** The Borrower shall maintain EBITDA on a monthly basis in an amount necessary to satisfy its monthly debt servicing coverage for the credit facilities under the Credit Agreements.

5.9 **Access to Property.** The Debtors undertake and agree to provide BDO Representatives, and the Lender and its designated consultants, appraisers, agents, experts, auditors, accountants, managers, counsel or employees with reasonable access to the Debtors' property, including Squamish, during regular business hours on no less than twenty-four (24) hours' notice.

5.10 **Priority Payments.** In respect of priority payments, the Debtors represent, warrant, covenant, and agree that Debtors:

- (a) from and after the date of this Agreement they will remit, in accordance with legal requirements, (i) any statutory deemed trust amounts or other amounts in favour of the Crown in Right of Canada or of any province that are required to be withheld or deducted, including, but not limited to, from employees' wages, including, without limitation, amounts in respect of employment insurance, Canada Pension Plan, and income taxes; (ii) amounts payable in respect of Workers' Compensation, employment insurance, Canada Pension Plan, and income taxes with respect to employees; and (iii) all goods and services or sales taxes payable by it or its customers in connection with the retail sale of goods and services by it to such customers; and (iv) all municipal property taxes owing with respect to the real property subject to the Security;

- (b) all remittances and payments described in subarticle (a) are, as of the date hereof, current and in good standing or arrangements have been made to bring such remittances and payments into good standing; and
- (c) the Debtors shall provide to the Lender at any time at the request of the Lender, a certificate or other evidence, in form and substance acceptable to the Lender, acting reasonably, certifying that (i) the remittances and payments described in subarticle (a) are in good standing as of the date designated in the Lender's request.
- 5.11 **Costs.** The Lender's costs and expenses (including legal fees on a solicitor and his own client, full indemnity basis), including but not limited to, in connection with the issuance of the Demand Letters and NOIs, the preparation of court materials and orders, preparation and enforcement of this Agreement, shall become part of the Indebtedness regardless of any varying forms of legal fees payable under the Lender Documents, and the Debtors jointly and severally agree and acknowledge that they are liable to the Lender for those costs and that such liability is secured by the Security and the Guarantees. The Debtors agree and acknowledge that they are jointly and severally liable for the Lender's legal costs on a solicitor and its own client, full indemnity basis incurred by or on behalf of the Lender resulting from any action instituted by the Lender, including issuance of demands and statutory notices, and preparation and enforcement of this Lender Documents and this Agreement.
- 5.12 **Insurance Coverage.** The Debtors shall provide to the Lender within seven (7) days of the execution of this Agreement proof of all risk and general liability insurance coverage for the Debtors' assets, including for Squamish and all real and personal property contents related thereto, satisfactory to the Lender with confirmation that the Lender is first loss payee in each insurance policy. Any insurance policy expiring in 2025 shall be renewed on the direction of the Lender for a period of coverage satisfactory to the Lender and with terms of coverage satisfactory to the Lender.
- 5.13 **Access for BDO.** In addition to, and not to derogate from any prior contractual arrangements between the Lender, BDO and the Borrower, the Debtors acknowledges that BDO has been engaged by the Lender to provide the Lender business and consulting services with respect to the Borrower, Squamish and its business and operations and BDO will provide and require the full co-operation of the Debtors' management, officers, employees, professional advisors and agents throughout the Forbearance Period. In particular, the Debtors agrees that:
- (a) the BDO Representatives shall have unrestricted access to the Dealerships, books, records, information (however stored), facilities, banking, loan and credit card records, assets, lands and premises of the Debtors and the BDO Representatives may copy any documents or information of the Debtors;
 - (b) where the BDO Representatives deem it reasonably necessary, the BDO Representatives shall be entitled to assist the Debtors with the preparation and provision of the information at Article 5.6 and 5.7 of this Agreement;
 - (c) the Debtors and their officers, employees and agents shall answer all inquiries fairly, fully and to the best of their ability and they shall provide the BDO Representatives with any information that they may request with respect to the affairs of the Debtors;

- (d) the Debtors authorize the BDO Representatives to contact the Debtors' professional advisors, which in BDO's discretion it deems appropriate;
- (e) the BDO Representatives shall be entitled to provide the Lender and Lender's legal counsel, all documents, records, reports and information received or prepared by them in the course of BDO's engagement with the Lender and may fully disclose to the Lender's counsel and the Lender all matters arising out of BDO's engagement with the Lender;
- (f) the Debtors authorize the Lender and its counsel to disclose to the BDO Representatives any information they have concerning the Debtors, their applicable subsidiaries and affiliates (as defined below) and their respective businesses, assets and affairs; and
- (g) throughout the course of BDO's engagement with the Lender, BDO will be reporting to the Lender and its legal counsel on a regular basis. BDO may prepare a written report or reports pursuant to its engagement at such times as may be agreed between BDO and the Lender.

ARTICLE 6 - NEGATIVE COVENANTS

- 6.1 **Prohibition on Debt.** With the express written consent of the Lender, the Debtors shall not incur any short or long term debt, including extending credit between themselves, other than normal trade credit payments made in the ordinary course of business and debt existing on the date hereof. Without limiting the foregoing, where the Debtors or any of them require an advance of credit for the payment of amounts set forth in Article 5.10, the Debtors are required to obtain pre-approval for payment of such expenses in writing from the Lender, and it is expressly agreed and understood that any amounts so advanced will form part of the Indebtedness and be secured by the Security.
- 6.2 **Prohibition on Certain Accounts Payable.** Prior to the Forbearance Date, without the prior written consent of the Lender, the Debtors may not make any principal payments to any other lenders except for normal trade credit payments made in the ordinary course of business and regularly scheduled payments under indebtedness existing as of the date of this Agreement.
- 6.3 **Prohibition on Shareholder Loans and Other Payments.** Prior to the Forbearance Date, without the prior written consent of the Lender, the Debtors will not make any principal payments on shareholder loans, any interest payments on shareholder loans or pay any dividends or any other distributions to shareholders in their capacities as shareholders. For clarity, normal employment income in the ordinary course of business may continue to be paid to persons who act as employees and/or officers of the Debtors, but who also happen to be shareholders of one or more of the Debtors provided that no increases in employment income occur during the Forbearance Period for any principals of the Debtors and their family members who are employed by the Debtors.
- 6.4 **Prohibition on Intercompany Transactions.** The Debtors shall not perform any intercompany transactions with 2412170 Alberta Ltd o/a Westcastle Chevrolet Buick GMC during the Forbearance Period.

