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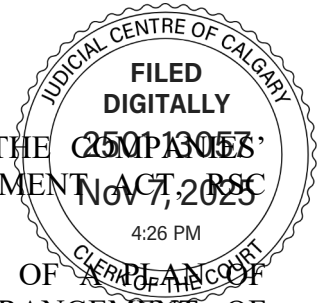
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

MATTER

IN THE MATTER OF THE ~~2501-13057~~  
CREDITORS ARRANGEMENT ACT, RSC  
1985, c C-36, as amended  
Nov 7, 2025



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

**THIRD REPORT OF BDO CANADA  
LIMITED, IN ITS CAPACITY AS THE  
COURT-APPOINTED MONITOR**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF PARTY  
FILING THIS DOCUMENT

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**Appendix “B” – First Report of the Monitor dated August 27, 2025 (without appendices)**

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## INTRODUCTION

1. On August 22, 2025 (the “**Filing Date**”), upon the application by the Bank of Montreal (“**BMO**”) in its capacity as 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**”), the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to the Companies from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Companies (in such capacity, the “**Monitor**”).
2. Among other things, pursuant to the Initial Order the Court granted:
  - a) an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Debtors until and including September 1, 2025, to stabilize the Debtors’ operations and permit the Monitor to assess the Debtors’ then ongoing sales process;
  - b) the appointment of the Monitor and expanded powers of the Monitor during the CCAA proceedings (the “**CCAA Proceedings**”);
  - c) the appointment of the chief restructuring officer (“**CRO**”), Full Circle Automotive Solutions Inc. over the Debtors;
  - d) a charge over the Debtors’ property (the “**Property**”) to stand as security for payment by the Companies of the professional fees and disbursements of the BMO’s legal counsel, the Monitor and its independent legal counsel, and the CRO, in an aggregate amount not to exceed \$350,000 (the “**Administration Charge**”);

- e) the power for the Monitor to borrow funds in the maximum amount of \$500,000 to fund the Debtors' operations during the CCAA Proceedings and a charge over the Property to stand as security (the "**Monitor's Borrowing Charge**"); and
  - f) a charge over the Property to stand as security for the Debtors' obligation to indemnify the directors from any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to a maximum amount of \$250,000 (the "**Director's Charge**", together with the Administration Charge and Monitor's Borrowing Charge, the "**Court Ordered Charges**").
3. The Initial Order contemplated a comeback application on August 27, 2025 (the "**Comeback Hearing**").
4. At the Comeback Hearing, the Court granted an amended and restated initial order (the "**ARIO**"). The ARIO, among other things:
- a) extended the Stay of Proceedings until and including September 26, 2025;
  - b) approved an increase to the Administration Charge up to the maximum amount of \$750,000;
  - c) approved an increase to the Monitor's Borrowing Charge up to the maximum amount of \$3.5 million (plus interest, costs and fees);
  - d) authorized continued payments to BMO under the existing floor plan arrangements once the Monitor confirmed the validity of BMO's security; and
  - e) reaffirmed the Monitor's authority to manage and operate the Companies' businesses and oversee sales efforts through its expanded powers.
5. On September 19, 2025, upon an application of the Monitor, the Court granted the following additional relief:
- a) an order (the "**Stay Extension Order**") which, among other things:
    - (i) extended the Stay of Proceedings up to and including November 21, 2025; and
    - (ii) granted the Monitor certain powers, in addition to and in no way limiting the powers of the Monitor as set out in the ARIO, to authorize the Monitor

to conduct investigations, compel production of records relating to the Companies or the businesses of the Companies, and to compel examination under oath of any person reasonably thought to have knowledge relating to the Companies or the businesses of the Companies (“**Investigative Powers**”).

- b) an order (the “**SISP Approval Order**”) which, among other things:
  - (i) approved a sale and investment solicitation process (the “**SISP**”); and
  - (ii) approved the appointment of the Debtors’ pre-filing sales agent, the Tim Lamb Group (the “**Sales Agent**” or “**Tim Lamb**”) to administer and manage the SISP with the oversight of the Monitor.

6. To date, the Monitor has provided the Court with the following reports (the “**Previous Reports**”):

- a) the Pre-Filing Report of the Proposed Monitor filed August 20, 2025 (the “**Pre-Filing Report**”) in connection with the application for the Initial Order. The Pre-Filing Report (without appendices) is attached hereto as **Appendix “A”**;
- b) the First Report of the Monitor filed August 27, 2025 (the “**First Report**”) in connection with the application for the ARIO. The First Report (without appendices) is attached hereto as **Appendix “B”**; and
- c) the Second Report of the Monitor filed September 10, 2025 (the “**Second Report**”) in connection with the application for the Stay Extension Order and the SISP Approval Order. The Second Report (without appendices) is attached hereto as **Appendix “C”**.

## **PURPOSE**

7. The purpose of this third report of the Monitor (the “**Third Report**”) is to provide information to the Court with respect to:

- a) the activities of the Monitor since the Second Report;
- b) the Debtors’ actual cash flow results for the 10-week period ended November 2, 2025, versus the budgeted results for that period, as outlined in the Debtors’ initial

13-week consolidated cash flow from August 22, 2025, to the week ended November 23, 2025 (the “**Initial Cash Flow Forecast**”);

- c) the Debtors’ revised 13-week cash flow forecast (the “**Revised Cash Flow Forecast**”), on a consolidated basis, for the period November 3, 2025, to February 1, 2026 (the “**Revised Cash Flow Period**”) and the Monitor’s comments regarding the reasonableness thereof;
- d) an update on the SISP;
- e) the Monitor’s comments and recommendations with respect to its application returnable on November 13, 2025 (the “**Application**”) seeking:
  - (i) an order (the “**Arrow VW AVO**”) to approve and authorize the sale transaction (the “**Arrow VW Transaction**”) of certain of the assets, undertakings and properties of Arrow VW and Real Co (together, the “**Arrow VW Vendors**”), pursuant to a purchase and sale agreement between the Arrow VW Vendors as vendors and K5 IG Holdings Inc. as purchaser (the “**Arrow VW Purchaser**”) dated as of November 6, 2025 (the “**Arrow VW Sale Agreement**”);
  - (ii) an order (the “**Castle Ford AVO**”) to approve and authorize the sale transaction (the “**Castle Ford Transaction**”, and together with the Arrow VW Transaction, the “**Transactions**”) of certain of the assets, undertakings and properties of Castle Ford and Real Co (together, the “**Castle Ford Vendors**”), pursuant to a purchase and sale agreement between the Castle Ford Vendors as vendors and Davis Auto Group Ltd. as purchaser (the “**Castle Ford Purchaser**”) dated as of November 6, 2025 (the “**Castle Ford Sale Agreement**”);
  - (iii) an order (the “**Second Stay Extension Order**”) to, among other things:
    - I. extend the Stay of Proceedings up to and including January 30, 2026, as supported by the Cash Flow Forecast;
    - II. approve the activities of the Monitor since the Second Report;

- III. approve the accounts of the Monitor and its legal counsel, Miller Thomson LLP (“**Miller Thomson**”), for fees and disbursements incurred to date;
  - IV. authorize the Monitor to make distributions to BMO in its capacity as the senior secured lender;
  - V. authorize the Monitor to have full access to all bank accounts, financial records, constating documents, minute books and other documents required by the Monitor in respect of the assets and/or business of 2412170 Alberta Ltd. (“**Westcastle Dealership**”) and 2416326 Alberta Ltd. (“**Westcastle RealCo**”), together operating as Westcastle Chevrolet Buick GMC (“**Westcastle GMC**”);
  - VI. temporarily seal the Confidential Supplement to the Third Report until the closing of the Transactions or until further order of this Honourable Court; and
  - VII. such further and other relief as the Court may deem just and equitable.
8. The Previous Reports and other Court materials in connection with the CCAA Proceedings are available on the Monitor’s website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/summit-automotive-group> (the “**Monitor’s Website**”). All Court documents and certain other relevant documents have been and will continue to be posted as they are made available.
  9. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Previous Reports.

#### **TERMS OF REFERENCE**

10. In preparing this Third Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Debtors, the Gil Affidavit (herein defined), discussions between the CRO and management of the Debtors (“**Management**”), discussions with BMO and information from other third-party

sources (collectively, the “**Information**”). Except as described in this Third Report in respect of the Revised Cash Flow Forecast:

- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the 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 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 Third 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.
11. Future oriented financial information referred to in this Third 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.
12. Unless otherwise indicated, the Monitor’s understanding of the factual matters expressed in this Third Report concerning the Debtors and their business is based on the Information, and not independent factual determinations made by the Monitor.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## **BACKGROUND INFORMATION**

14. This Third Report should be read in conjunction with the affidavit of John Gil sworn August 15, 2025 (the “**Gil Affidavit**”), the Pre-Filing Report, the First Report, and the Second Report, which can be found on the Monitor’s Website and contain background information with respect

to the Companies' businesses and operations as well as matters leading up to the commencement of these CCAA Proceedings.

## **MONITOR'S ACTIVITIES TO DATE**

15. Since the date of the Second Report, the Monitor has:

- a) continued to update the Monitor's Website;
- b) continued to hold regular discussions with Management, the CRO, the Sales Agent and key stakeholders, including BMO, regarding operations, liquidity, and broader restructuring initiatives;
- c) continued to communicate with each of the original equipment manufacturers ("OEM(s)") regarding OEM billing, SISP updates, and operations;
- d) continued to assist the Companies with stakeholder communications;
- e) provided oversight and support to the Companies' treasury functions, including cash flow reporting through:
  - (i) implementing a weekly treasury monitoring protocol;
  - (ii) conducting variance analysis between actual and forecasted cash flow and submitting variance updates to BMO; and
  - (iii) facilitating interim financing requests/Monitor's borrowings;
- f) supervised and assisted with activities related to the SISP, including but not limited to:
  - (i) continued discussions with the representatives of the Sales Agent regarding the status of bidders;
  - (ii) providing regular updates to key stakeholders, including OEMs and BMO, on the status of the SISP;
  - (iii) assisting with preparation of due diligence items and review of materials uploaded to the virtual data room ("VDR");

- (iv) reviewing the teaser materials and coordinating the distribution of it with the Sales Agent;
  - (v) tracking the execution of non-disclosure agreements (“**NDA(s)**”) and monitoring of the Sales Agent’s outreach efforts;
  - (vi) holding discussions with all prospective purchasers that participated in the SISP by submitting an expression of interest (“**EOI**”);
  - (vii) reviewing EOIs received, and providing comparative EOI in summary format to key stakeholders;
  - (viii) reviewing the draft asset purchase agreement (“**APA**”) template;
  - (ix) reviewing binding bids/APAs received and facilitating negotiations with bidders regarding the same;
  - (x) setting up a trust account for purchase deposits;
  - (xi) coordinating environmental assessments and real estate appraisals;
  - (xii) coordinating with counsel and bidders to finalize APAs; and
  - (xiii) preparing and issuing communications to successful and unsuccessful bidders at various stages of the SISP;
- g) continued review of personnel matters with the assistance of the CRO, and issued termination notices to certain personnel;
- h) continued to investigate into numerous matters, irregularities, and concerns raised by the employees of the Companies, the CRO, and Management;
- i) continued to correspond with the Companies’ former ownership and the Toronto Dominion Bank (“**TD**”) and its counsel with regards to the TD financed dealership, Westcastle GMC;
- j) continued to respond to correspondence received from creditors and other parties regarding the CCAA Proceedings;