6.5 **Floorplan Compliance.** The Debtors covenant and agree that during the Forbearance Period, they shall not:

- (a) sell any floorplan-financed vehicles without full repayment of proceeds to the Lender, and shall not cause or incur any additional SIV;
- (b) re-age or re-chattel any financed vehicles without the Lender's prior written consent;
- (c) use any vehicles as a demonstrator or loaner vehicles unless it is properly designated and financed as such;
- (d) exceed their authorized floor line credit limits; and
- (e) undertake any actions that would otherwise constitute a breach of floorplan financing terms as outlined in the Lender Documents.

6.6 **No Sale of Other Property.** The Debtors acknowledge and agree that:

- (a) no property which is the subject of the Security shall be sold by the Debtors outside the ordinary course of the Debtors' businesses without the express written permission of the Lender;
- (b) should any property which is the subject of the Security, or any part thereof, be sold or conveyed that all proceeds of such sale shall be forthwith paid to the Lender to be applied in payment of the Indebtedness;
- (c) after the date hereof, they shall not grant any additional security, encumbrances or charges to any other party, including without limitation, purchase money security interests or mortgages, of their property, including, but not limited to the property secured against by the Security, without the express written consent of the Lender; and
- (d) they shall give the Lender prompt written notice of the happening of any event which would reasonably be expected to materially adversely affect or impair the ability of the Lender to collect the Indebtedness or affect or impair the ability of the Lender to realize on the Security, or which would reasonably be expected to result in a material adverse change to the Debtors' operations and/or financial position.

ARTICLE 7 - FORBEARANCE FEE

7.1 **Fee.** As consideration for this Agreement, the Debtors jointly and severally agree to pay the Lender a forbearance fee in the amount of \$0.00 (the "**Forbearance Fee**"). The Debtors agree that the Forbearance Fee shall thereby become part of the Indebtedness on the date so earned, be subject to the Credit Agreements and Guarantees, and be secured by the Security. The Forbearance Fee shall be immediately due and payable by the Debtors upon their execution of this Agreement and shall be deemed to have been earned on the date of this Agreement..

ARTICLE 8 - REPRESENTATIONS AND WARRANTIES

8.1 The Debtors hereby represent, warrant and agree that:

- (a) the Debtors are validly existing and in good standing under the laws of their governing jurisdiction, they are duly registered in all other jurisdictions where the nature of their property or character of their businesses requires registration and have all necessary power and authority to own their properties and carry on their business' as presently carried on or as contemplated by this Agreement;
- (b) the Debtors have full power, legal right and authority, and have taken all necessary action to be authorized, to enter into this Agreement and do all such acts and things as are required by this Agreement to be done, observed or performed in accordance with the terms hereof;
- (c) none of the authorizations, executions or deliveries of this Agreement is in conflict with or contravention of the Debtors' articles, by-laws, other organization documents or resolutions of the Debtors' directors, shareholders, partners or trustees or the provisions of any other indenture, instrument, undertaking or other agreement to which they are a party or their properties or assets are bound; and
- (d) other than the Existing Defaults, no Termination Events are occurring under the Lender Documents.

8.2 **Survival.** The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by or on behalf of the Lender, and the representations and warranties in connection with the Lender Documents shall survive until the Lender Documents have been terminated in accordance with their respective terms.

ARTICLE 9 - TOLLING

9.1 **The Debtors each agree that:**

- (a) the Lender's rights shall not be affected in any way by the passage of any applicable limitation periods during the period beginning on the date of this Agreement and ending on the occurrence of a Termination Event (the "**Standstill Period**"), including, without limiting the generality of the foregoing, the limitation periods provided by the *Limitation Act* [SBC 2012] Chapter 13 (the "**Limitation Act (BC)**") and *Limitations Act*, RSA 2000 c L-12 (the "**Limitations Act (Alberta)**") and the limitation periods provided under the Supreme Court Civil Rules, BC Reg 168/2009 and *Alberta Rules of Court*, Alta Reg 124/2010 (all of the foregoing limitation periods being collectively the "**Limitation Period**");
- (b) for greater certainty, and in addition, in defence to any subsequent proceedings brought by the Lender against a Debtor, no Debtor shall rely in any way, to the detriment of the Lender, on the passage of time during the Standstill Period, and the time that passes during the Standstill Period shall be deemed not to have passed in respect of the computation of any Limitation Period; and
- (c) the Lender and Debtors agree that this Agreement is an agreement within the meaning of sections 7 and 9 of the *Limitations Act* (Alberta) and rule 4.33(1)(a) of the *Alberta Rules of Court*.

ARTICLE 10 - RETENTION OF CONSULTANTS

- 10.1 **Liability for Consultant's Fees.** The Debtors acknowledge and agree that they shall be jointly and severally liable for the payment of the reasonable and documented fees, disbursements, and costs of the CRO, and any operators, consultants, appraisers, agents, experts, auditors, accountants, managers of the Lender, including BDO and the BDO Representatives incurred prior to and after the execution of this Agreement, and that these fees shall form part of the Indebtedness, be subject to the Guarantees and be secured by the Security.
- 10.2 **Lender May Pay Consultants and Debit Debtors' Accounts.** The Debtors agree that the Lender may pay the reasonable and documented fees, disbursements, and costs of the CRO and any of its operators, consultants, appraisers, agents, experts, auditors, accountants, including BDO and the BDO Representatives, and thereafter upon two (2) days notice to the Debtors debit the Debtors' accounts maintained with the Lender, thereby increasing the Indebtedness owing by the Debtors to the Lender by the amount of such fees, disbursements, and costs, and all such amounts will be added to the aggregate Indebtedness owing by the Debtors to the Lender, will form part of the Indebtedness, and will be subject to the Lender Documents.
- 10.3 **Chief Restructuring Officer.** The Lender may at any time during the Forbearance Period provide to the Borrower with the names of two (2) consulting services who may act as Chief Restructuring Officer ("**CRO**") for the Borrower and within two (2) business days, the Borrower shall pick one of the parties to act as CRO for the Borrower. Subsequently, the Borrowers shall forthwith enter into a consulting agreement as between the Debtors and CRO formally engaging the CRO, in a form satisfactory to the Lender and the CRO.
- 10.4 **Idem.** The Debtors agree that BDO shall have the discretion to retain a CRO of the Borrower within a CCAA Proceeding without the consent or input of the Debtors.