- k) continued to participate in various discussions with Management and the CRO regarding operations, treasury functions, and vehicle sales activities;
- l) corresponded with BMO, BMO's counsel, and the independent counsel to the Monitor, Miller Thomson, regarding matters related to these CCAA Proceedings;
- m) engaged in correspondence with dealer finance partners or third-party finance providers through which the Dealerships submit customer credit applications on behalf of customers seeking vehicle financing at the point of sale;
- n) prepared the Revised Cash Flow Forecast with the assistance of the CRO and Management;
- o) attended the September 19, 2025, Court hearing; and
- p) prepared this Third Report.

#### **STAY OF PROCEEDINGS EXTENSION**

16. The Stay of Proceedings currently expires on November 21, 2025. The Monitor is requesting an extension of the Stay of Proceedings until January 30, 2026. The Monitor seeks an extension of the Stay of Proceedings for the following reasons, among others:

- a) the Debtors, through the Monitor with its enhanced powers, are acting in good faith and with due diligence;
- b) the Stay of Proceedings will provide the Monitor and Debtors with time to stabilize the businesses of the Debtors, complete and close the Transactions, review potential transactions in respect of the Dealerships; and
- c) as of the date of this Report, the Monitor is not aware of any party opposed to the requested extension.

17. According to the Revised Cash Flow Forecast (as described below), there will be sufficient funding to operate the Debtors' businesses during the proposed extension of the Stay of Proceedings to January 30, 2026.

18. The Monitor believes it is just, convenient, necessary, and in the best interest of the Debtors and their stakeholders that the Stay of Proceedings be extended.

## **DEBTORS' RECEIPTS AND DISBURSEMENTS SINCE FILING DATE**

19. The Monitor's First Report included a Cash Flow Forecast for the 13-week period from August 22, 2025, to the week ending November 23, 2025. A copy of the Cash Flow Forecast is attached hereto as **Appendix "D"**.
20. The Monitor has reviewed the actual cash flow from operations for the 10-week period ending November 2, 2025 (the "**Second Review Period**"), through monitoring the banking activities of the Debtors.
21. The Debtors' actual cash flow from operations for the Second Review Period exceeded the projections for that same period by approximately \$2.1 million. This variance is a combination of significantly lower than forecast dealership activity (permanent differences) and certain timing differences of receipts and disbursements, outlined, as follows:
- a) the positive variance is largely due to the:
    - (i) reduction in the net repayment of the outstanding Floorplan Credit Facilities in the amount of approximately \$17.7 million for new and used vehicles sold (net of chatteling of new/used vehicles purchased or taken in as trade-ins), due to significantly lower than anticipated vehicle sales activity after the Filing Date;
    - (ii) reduction in the payment of trade-in vehicle lien payouts of approximately \$6.7 million primarily due to lower than forecasted new and used vehicle sales and/or lower lien amounts on the actual trade-in vehicles;
    - (iii) delay in professional and restructuring fee payments of approximately \$0.7 million;
    - (iv) reduction in part purchases of approximately \$0.6 million due to lower dealership activity and respective OEMs extending credit;
    - (v) reduction in finance product costs of approximately \$0.5 million due to lower dealership activity;
    - (vi) reduction in net operating (including rent, vendor and insurance payments) and contingency payments of approximately \$0.4 million lower than forecast; and

- (vii) reduction in payroll and associated benefits of approximately \$0.3 million, which is primarily due to decreased employee levels/ownership payroll;
- b) the above positive variances are partially offset by:
- (i) reduction in receipts from new and used vehicles sales of approximately \$21.2 million largely due to lower than forecasted vehicles sales from the removal of the high sale volume/low margin/high risk financing pods (the “**Pods**”) operating out of certain dealerships, suspension of the significant number of third-party lenders for vehicle financing due to these Pods, and decreased sales personnel;
  - (ii) increased vehicle purchases/dealer trades of approximately \$1.6 million not previously forecast;
  - (iii) reduction in net HST collections of approximately \$1.2 million due to lower vehicle sales and disbursement levels; and
  - (iv) reduction in parts/service sales of approximately \$0.8 million due to decreased dealership activity.

22. A summary of the variance analysis described above is attached hereto as **Appendix “E”**.

### **REVISED CASH FLOW FORECAST**

23. The CRO, with the assistance of the Monitor, prepared the Revised Cash Flow Forecast for the purposes of projecting the Debtors’ estimated liquidity needs during the Revised Cash Flow Period. A copy of the Revised Cash Flow Forecast is attached hereto as **Appendix “F”**.

24. The Revised Cash Flow Forecast is presented on a weekly basis and represents the CRO’s estimates of the projected cash flow during the Revised Cash Flow Period. The Revised Cash Flow Forecast has been prepared using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Revised Cash Flow Forecast.

25. The Monitor has reviewed the Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the Information supplied to it by the CRO or employees of the Debtors.

26. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

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

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

28. The Revised Cash Flow Forecast shows that during the Revised Cash Flow Period, the Debtors will experience a new cash outflow of approximately \$3.5 million. The Revised Cash Flow Forecast projects that during the Revised Cash Flow Period the Debtors should have sufficient liquidity, with funds advanced via the Monitor's Borrowing Certificates. As detailed below, the Monitor believes that the amount on the Monitor's Borrowing Certificates and Monitor's Borrowing Charge is appropriate and necessary given the Revised Cash Flow Forecast and is limited to the amounts reasonably necessary.

#### **BACKGROUND TO COURT-APPROVED SISF**

29. As noted in the First Report, the Debtors had commenced a Debtor-led sale process ("**Previous Sales Process**"), with the Tim Lamb Group as their sales agent. The Monitor's objective was to preserve momentum and, where transactions were substantially completed and commercially reasonable, seek Court approval to close near-ready deals.

30. Following the Monitor's review of the Previous Sales Process, the Monitor was of the view that a more formal, Court-approved and supervised sales process was required to maximize realizations for the Debtors' stakeholders. As such, the SISF was developed by the Monitor, in

consultation with the Sales Agent and BMO, to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Companies' Property (the **"Opportunity"**).

31. Following the SISP Approval Order, the Monitor together with the Sales Agent conducted the SISP in accordance therewith.
32. The SISP contemplated the following key features and milestones which could each be extended at the discretion of the Monitor, in consultation with the Sales Agent and BMO:

<b>MILESTONE</b>	<b>DEADLINE</b>
Go to market	Monday, September 8, 2025
Expression of Interest Deadline (EOI Deadline)	Friday, October 3, 2025 (12:00 PM MT)
EOI Selection Date	Tuesday, October 7, 2025
Binding Bid Deadline	Friday, October 24, 2025 (12:00 PM MT)
Selection of Qualified Bids	Tuesday, October 28, 2025
Selection of Successful Bidder(s) and Execution of Definitive Transaction Agreement(s)	Friday, October 31, 2025
Hearing of the Sale Approval Motion	Subject to Court availability, week of November 10, 2025
Closing the Transaction (Outside Date)	No later than Wednesday, December 3, 2025

33. The Sales Agent, in consultation with the Monitor, solicited non-binding expression of interests from interested parties after going to market. After receiving the EOIs, the Monitor, in consultation with the Sales Agent, assessed the EOIs to determine which parties to invite for submission of "Qualified Bids".
34. As set out above, the SISP established a binding bid deadline of October 24, 2025 (the **"Bid Deadline"**). A summary of the SISP results up to the Bid Deadline is as follows:

Dealership	Parties Contacted	NDA's Completed	EOIs Received	Invited to Bid	Bids Received
Squamish Chrysler			4	3	1
Sun Valley Nissan			3	2	1
Vermilion Chrysler			2	1	0
Arrow VW			4	2	2
Western Sport Products			0	0	0
Cranbrook Mitsubishi			6	4	1
Castle Ford			3	2	1
All Stores	7,784*	63*	22	14	6

*\*Figures shown as aggregate as multiple parties had interest in all Dealerships.*

35. Pursuant to paragraph 12 and 40 of the SISP, in consultation with the Sales Agent and BMO, the Monitor extended the “Selection of Qualified Bids” and “Selection of Successful Bidders and Execution of Definitive Transaction Agreements” by two (2) business days to Thursday, October 30<sup>th</sup>, 2025 and Tuesday November 4, 2025 respectively, to allow Monitor and Sales Agent additional time assess and confirm certain deal points and conditions associated with the bids. The remaining dates and milestone remained the same.
36. Of the six (6) bids received, only two (2) were deemed Qualified Bids, one (1) for the Arrow VW dealership and one (1) for the Castle Ford dealership. All other bids received contained significant conditions, including financing, and/or where the prospective purchasers would not be accepted by the respective OEM(s) to own and operate a dealership.
37. The letters of intent and asset purchase agreements from the Previous Sales Process were determined not to be Qualified Bids, with most offers remaining subject to financing that never materialized and/or prospective purchasers that were never going to be approved by the OEMs.
38. Now that a fulsome and transparent SISP has been run, the Monitor will continue to examine options to monetize the remaining dealership assets not subject to binding sale, which may include the sale of dealership(s) to other potential buyers that may still be interested and/or start a liquidation process for the remaining vehicles assets and real estate.
39. Additional details concerning the outcome of the SISP, including the number and nature of bids submitted, are set out in the confidential supplement to this Third Report (the “**Confidential Supplement**”). As discussed in greater detail below, the Monitor is seeking the Sealing Order with respect to the Confidential Supplement. Disclosure of this information in the public version of the Third Report could prejudice the Monitor’s efforts to market and sell

the remaining property, compromise the integrity of the SISP and adversely impact stakeholder value.

## **PROPOSED TRANSACTIONS AND SALE AGREEMENTS**

40. The Confidential Supplement includes additional details of the results of the SISP as it pertains to the Transactions. The Monitor, in consultation with the Sales Agent and BMO, determined that the binding bid submitted by the VW Purchaser (the “**Arrow VW Bid**”) and Castle Ford Purchaser (“**Castle Ford Bid**”) represented the highest and best offer received under the SISP for the respective assets and real properties. Accordingly, the Monitor designated the Arrow VW Bid and Castle Ford Bid as the Successful Bids on November 4, 2025.
41. Apart from the Arrow VW Bid and Castle Ford Bid, the Monitor did not receive bids for the purchase of other Dealerships’ assets that would be considered a “Qualified Bid” based on the criteria set out in paragraph 29 of the SISP. As such, the Monitor has decided to not pursue any transactions on Dealerships other than Arrow VW and Castle Ford at the Application.

### **Arrow VW Transaction and Arrow VW Sale Agreement**

42. Subject to Court approval, the Monitor, for and on behalf of the Arrow VW Vendors, intends to enter into the Arrow VW Sale Agreement. A copy of the draft Arrow VW Sale Agreement, which has the purchase price redacted, is attached hereto as **Appendix “G”**.
43. An unredacted copy of the Arrow VW Sale Agreement is included in the Confidential Supplement. As at the date of the Third Report, the Arrow VW Sale Agreement has not been executed.
44. The Arrow VW Sale Agreement contemplates a transaction whereby the Arrow VW Purchaser will acquire substantially all of the assets and business operations of the Arrow VW Vendors (the “**Arrow VW Purchased Assets**”), excluding only those assets expressly identified in the Arrow VW Sale Agreement as “Excluded Assets”.
45. The Arrow VW Purchased Assets include, among other things:
- a) all new, deferred new, and demonstrator vehicles as of closing, and certain used vehicles identified in advance of closing;
  - b) the real properties which Arrow VW operates a dealership on, owned by Real Co, located at 2014 and 2034 Cranbrook Street North, Cranbrook, BC (“**Arrow VW Real Properties**”);

- c) parts and accessories, including “Obsolete Inventory”, as of closing;
  - d) equipment, fixtures, furniture, and related assets used in the business; and
  - e) goodwill, licenses, permits, assigned contracts, customer deposits, warranty rights, work in progress, telephone and fax numbers, domain names, social media accounts, trade names, and software/hardware used in the business.
46. The Excluded Assets include any assets not specifically identified as “Purchased Assets” in the Arrow VW Sale Agreement, including, among other things, cash, bank accounts, short term investments, corporate records unrelated to the Arrow VW Purchased Assets, tax refunds, all “Receivables”, insurance policies, and “Excluded contracts”.
47. Given the inventory levels and other Arrow VW Purchased Assets may fluctuate (i.e. customer deposits) before closing, the Arrow VW Sale Agreement provides for a purchase price adjustment mechanism to align the cash purchase price with assets on hand at close.
48. No less than two (2) days before the closing date, the Arrow VW Vendors must provide the Monitor and Arrow VW Purchaser with a reconciliation (the “**Arrow VW Reconciliation**”) including a physical count and listings of vehicles, parts, accessories, customer deposits, work in progress, and obsolete inventory.
49. Based on the Arrow VW Reconciliation, the Arrow VW Vendors will prepare a statement of adjustments reflecting agreed values for vehicles, parts, deposits, and work in progress no less than the day immediately prior to closing. Where figures cannot be finalized, the parties will agree on reasonable estimates that will be used and deemed final for closing.
- a) This mechanism ensures the purchase price accurately reflects Arrow VW Vendors’ actual vehicle inventory and other Purchased Assets at closing.
50. The Arrow VW Sale Agreement provides for the assignment of certain contracts (the “**Arrow VW Assigned Contracts**”) which will assist the Purchaser in preserving continued operation of the Arrow VW dealership following closing. The Monitor is working with the Arrow VW Purchaser to obtain consent to assignment of the Arrow VW Assigned Contracts from applicable counterparties but otherwise will seek the Court’s approval to assign the Arrow VW Assigned Contracts.

### *Employees*

51. Under the Arrow VW Sale Agreement, the Arrow VW Purchaser is required to provide a list of employees to whom it will offer employment at least fourteen (14) days before closing of the Arrow VW Transaction. Those employees that accept offers will be “Transferred Employees”.
52. The Arrow VW Purchaser will assume obligations for wages, benefits, and termination pay of the Transferred Employees on a post-hire basis, whereas vacation pay and overtime will be assumed on a pre-hire basis. Arrow VW remains responsible for obligations to employees who are not transferred, as well as for all other pre-closing obligations (excluding the pre-hire vacation pay and overtime assumed by the Arrow VW Purchaser).

### *Closing and Closing Conditions*

53. The Arrow VW Transaction is conditional upon, among other things, (i) approval of the Arrow VW Sale Agreement by this Court, (ii) delivery of customary transfer documents, (iii) satisfactory phase I environmental site assessment of Arrow VW Real Properties, and (iv) regulatory and manufacturer approvals necessary to complete the transaction, including approval from the respective OEM and the Vehicle Sales Authority of British Columbia (the “VSA”).
54. Closing of the Arrow VW Transaction is targeted for ten (10) business days following the later of: (i) waiver or satisfaction of the “Due Diligence Condition”, and (ii) the date of issuance of the Arrow VW AVO and must occur no later than the “Outside Date”, being January 15, 2026, or such other date as mutually agreed by the Arrow VW Vendors and Arrow VW Purchaser, with the consent of the Monitor and BMO.

### **Castle Ford Transaction and Castle Ford Sale Agreement**

55. On November 6, 2025, subject to Court approval, the Monitor, for and on behalf of the Castle Ford Vendors, entered into the Castle Ford Sale Agreement. A copy of the Castle Ford Sale Agreement, which has the purchase price redacted is attached hereto as **Appendix “H”**.
56. An unredacted copy of the Castle Ford Sale Agreement is included in the Confidential Supplement.