ARTICLE 11 - MISCELLANEOUS

- 11.1 **Confidentiality.** Save and except as provided for in this Agreement, the Debtors acknowledge and agree that the existence and terms of this Agreement constitute confidential information and the Debtors shall not by any means whatsoever disclose, transmit, release, publish or disseminate to any other person in any fashion directly or indirectly the existence or any of the terms of this Agreement save and except:
- (a) As required by law;
 - (b) As may be reasonably required for legal, accounting and income tax purposes; or
 - (c) The prior written consent of the Lender.
- 11.2 **Rights Cumulative.** The parties agree that all the rights and remedies of the Lender hereunder and under any agreement delivered pursuant hereto are cumulative and are in addition to, without prejudice to and shall not be deemed to exclude, any other right or remedy allowed to the Lender hereunder or any agreement delivered pursuant hereto or under the Lender Documents, except as specifically set out herein.
- 11.3 **Application of Funds.** The Debtors acknowledge and agree that any amounts or proceeds received during the term of this Agreement by the Lender from the Debtors or which are the subject of this Agreement may be applied by the Lender to any part of the Indebtedness in the Lender's sole and unfettered discretion.

- 11.4 **Idem.** The Debtors agree that all rights and remedies of the Lender may be exercised concurrently.
- 11.5 **Communication by the Lenders.** Each Debtor hereby waives its rights to confidentiality in respect of all communications the Lender has in favour of, and hereby authorizes the Lender, and its agents, to communicate with any shareholders, guarantors, creditors of the Debtors, suppliers of the Debtors, parties interested in providing financing to the Debtors, parties interested in purchasing assets of the Debtors or the Lender's security and position, and professionals retained by any of the foregoing parties (collectively, the "**Interested Parties**") and each Debtor shall provide such waivers and consents as may be required to ensure that the Interested Parties can fully and frankly discuss with the Lender all matters related to the Debtors.
- 11.6 **Management of Lender's Financial Risk.** Each Debtor hereby acknowledges and agrees that the implementation and performance of this Agreement is to facilitate the Lender's management of its financial risk and to facilitate the Debtors' efforts to retire the Indebtedness and does not constitute any form of management or control over any of the Debtors' assets or operations.
- 11.7 **Legal Advice.** Each Debtor acknowledges and represents having carefully read this Agreement, knowing and understanding its contents, receiving all information and advice required, including independent legal advice relating to the Lender Documents, this Agreement, and the credit arrangements between the Debtors and the Lender generally, or expressly hereby waives the right to same, and in this regard: (a) acknowledges and consents to this Agreement; (b) voluntarily accepts the terms and conditions herein and (c) agrees to be bound by the provisions of this Agreement.
- 11.8 **Confirmation.** Each Debtor acknowledges receiving valuable consideration (the adequacy and sufficiency of which is specifically acknowledged) for their obligations hereunder and agrees that none of:
- (a) the terms of this Agreement; nor
 - (b) any failure by the Lender to insist upon strict performance or observance of the requirements of its rights set forth in this Agreement, the Lender Documents, or any waiver or amendment by the Lender of any such requirements;
- shall prejudice the Lender's rights under any or all of the Lender Documents or this Agreement, nor shall sustain or constitute any defence or estoppel in favour of the Debtors in respect of enforcement the Lender Documents or this Agreement.
- 11.9 **Time of the Essence.** Time shall be of the essence in this Agreement.
- 11.10 **Notices.** Any notices under this Agreement may be delivered by courier or email transmission to the parties at the addresses set forth below and, where so given, shall be deemed received by the recipient on the same business day as delivered or transmitted if delivered or transmitted prior to 5:00 p.m. (Calgary time), otherwise on the next business day:

if to the Lender:

Bank of Montreal

Attention: Jon Gil

Email: John1.Gil@bmo.com

with a copy to:

Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW, Calgary, Alberta T2P 4K9
Email: sam.gabor@gowlingwlg.com

if to the Debtors:

2437342 Alberta Ltd.
2034 Cranbrook St N, Cranbrook, BC V1C 3T1
Email: mike@arrowvw.com

1972207 Alberta Ltd.
Attention: Adam Mounzer
Email: amounzer2@gmail.com

With a copies to:

Soheel Hussein
Bryan and Company
10180 101 Street Northwest, 2900 Manulife Place,
Edmonton, AB T5J 3V5
Email: sshoussein@bryanco.com

Mike Gill
MLT Aikins
1066 W Hastings St #2600, Vancouver, BC V6E 3X1
Email: mgill@mltaikins.com

- 11.11 **No Amendment.** Save as expressly provided in this Agreement, nothing in this Agreement is intended to alter, amend, modify or limit the existence or the effectiveness of any agreement between the Debtors, including, without limitation, the Lender Documents.
- 11.12 **Conflict.** In the event that there is any conflict between the provisions of this Agreement and the Lender Documents, the provisions of this Agreement shall govern to the extent of the conflict.
- 11.13 **Currency and Time References.**
- (a) Unless otherwise noted, all references to currency shall be deemed to refer to Canadian Dollars.
 - (b) Unless otherwise noted, all references to time shall be deemed to refer to Calgary, Alberta local time.
- 11.14 **Severability.** If any provision of any of this Agreement, Lender Documents or any part thereof is found or determined to be invalid, illegal or unenforceable, such provision shall be severable and the remainder of this Agreement and the Lender Documents, as the case may be, shall be construed as if such invalid, illegal or unenforceable provision or part had been deleted therefrom.

- 11.15 **No Waiver.** No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement.
- 11.16 **No Prior Waivers, Reinstatement or Release by Lender.** Except as expressly set forth herein, the execution, delivery and effectiveness of this Agreement shall not directly or indirectly (i) create any obligation to make any further extensions of credit or to continue to defer any enforcement action after the occurrence of any Termination Event (ii) constitute a consent or waiver of any past, present or future violations of any provisions of the Credit Agreements or the Security, as the case may be, (iii) amend, modify or operate as a waiver of any provision of the Lender Documents, as the case may be, or any right, power or remedy of the Lender, (iv) constitute a consent to any merger or other transaction or to any sale, restructuring or refinancing transaction (v) constitute a course of dealing or other basis for altering the Lender Documents or any other contract or instrument. Except as expressly set forth herein, the Lender reserves all of its rights, powers and remedies under the Lender Documents and applicable law. All of the provisions of the Lender Documents, including without limitation, the time of the essence provisions, are hereby reiterated, and if ever waived, are hereby reinstated. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Lender Documents, as the case may be.
- 11.17 **Perfection of Security.** All security interests in favour of Lender shall be registered or perfected in all such jurisdictions and against all such trade names as may be required, in the reasonable opinion of the Lender or its counsel, to preserve and protect the enforceability and priority of the Credit Agreements and the Security.
- 11.18 **Successors and Assigns.** This Agreement and Lender Documents shall be binding and enure to the benefit of each of the parties hereto and their respective heirs, executors, administrators, successors, and assigns.
- 11.19 **Assignment.** The Debtors shall not assign any of their rights or obligations hereunder or thereunder, as the case may be, without the prior written consent of the Lender (which consent may be arbitrarily withheld). The Lender may, in its absolute discretion, assign, without notice to the Debtors and without the consent of the Debtors, to an assignee of its own choosing all or any interest of the Lender in all or any of the Lender Documents and this Agreement, and any document, Consent Order granted or arising pursuant to this Agreement.
- 11.20 **Assurances.** The parties hereby covenant and agree to do such further and other things that the other party may reasonably request to give full or better effect to the provisions of this Agreement.

11.21 **Execution.** This Agreement may be executed in counterparts and delivered via emailed PDF (with duplicates to follow by ordinary post or delivery), and all counterparts when take together, shall constitute one Agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents effective the date first above written.

BANK OF MONTREAL

E-SIGNED by John Gil
on 2025-06-09 23:42:46 GMT

Per: _____
Name: John Gil
Director, SAMU
Title:
I have authority to bind the corporation

Per: _____
Name: _____
Title:
I have authority to bind the corporation

2437342 ALBERTA LTD.

DocuSigned by:
Mike Koch
C7DF5CDB274F474...

Per: _____
Name: Mike Koch
Title: owner
I have authority to bind the corporation

1972207 ALBERTA LTD.

Per: _____
Name: _____
Title:
I have authority to bind the corporation

11.21 **Execution.** This Agreement may be executed in counterparts and delivered via emailed PDF (with duplicates to follow by ordinary post or delivery), and all counterparts when take together, shall constitute one Agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents effective the date first above written.

BANK OF MONTREAL

Per: _____
Name:

Title:
I have authority to bind the corporation

Per: _____
Name:

Title:
I have authority to bind the corporation

2437342 ALBERTA LTD.

Per: _____
Name:

Title:
I have authority to bind the corporation

1972207 ALBERTA LTD.

Per: _____
Name:

Title:
I have authority to bind the corporation

SCHEDULE "A"
LENDER DOCUMENTS

The Lender intends to rely upon all of its agreements and security provided by the Debtors and related parties including, but not limited to, the following:

Credit Agreements

1. Term Sheet dated December 2023, between 2437342 Alberta Ltd., and the Lender
2. Operating Loan Agreement with Availment in Canadian Dollars dated February 24, 2023
3. New Vehicle Financing Supplemental Dealer Agreement between 2437342 Alberta Ltd., and the Lender dated March 11, 2023

Personal Property Security

1. General security agreement dated 11 March, 2023 from 2437342 Alberta Ltd.
2. Chattel Mortgage (P.P.S.A.) dated 11 March, 2023, granted by 2437342 Alberta Ltd. over property at 1180 Hunter PI, Squamish, BC V8B 0G8
3. Security Agreement re Leased Vehicles Agreement dated 11 March 2023, between 2437342 Alberta Ltd. and BMO
4. Security agreement dated 28 March, 2023 from 1972207 Alberta Ltd.

Guarantees

1. Unlimited Guarantee dated March 9, 2023 by 1972207 Alberta Ltd. in support of the entire indebtedness of 2437342 Alberta Ltd. owing to the Lender
2. Unlimited Guarantee dated March 28, 2023 by 1972207 Alberta Ltd. in support of the entire indebtedness of 2437342 Alberta Ltd. owing to the Lender

Assignment, Postponement and Subordination Agreement

1. Assignment, Postponement and Subordination Agreement dated March 28, 2023, by 1972207 Alberta Ltd. in favour of the Lender with respect to 2437342 Alberta Ltd.

Other Documents

1. Power of Attorney for employees of BMO to act on Dealer's behalf in relation to the delivery of goods and execution of conditional sales contracts, granted by 2437342 Alberta Ltd. (as dealer)
2. Landlord waiver dated April 25, 2023, in relation to 1180 Hunter PI, Squamish, BC V8B 0G8
3. Assignment of Moneys which become payable under Fire Insurance Policies dated March 9, 2023 by 2437342 Alberta Ltd. in favour of the Lender

all as have been or may be amended, extended or supplemented from time to time.

The Lender further relies upon all further agreements, guarantees and additional collateral security as may have been provided in support of the Indebtedness, all forbearance agreements, forbearance amending and extension agreements, and restated forbearance agreements, all as may have been entered into from time to time.