57. The Castle Ford Sale Agreement contemplates a transaction whereby the Castle Ford Purchaser will acquire substantially all of the assets and business operations of the Castle Ford Vendors (the “**Castle Ford Purchased Assets**”), excluding only those assets expressly identified in the Castle Ford Sale Agreement as “Excluded Assets”.
58. The Castle Ford Purchased Assets include, among other things:
- a) all new, deferred new, and demonstrator vehicles as of closing, and certain used vehicles identified in advance of closing;
  - b) the real property which Castle Ford operates a dealership on, owned by Real Co, located at 1050 Corner Mountain Street, Pincher Creek, AB (the “**Castle Ford Real Property**”);
  - c) parts and accessories as of closing;
  - d) equipment, fixtures, furniture, and related assets used in the business; and
  - e) goodwill, licenses, permits, assigned contracts, customer deposits, warranty rights, work in progress, telephone and fax numbers, domain names, social media accounts, trade names, and software/hardware used in the business.
59. The Excluded Assets include any assets not specifically identified as “Purchased Assets” in the Castle Ford Sale Agreement, including, among other things, cash, bank accounts, short term investments, corporate records unrelated to the Castle Ford Purchased Assets, tax refunds, all “Receivables”, insurance policies, computer hardware, Obsolete Inventory and “Excluded Contracts”.
60. Given the inventory levels and other Castle Ford Purchased Assets may fluctuate (i.e. customer deposits) before closing, the Castle Ford Sale Agreement provides for a purchase price adjustment mechanism to align the cash purchase price with assets on hand at close.
61. No more than four (4) and no less than two (2) days before the closing date, the Castle Ford Vendors must provide the Monitor and Castle Ford Purchaser with a reconciliation (the “**Castle Ford Reconciliation**”) including a physical count and listings of vehicles, parts, accessories, customer deposits, and work in progress.

62. Based on the Castle Ford Reconciliation, the Castle Ford Vendors will prepare a statement of adjustments reflecting agreed values for vehicles, parts, deposits, and work in progress by no later than 3:00 p.m. Mountain Time on the day immediately prior to the closing date. Where figures cannot be finalized, the parties will agree on reasonable estimates that will be used and deemed final for closing. Where vehicle figures cannot be agreed upon by the parties, the Castle Ford Vendors will sell such retained vehicles on or around the closing date, and the Castle Ford Purchaser shall allow the Castle Ford Vendors to store and have access to the retained vehicles at the Castle Ford Real Property for a period of 45 days following closing date at no cost.

a) This mechanism ensures the purchase price accurately reflects Castle Ford Vendors' actual vehicle inventory and other Purchased Assets at closing.

63. The Castle Ford Sale Agreement provides for the assignment of certain contracts (the "**Castle Ford Assigned Contracts**") which will assist the Purchaser in preserving continued operation of the Castle Ford dealership following closing. The Monitor is working with the Castle Ford Purchaser to obtain consent to assignment of the Castle Ford Assigned Contracts from applicable counterparties but otherwise will seek the Court's approval to assign the Castle Ford Assigned Contracts.

### ***Employees***

64. Under the Castle Ford Sale Agreement, the Castle Ford Purchaser is required to provide a list of employees to whom it will offer employment at least fourteen (14) days before closing of the Castle Ford Transaction. Those employees that accept offers will be "Transferred Employees".

65. The Castle Ford Purchaser will assume obligations for wages, benefits, and termination pay of the Transferred Employees on a post-hire basis, whereas vacation pay and overtime will be assumed on a pre-hire basis. Castle Ford remains responsible for obligations to employees who are not transferred, as well as for all other pre-closing obligations (excluding the pre-hire vacation pay and overtime assumed by the Castle Ford Purchaser).

### ***Closing and Closing Conditions***

66. The Castle Ford Transaction is conditional upon, among other things, (i) approval of the Castle Ford Sale Agreement by this Court, (ii) delivery of customary transfer documents, and (iii)

regulatory and manufacturer approvals necessary to complete the transaction, including approval from the respective OEM and the Alberta Motor Vehicle Industry Council (the “AMVIC”).

67. Closing of the Castle Ford Transaction is targeted for the third business day following issuance of the Castle Ford AVO and must occur no later than the “Outside Date”, being January 15, 2026, or such other date as mutually agreed by the Castle Ford Vendors and Castle Ford Purchaser, with the consent of the Monitor and BMO.

### **Monitor’s Comments on the Transactions**

68. The Monitor is of the view that the Arrow VW Bid represents the highest and best offer for the assets of the Arrow VW Vendors received in the SISP. The Monitor is also of the view that the Castle Ford Bid represents the highest and best offer received for the assets of the Castle Ford Vendors.

69. The Monitor believes that the SISP was conducted in a fair, transparent, and professional manner. The Monitor is satisfied that the process appropriately canvassed the market and that the Proposed Transactions represent the best outcomes available in the circumstances.

70. In reviewing the Arrow VW Bid and the Castle Ford Bid, the Monitor considered the following factors:

- a) the Arrow VW Bid represents the highest and best offer for the assets of the Arrow VW Vendors. The Castle Ford Bid represents the highest and best offer for the assets of Castle Ford Vendors;
- b) completion of the Arrow VW Transaction and Castle Ford Transaction will maintain the goodwill, customer base, and operating continuity for both Arrow VW and Castle Ford, which would be lost in a liquidation;
- c) completion of the Arrow VW Transaction and Castle Ford Transaction creates the potential for continued employment for existing employees of Arrow VW and Castle Ford, respectively, that are ultimately designated as Transferred Employees;
- d) BMO and the OEMs were consulted and are supportive of the Transactions, therefore reducing the closing risk; and

- e) both the Transactions are structured to close early in the new year due to holiday season, reducing closing risk.