SCHEDULE "B"
INDEBTEDNESS

Borrower	Facility Name	Account Number	Outstanding (CAD)
2437342 Alberta Ltd.	Facility "A"	0010-1865-675	\$896,950.66
2437342 Alberta Ltd	Facility "A"	BMTO690435OS	\$10,000.00
2437342 Alberta Ltd.	Facility "B"	374829210004	\$7,729,215.86
2437342 Alberta Ltd.	Facility "C"	374829210005	\$2,468,240.76
2437342 Alberta Ltd.	Facility "D"	374829210003	\$104,128.10
2437342 Alberta Ltd.	Facility "E"	374829210001	\$2,123,333.26
2437342 Alberta Ltd.	Facility "F"	374829210002	\$47,976.18
2437342 Alberta Ltd.	Facility "G"	5264-5500-0033- 1201	\$63,533.20
TOTAL: \$13,443,378.02			

SCHEDULE "C"
BORROWER'S DEFAULTS

2437342 Alberta Ltd.

1. Failing to make payments to the Lender as required under Facilities "B" and "C" in the Credit Agreements accepted by 2437342 Alberta Ltd. as borrower on January 9, 2024, and in particular committing sales in violation as of February 28, 2025 in the aggregate amount \$1,768,555 wherein vehicles have been sold by 2437342 Alberta Ltd. and 2437342 Alberta Ltd. has failed to remit \$1,768,555 in sale proceeds to the Lender in accordance with the timeframes required under Facilities "B" and "C";
2. Misclassifying \$64,936 in demo/loaner vehicles as new vehicles;
3. Misclassifying \$41,438 in demo/loaner vehicles as used vehicles;
4. Re-chatteling \$79,031 in vehicles;
5. Re-aging \$128,499 in vehicles;
6. 2437342 Alberta Ltd. failing to maintain a minimum current ratio of 1.05:1 and maintaining a current ratio of 0.93:1 calculated as of November 2024;
7. 2437342 Alberta Ltd. failing to maintain a minimum debt service coverage ratio ("DSC") of 1.25:1 and maintaining a DSC ratio of 1.02:1 calculated for the fiscal year ending December 2023;
8. Failing to deliver the following reporting:
 - a. From 2437342 Alberta Ltd., accountant prepared minimum "Review Engagement" financial statements within 120 days of their respective fiscal year end;
 - b. From the guarantor 1972207 Alberta Ltd., accountant prepared minimum "Notice to Reader" financial statements within 120 days of their respective year end if deemed required by the Lender;
9. The aforementioned defaults have reasonably caused a material adverse effect (i) on the business, assets, results of operations, prospects or condition (financial or otherwise) of 2437342 Alberta Ltd., and (ii) the ability of 2437342 Alberta Ltd. to discharge its payment obligations to the Lender; and
10. The Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the obligations owing by 2437342 Alberta Ltd. to the Lender is impaired and that the Lender's collateral is or is about to be placed in jeopardy.

SCHEDULE "D"
CONSENT RECEIVERSHIP ORDER

SCHEDULE "E"
CONSENT JUDGMENT

SCHEDULE "F"
CONSENT CCAA ORDER

APPENDIX F

2345137 ALBERTA LTD., 2351497 ALBERTA LTD., 2497902 ALBERTA LTD., SUMMIT S AUTO LTD., SUMMIT V AUTO LTD., MK AUTO K-M LTD., 2437342 ALBERTA LTD., 1972207 ALBERTA LTD., 1175104 B.C. LTD., 1262113 B.C. LTD., AND 1272986 B.C. LTD. (THE "COMPANIES" OR "SUMMIT AUTO GROUP")
COMBINED CASH FLOW FORECAST FOR THE PERIOD
AUGUST 22, 2025 TO NOVEMBER 23, 2025
PRESENTED IN CANADIAN DOLLARS (\$ CAD)

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Week Ending		8/31/2025	9/7/2025	9/14/2025	9/21/2025	9/28/2025	10/5/2025	10/12/2025	10/19/2025	10/26/2025	11/2/2025	11/9/2025	11/16/2025	11/23/2025	
Receipts															
	Notes														
New Vehicle Sales	1	1,562,381	1,899,305	1,200,337	1,765,674	2,375,555	1,899,305	1,200,337	1,765,674	2,375,555	1,899,305	1,200,337	1,765,674	2,375,555	23,284,998
Used Vehicle Sales	1	1,256,210	1,432,406	973,723	1,402,446	1,841,156	1,432,406	973,723	1,402,446	1,841,156	1,432,406	973,723	1,402,446	1,841,156	18,205,407
Parts & Service Sales	2	189,481	188,211	193,574	178,208	189,481	188,211	193,574	178,208	189,481	188,211	193,574	178,208	189,481	2,437,903
GST/PST Collected	3	317,509	326,823	253,323	345,325	433,464	326,823	253,323	345,325	433,464	326,823	253,323	345,325	433,464	4,394,313
Total Receipts		3,325,581	3,846,745	2,620,958	3,691,654	4,839,657	3,846,745	2,620,958	3,691,654	4,839,657	3,846,745	2,620,958	3,691,654	4,839,657	48,322,621
Operating Disbursements															
Finance Product Costs	4	24,300	12,150	20,250	211,115	24,300	12,150	20,250	211,115	24,300	12,150	20,250	24,300	211,115	827,745
Lien Payouts	5	856,967	762,089	683,811	917,622	1,099,589	762,089	683,811	917,622	1,099,589	762,089	683,811	917,622	1,099,589	11,246,297
Parts Purchases	6	88,316	89,057	91,050	83,367	88,316	89,057	91,050	83,367	88,316	89,057	91,050	83,367	88,316	1,143,686
Payroll (Including Taxes)	7	449,810	-	-	207,415	-	414,829	-	189,924	-	379,848	-	172,434	-	1,814,259
Employee Benefits	8	-	43,029	-	-	-	9,566	33,463	-	-	-	43,029	-	-	129,087
Consultants Fees	9	-	12,000	-	-	-	-	22,000	-	-	-	22,000	-	-	56,000
Corporate Credit Card Repayment	10	-	-	75,000	-	-	-	75,000	-	-	-	75,000	-	-	225,000
Vendor Payments	11	35,285	135,285	35,285	35,285	35,285	135,285	35,285	35,285	35,285	111,285	59,285	35,285	35,285	758,702
Rent Payments	12	-	61,589	13,000	-	-	61,589	13,000	-	-	7,189	67,400	-	-	223,767
Insurance Payments	13	4,500	-	22,576	-	-	4,500	22,576	-	-	4,500	22,576	-	-	81,228
Professionals & Restructuring Costs	14	325,000	75,000	15,000	210,000	20,000	210,000	90,000	150,000	20,000	150,000	90,000	150,000	20,000	1,525,000
Contingency	15	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	325,000
GST/PST Paid	16	53,155	41,808	29,719	52,740	16,555	58,198	39,739	45,540	16,555	41,590	49,147	31,915	30,179	506,841
GST/PST Remittance (Refund)	17	-	-	-	-	-	-	-	1,500,404	-	-	-	-	1,501,266	3,001,670
Debt Service															
Floor Plan Payments to/(from) BMO	18	1,917,815	2,467,401	1,461,043	2,192,086	3,014,901	2,467,401	1,461,043	2,192,086	3,014,901	2,467,401	1,461,043	2,192,086	3,014,901	29,324,112
BMO Floor Plan Interest	19	-	168,500	-	-	-	-	153,500	-	-	-	143,500	-	-	465,500
Bank Fees and Charges	20	-	27,917	-	-	-	-	27,917	-	-	-	27,917	-	-	83,751
Total Disbursements		3,780,146	3,920,825	2,471,735	3,934,630	4,323,945	4,249,664	2,793,635	5,350,344	4,323,945	4,050,109	2,881,009	3,632,009	6,025,651	51,737,645
Net Cash Inflow/(Outflow)		(454,565)	(74,080)	149,223	(242,976)	515,712	(402,919)	(172,677)	(1,658,690)	515,712	(203,364)	(260,051)	59,644	(1,185,994)	
Cumulative Net Cash Flow		(454,565)	(528,645)	(379,422)	(622,398)	(106,686)	(509,605)	(682,282)	(2,340,972)	(1,825,260)	(2,028,623)	(2,288,674)	(2,229,030)	(3,415,024)	(3,415,024)
Opening Cash Balance		-	(454,565)	(528,645)	(379,422)	(622,398)	(106,686)	(509,605)	(682,282)	(2,340,972)	(1,825,260)	(2,028,623)	(2,288,674)	(2,229,030)	-
Net Cash Inflow/(Outflow)		(454,565)	(74,080)	149,223	(242,976)	515,712	(402,919)	(172,677)	(1,658,690)	515,712	(203,364)	(260,051)	59,644	(1,185,994)	(3,415,024)
Closing Cash Balance	21	(454,565)	(528,645)	(379,422)	(622,398)	(106,686)	(509,605)	(682,282)	(2,340,972)	(1,825,260)	(2,028,623)	(2,288,674)	(2,229,030)	(3,415,024)	(3,415,024)

COMBINED CASH FLOW FORECAST FOR THE PERIOD

AUGUST 22, 2025 TO NOVEMBER 23, 2025

PRESENTED IN CANADIAN DOLLARS (\$ CAD)

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

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

Overview

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

Assumptions:

- 0 Given the first day of the CCAA Proceedings (August 22, 2025) falls on a Friday, it has been included as part of Week 1 of the 13-Week Cash Flow Forecast.
- 1 Estimated vehicle sales considering the Companies' sales forecasts, average MSRP of vehicles in inventory, vehicle trade-in values, current market conditions, and the cyclical sales cycle.
- 2 Parts and service sales calculated based on historical sales figures and sales mix.
- 3 GST and PST collected on receipts.
- 4 Costs related to finance products sold (warranties, car packages, credit insurance) as part of vehicle sales.
- 5 Projected potential lien payout amounts calculated based on forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 6 Calculated using historical average gross margin on projected parts sales.
- 7 Payroll made up of salaried employee and hourly employee amounts. Employee payroll is administered twice a month through an external service provider. Payroll at month end is higher as sales commissions are paid out.
- 8 Continuation of employee benefit plan with the Companies' current insurance provider.
- 9 External consultants brought-in by the CRO to help stabilize the operation of dealerships.
- 10 Periodic repayment of the BMO Mastercard used for operating expenses.
- 11 Payment of go-forward vendor payments, consistent with historical weekly run rate. Of the vendor payments total, dealer management systems and data processing related expenses account for a significant portion.
- 12 Rent payments of Squamish, Cranbrook Mitsubishi and Western Sport Products to third parties.
- 13 Continuation of insurance policy premiums to be paid as scheduled.
- 14 Costs of the Monitor and its counsel, the CRO, the Companies' counsel, the sales agent, and BMO's counsel.
- 15 Contingency is assumed to cover unanticipated costs.
- 16 GST and PST paid on disbursements.
- 17 GST and PST remittance paid monthly for previous month's net GST collected and PST collected.
- 18 Represents the net of principal repayment of floor line financing on vehicles sold and/or financing provided to purchase of vehicles or trade ins.
- 19 Estimated based on latest floor line principal balance and the interest rate as stated in its loan agreement.
- 20 Miscellaneous Bank fees and charges paid to BMO on a monthly basis.
- 21 Cash shortfall to be funded through Monitor's Borrowing Certificates.

APPENDIX G

August [●], 2025

BDO Canada Limited, in its capacity as proposed Monitor of:

Summit Automotive Group

2034 Cranbrook S. N.
Cranbrook, B.C.
V1C 3T1

Attention: Clark Lonergan / Heron Yin

Re: Engagement Letter - Chief Restructuring Officer of Summit V Auto Ltd. o/a Arrow Motors VW, 1175104 B.C. Ltd. o/a Cranbrook Mitsubishi, 1272986 B.C. Ltd. o/a Sun Valley Nissan, 2345137 Alberta Ltd. o/a Vermilion Chrysler, 2497902 Alberta Ltd. o/a Castle Ford, 1262113 B.C. Ltd. (“Powersports”), Summit S. Auto Ltd. (“RealCo”), MK Auto K-M Ltd., 2351497 Alberta Ltd. (“HoldCo”), 2437342 Alberta Ltd. (“Squamish Chrysler” and collectively, the “Summit Automotive Group” or the “Companies”)

Dear Mike,

This letter confirms and sets forth the terms and conditions of the engagement of Full Circle Automotive Solutions Inc. (“**Full Circle**”) to act as chief restructuring officer (“**CRO**”) for the Companies in connection with proceedings commenced under the *Companies’ Creditors Arrangement Act*, R.S.C., 1986, c. C-36 (the “**CCAA**”, and such proceedings, the “**CCAA Proceedings**”). This letter is addressed to BDO Canada Limited in its capacity as the proposed monitor of the Companies in the CCAA Proceedings (in such capacity, the “**Monitor**”).