71. Based on this analysis, the Monitor is satisfied that:

- a) the SISP was transparent, fair, and reasonable, given the circumstances;
- b) BMO, who is expected to suffer a significant shortfall on outstanding amounts owed to it by the Debtors (as set out in greater detail below), was consulted throughout the SISP and supports the Transactions;
- c) the Transactions maximize value for stakeholders relative to available alternatives;
- d) the Transactions provide a going-concern outcome for Arrow VW and Castle Ford; and
- e) in the Monitor's view, the Transactions are a superior outcome when compared to anticipated recoveries in a bankruptcy proceeding, which would materially erode value available to the Debtors' creditors and stakeholders through forced liquidation of assets and result in a cessation of the Debtors' business.

72. The Monitor is of the view that the Transactions represent fair value in the circumstances and recommends that this Court approve the Transactions.

### **PROPOSED DISTRIBUTION TO BMO**

73. As of August 12, 2025, BMO was owed in excess of \$58 million (the "**Pre-Filing Credit Facilities**") net of accrued costs and interests, and as of the date of this Third Report, BMO has advanced \$1,800,000 to the Monitor through issuance of Monitor's Borrowing Certificates (together with all applicable interest, fees and expenses, the "**Indebtedness**").

74. Based on the Revised Cash Flow Forecast and the anticipated proceeds arising from the Transactions, the Monitor is of the view that: (i) insufficient proceeds will be generated to pay the full amount of the Indebtedness owing to BMO described immediately above, and (ii) the Monitor will, subject to maintaining a reserve from distributions to BMO, hold sufficient cash to fund the post-filing obligations of the Debtors during the period of the Stay of Proceedings.

75. Accordingly, the Monitor requests authority from this Court to distribute the proceeds generated from any sale of the Debtors' assets to BMO from time-to-time, subject only to a

reasonable holdback, as determined by the Monitor, in consultation with BMO, sufficient to enable the Debtors to meet any post-filing obligations during the course of the CCAA Proceedings, including any necessary wind-down activities.

76. As described in the Second Report, the Monitor has been provided with an independent legal opinion from Miller Thomson which addresses the laws of Alberta and British Columbia, and provides that, subject to the customary assumptions and qualifications contained therein, BMO's security over the Summit Auto Group associated with its Pre-Filing Credit Facilities is valid and enforceable.

### **WESTCASTLE GMC**

77. The Monitor was made aware on or about September, 2025 of a potential transaction in respect of Westcastle GMC and has been provided with a copy of a draft asset purchase agreement in respect of this transaction.

78. Given that MK Auto is the sole voting shareholder of Westcastle GMC, the Monitor has sought transparency and oversight in respect of the business and affairs of Westcastle GMC, pursuant to the Monitor's powers under the ARIO (including the authority to exercise any shareholder rights held by MK Auto) and the investigatory powers under the Stay Extension Order.

79. In particular, the Monitor made a number of important and time-sensitive information and document requests to Mr. Koch concerning Westcastle GMC, including requests for the corporate minute book of Westcastle GMC, the articles of incorporation, bylaws, shareholder and director registers, and all related corporate governance materials, access to the dealer management system, access to the last twelve (12) months of transactions for all Westcastle GMC bank accounts, and copies of any purchase offers relating to Westcastle GMC (the "**Westcastle Information Requests**"). Despite follow up, the Monitor has not received responses to the Westcastle Information Requests from Mr. Koch.

80. The Westcastle Information Requests are necessary for the Monitor to carry out its Court-appointed mandate to preserve and protect the property of MK Auto, which include its equity interests in Westcastle GMC.

81. On September 23, 2025, Miller Thomson delivered letter correspondence to counsel to the Debtors and Mr. Koch, and counsel to The Toronto Dominion Bank (secured creditor of

Westcastle GMC) requesting any information and visibility on any proposed transaction(s) related to Westcastle GMC. A copy of the letter correspondence is attached as **Appendix “I”**.

82. On October 21, 2025, counsel for the Monitor sent correspondence to then counsel for Mr. Koch requesting certain additional necessary documentation. A copy of the letter correspondence is attached as **Appendix “J”**.
83. The Monitor needs to have transparency and oversight of any transaction related to the Westcastle GMC business, including any proceeds of sale that may be for the benefit of MK Auto, as 100% voting shareholder.
84. The Monitor is seeking an order directing full access to all bank accounts, financial records, constating documents, minute books and other documents required by the Monitor in respect of the assets and/or business of Westcastle GMC.
85. A copy of the Alberta corporate registry search for Westcastle Dealership and Westcastle Real Co are attached hereto as **Appendix “K”** and **Appendix “L”** respectively.
86. Following the Monitor’s Application materials being filed on November 5, 2025, the Monitor received email correspondence from Mr. Koch on November 7, 2025 with the debt balances of Westcastle GMC. This was one of the items previously requested by the Monitor, however to date the Monitor has not been provided with the remaining information requested.

#### **MONITOR AND ITS COUNSEL’S FEES**

87. Pursuant to paragraph 31 of the ARIO, the Monitor and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges. Pursuant to paragraph 32 of the ARIO, the Monitor and its counsel shall pass their accounts from time to time.
88. The Monitor seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Monitor and its counsel have maintained detailed records of their professional time and costs.
89. The Monitor’s fees from September 1, 2025, to October 31, 2025, were \$375,712.50, plus disbursements of \$14,242.73, plus GST of \$19,497.76 for a total of \$409,452.99.
90. Miller Thomson’s fees, as legal counsel to the Monitor, from September 1, 2025, to October 31 2025, were \$121,725.50, plus disbursements of \$469.86, plus GST of \$6,099.54 for a total of \$128,294.90.