Scope of Engagement: On the terms and subject to the conditions of this Agreement, the Companies hereby engage Lionel Robins to act as CRO of the Companies, such appointment to be approved and authorized by order (the “**Initial Order**”) of the Court of King’s Bench of Alberta (the “**Court**”). The services provided by the CRO shall include the following:

1. Working with the Companies’ senior management and advisors to understand the Companies’ finances, overall operations and day-to-day operations;
2. Review and provide information required by, and serve as a contact with, the Companies’ financial and legal advisors, the Companies’ senior secured lender the Bank of Montreal (“**BMO**” or the “**Bank**”), the Monitor, the Bank’s legal advisors, and the Companies’ other creditors and other stakeholders;
3. Oversight of the Companies’ operations and finance function, including, but not limited to:
 - a. Reviewing monthly reporting;
 - b. Reviewing day-to-day management of the business of the Companies;
 - c. Assisting with cash flow planning;
 - d. Assisting with accounts payable management;
 - e. Providing advice and implementation strategies in respect of changes to personnel complement and reporting structure in the finance department;

- f. Providing updates and reporting of deliverables required per the Companies' forbearance agreement with the Bank dated May 29, 2025 (the "**Forbearance Agreement**");
 - g. Assisting the Companies with their sales process plans including working with ownership to manage and direct the Companies' sales agent and participating in negotiations with current and prospective buyers;
 - h. Strategizing and negotiating with key stakeholders; and
 - i. Providing and overseeing updates and deliverables required per the Forbearance Agreement.
4. Reviewing existing business plans and strategies, and working with the Companies' finance and accounting personnel and other Companies' engaged professionals in developing a "current state" weekly/monthly cash flow model and based on various potential restructuring alternatives (13-week cash flow model required);
 5. Create an operational weekly key performance indicator ("**KPI**") dashboard (by dealership, by department, etc.);
 6. Provide an equity analysis to the Bank with regards to preliminary sales process results, inventory/mix/aging, sold in violation ("**SIV**") vehicles, real estate valuations, etc.;
 7. Monitor and provided explanations re: monthly SIV vehicles and associated vehicle audit results;
 8. Review/examine and report on wholesale and used vehicle purchase and sale transactions (inventory valuation) for best practice and/or irregularities;
 9. Review/examine and report on ownership monthly/annual compensation;
 10. Answer information inquiries of the Bank, the Monitor and the Bank's legal counsel;
 11. Work with the Companies and the Monitor in the preparation and timely delivery of critical financial information or other reporting required by the Forbearance Agreement and the Bank;
 12. Providing such other services relating to or to facilitate the terms of the Forbearance Agreement and the above matters as appropriate.

Full Circle shall report directly to the Bank or the Monitor any information and deliverables prepared under this agreement or as required by the Forbearance Agreement without express consent or approval of the Companies. The Bank and the Monitor shall be entitled to request any further deliverables from Full Circle within the scope of this Agreement and which shall also be provided directly to the Bank or the Monitor by Full Circle without the express consent or approval of the Companies.

The engagement will be led by Full Circle's Principal, Lionel Robins, with assistance from other members of the Full Circle team, including other personnel as required. Full Circle expects to staff the engagement as follows:

- Christine - CFO - manage monthly financials, bank reporting, training and support for in-store and remote admin teams, and any other related duties;

- Dean - Fixed Operations Director - remote support position, overseeing management of all parts and service departments, supplying efficiency and expense reports, staffing recommendations, and any other related duties; and
- Koen and Lionel – Chief Restructuring Officers (“**CRO**”) – to divide the stores and oversee day to day operations, both in person and remote. To ensure all reporting is completed on schedule, hold weekly management meetings with all stores, implement proper sales and fixed operations processes, provide cash flow reports and recommendations for expense reduction throughout the group to maximize profitability, and any other related duties (collectively the “**Engagement Personnel**”).

Based on discussions with the Companies regarding the scope as outlined above, Full Circle’s work fee will be \$75,000 per month plus GST/HST. Full Circle will also be entitled to recover its actual out-of-pocket costs, if any. The amount of the work fee and the scope of work shall be reviewed by the parties on or before August 22, 2025, and may be revised at that time, if required and as agreed between the parties, provided that no work fees will be revised without the express written consent of the Bank and the Monitor.

Invoices shall be provided on a monthly basis, are paid in advance for the month and are due upon receipt.

In addition to the work fee noted above, the Companies and Full Circle agree to reasonable success fees payable to Full Circle in the amount of \$50,000 per Transaction (as defined below) paid from the proceeds of sale upon the completion of a Transaction (as defined below), of which any Transaction shall be consented to in writing by the Bank and the Monitor and be successfully closed before any success fee becomes payable to Full Circle, provided that no success fee shall be payable for a Transactions for the sale of Powersports.

The further terms and conditions of the engagement are as follows:

- The Companies represent and warrant, and will use their reasonable commercial efforts to ensure, that all information provided to Full Circle, directly or indirectly, orally or in writing, in connection with our engagement hereunder will be accurate and complete in all material respects, will not be misleading in any material way and will not omit to state any material fact that is necessary to make such information not misleading in light of the circumstances in which it was provided.
- If it is requested that Full Circle perform services in addition to those described, then the terms and conditions relating to such services will be outlined in a separate agreement, on terms acceptable to the Companies and the Bank, and the fees for such services will be in addition to the fees payable hereunder and will be commercially reasonable and negotiated separately and in good faith.
- In order to fulfil Full Circle’s mandate, Full Circle will require complete access to the Companies’ employees and its books and records in a timely manner.
- The Companies acknowledges that Full Circle work will be based only on data supplied by the Companies supplemented by discussions with management thereof. The Companies understand that, although all information gathered will be reviewed for reasonableness, Full Circle will not be conducting an audit or other verification procedures.
- Other than as noted below, Full Circle shall keep confidential all information (other

than information that is publicly available) we obtain regarding the Companies and their business, assets and affairs during the course of our engagement hereunder.

- During the course of this engagement, Full Circle shall not be assuming any decision making or other management responsibilities in connection with the affairs of the Companies and shall have no responsibility for the affairs of the Companies during this engagement.
- All business decisions shall be the responsibility of the Companies and Full Circle shall have no management capacity or authority to act on behalf of, or bind the Companies in any way.
- The decision to complete any transaction(s) for the sale of any dealership assets with any of the Companies' current or prospective purchasers (a "**Transaction(s)**") lies solely with the Companies. Full Circle in no way expressly or by implication, warrants, represents or guarantees that a Transaction(s) will be completed.
- The Companies will need to obtain legal advice on the legal aspects of any Transaction(s). Full Circle will work with the legal counsel of your choice, on whose advice Full Circle may rely for the purpose of carrying out this engagement.
- For greater certainty, although the Companies may request Full Circle to comment on the commercial aspects of a Transaction(s) and/or related legal documents that may be drawn up in connection with a Transaction(s), Full Circle will not be involved in the drafting, preparation or interpretation of any documents as this is within the realm of the professional business of lawyers and shall therefore be the responsibility of the Companies, including its lawyers. Further, any advice and/or comment provided by Full Circle shall not constitute legal advice and should not be taken as "settling" the documents, which will have been drafted by the Companies' lawyers. Accordingly, Full Circle cannot accept any liability or responsibility for any loss or damage suffered as a result of any defect in such documents arising from their drafting, preparation, completion, interpretation or the mechanics of putting them into effect.
- While Full Circle may be facilitating due diligence requests of third parties in respect of the Companies during the course of Full Circle's mandate, the Companies and third parties must nevertheless rely on their own expertise and that of any legal, accounting and tax advisors to determine the scope of, carry out, and assess the conclusions of any such due diligence process or review.
- The services rendered by Full Circle may include the preparation of projections and other forward-looking statements. Full Circle will be relying on information provided by the Companies in the preparation of those projections and other forward-looking statements. The Companies acknowledges that numerous factors can affect the actual results of the Companies' operations, which may materially and adversely differ from those projections.
- Full Circle's work product, including written reports, if any, shall be for the sole use of the Companies, the Bank and the Monitor, and shall not be distributed, shown or quoted from or to any person without Full Circle's express written permission, provided that the Bank and the Monitor may rely on Full Circle's work product including in any Proceedings pursuant to the CCAA.
- Full Circle, including its employees, officers and directors, shall not incur any liability nor obligation as a result of carrying out this mandate, except in the event of our gross negligence or wilful misconduct. In the event of liability arising from our gross negligence or wilful

misconduct, such liability shall be limited to the fees collected by Full Circle pursuant to this engagement letter.

- Full Circle shall provide all services as an independent contractor and nothing in this agreement shall be construed to create an employee/employer relationship, partnership, joint venture, or other similar relationship with the Companies. Neither the Companies nor Full Circle shall have the right, power or authority to obligate or bind the other in any manner.
- The Companies (with the written approval of the Bank) and Full Circle, shall have the right to terminate this engagement by providing 30 days' written notice to the other party. The Companies agrees to immediately pay Full Circle's fees and expenses accrued and owing as at the effective date that this agreement is terminated. The Companies agrees to indemnify, defend and hold Full Circle harmless against any and all losses, claims, damages or liabilities to which Full Circle becomes subject arising in any manner out of or in connection with this engagement, unless it is finally judicially determined that such losses, claims, damages or liabilities resulted directly from the gross negligence or willful misconduct of Full Circle. Neither party shall have any liability under this engagement or otherwise for consequential, exemplary, special, indirect, incidental or punitive damages, including loss of profit and/or loss of business opportunity, even if such party has been advised of the possibility of such damages.
- Full Circle does not make any representation or guarantee that, inter alia, (i) an appropriate restructuring proposal or strategic alternative can be formulated for the Companies, (ii) any restructuring proposal or strategic alternative presented to the Companies' management will be more successful than all other possible restructuring proposals or strategic alternatives, (iii) a restructuring is the best course of action for the Companies, or (iv) if formulated, that any proposed restructuring plan or strategic alternative will be accepted by any of the Companies' creditors, shareholders and other constituents. Further, the Engagement Personnel will not assume any responsibility for the Companies' decision to pursue, or not pursue any business strategy, or to effect, or not to effect any transaction. The Engagement Personnel shall only be responsible for Full Circle's role in the implementation of the restructuring proposal or alternative approved by the Companies and only to the extent and in the manner authorized and directed by the Companies.
- This agreement: (a) shall be governed and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein without giving effect to such Province's rules concerning conflicts of laws that might provide for any other choice of law; (b) incorporates the entire understanding of the parties with respect to the subject matter hereof; (c) may not be amended or modified except in writing executed by each of the parties hereto; (d) may be executed by facsimile and in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement; and (e) notwithstanding anything herein to the contrary, upon the completion of the restructuring process presently being undertaken in respect of the Companies, Full Circle may reference or list the Companies' names and/or a general description of the services in Full Circle's marketing materials.
- The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provision in this agreement.
- This Agreement may be executed in counterparts and delivered by email or telecopy.

If the foregoing terms are acceptable, please acknowledge by signing below and returning this letter to the attention of the undersigned.

Yours very truly,

FULL CIRCLE AUTOMOTIVE SOLUTIONS INC.

Per:

Name: Lionel Robins

Title: President

We hereby accept the terms of this engagement subject to the terms and conditions set out herein.

**BDO CANADA LIMITED, solely in its
capacity as court-appointed Monitor of the
Companies and not in its personal or
corporate capacities**

Per:

Name: Clark Lonergan

Title:

I have the authority to bind the above entity