91. A summary of the accounts rendered by the Monitor and its legal counsel is attached hereto as **Appendix “M”**. Detailed accounts are available for review by the Court upon request. The amount of the fees is based on the hourly rates of the professionals involved in this matter multiplied by actual time spent on this matter.

92. It is the Monitor’s opinion that the fees and disbursements of the Monitor and Miller Thomson accurately reflect the work performed by the Monitor and Miller Thomson in connection with the administration of the CCAA Proceedings for the dates of their respective invoices. It is the Monitor’s opinion that the fees and disbursements of Miller Thomson are fair, reasonable and justified in the circumstances. The Monitor recommends approval of Miller Thomson’ accounts by this Court.

### **CONCLUSION**

93. This Third Report has been prepared by the Monitor is in support of the Monitor’s Application. For reasons set out herein, the Monitor respectfully recommends that this Court grant the relief set out in the Monitor’s Application.

**All of which is respectfully submitted this 7<sup>th</sup> day of November 2025.**

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

**Per:**



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

**Appendix “A” – Pre-Filing Report of the Proposed Monitor dated August 20, 2025 (without appendices)**

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”):

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

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:**



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

**Appendix “B” – First Report of the Monitor dated August 27, 2025 (without appendices)**



COURT FILE NUMBER 2501-13057

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

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- A. MONITOR’S PRE-FILING REPORT (W/O APPENDICES)**
- B. CASH FLOW FORECAST FOR THE PERIOD AUGUST 22, 2025 TO  
NOVEMBER 22, 2025**

## INTRODUCTION

1. On August 22, 2025 (the “**Filing Date**”), upon application (the “**CCAA Application**”) by the Bank of Montreal (“**BMO**” or the “**Applicant**”) in its capacity as senior secured lender to 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**”), the Honourable Justice M. A Marion of the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to the Companies from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Companies (in such capacity, the “**Monitor**”).
2. BDO, as proposed monitor, prepared a pre-filing report dated August 20, 2025 (the “**Pre-Filing Report**”) attached (without appendices) as **Appendix “A”** hereto to provide information to the Court for its consideration in respect of the CCAA Application.
3. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Initial Order or the Pre-Filing Report.
4. Among other things, pursuant to the Initial Order the Court granted:
  - a. an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Debtors until and including September 1, 2025, to stabilize the Debtors’ operations and permit the Monitor to assess the Debtors’ current sales process to ultimately preserve the business as a going concern and maximizing value;

- b. the appointment of the Monitor and expanded powers of the Monitor during the CCAA proceedings (the “**CCAA Proceedings**”);
  - c. the appointment of the chief restructuring officer (“**CRO**”), Full Circle Automotive Solutions Inc. (“**Full Circle**” or the CRO) over the Debtors (inclusive of Squamish Chrysler);
  - d. charge over the Debtors’ property (the “**Property**”) to stand as security for payment by the Companies of the professional fees and disbursements of the Applicant’s legal counsel, the Monitor and its independent legal counsel, the CRO, and the CRO’s counsel, in an aggregate amount not to exceed \$350,000 (the “**Administration Charge**”);
  - e. the power for the Monitor to borrow funds in the maximum amount of \$500,000 to fund the Debtors’ operations during the CCAA Proceedings and a charge over the Property to stand as security (the “**Monitor’s Borrowing Charge**”); and
  - f. a charge over the Property to stand as security for the Debtors’ obligation to indemnify the directors from any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to a maximum amount of \$250,000 (the “**Director’s Charge**”).
5. The Initial Order contemplates a comeback application to be heard on August 27, 2025 (the “**Comeback Hearing**”) at which time the Applicant is seeking an Amended and Restated Initial Order (the “**ARIO**”).

## **PURPOSE**

6. The purpose of this first report of the Monitor (the “**First Report**”) is to provide information to the Court with respect to:
- a. the activities of the Monitor since the Filing Date;
  - b. the ARIO sought by the Applicant, including, among other things the following relief:
    - i. extending the Stay of Proceedings until and including September 26, 2025;

- ii. approving an increase to the Administration charge up to the maximum amount of \$750,000;
  - iii. approving an increase to the Monitor's Borrowing Charge up to the maximum amount of \$3.5 million (plus interest, cost and fees); and
  - iv. such further and other relief as the Court may deem just and equitable. and
- c. the Monitor's comments and recommendations with respect to:
- i. 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**");
  - ii. BMO's pre-filing credit facilities, the ongoing operation of the Floorplan Credit Facilities (as defined below), the results of a review of BMO's pre-filing security and ongoing paydowns of BMO's Indebtedness (as defined below); and
  - iii. the reasonableness of the amounts and relative priority of the Monitor's Borrowing Charge, Administration Charge, and Director's Charge (collectively, the "**Court Ordered Charges**").
7. The Initial Order and all other materials filed with the Court in these CCAA Proceedings are accessible on the Monitor's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/Summit-Automotive-Group> (the "**Monitor's Website**").

## **TERMS OF REFERENCE**

8. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Debtors, the affidavit of John Gil sworn August 15, 2025 (the "**Gil Affidavit**"), 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 First Report in respect of the Cash Flow Forecast:

- a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the 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 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 First 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.
9. Future oriented financial information referred to in this First Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
  10. Unless otherwise indicated, the Monitor’s understanding of the factual matters expressed in this First Report concerning the Debtors and their business is based on the Information, and not independent factual determinations made by the Monitor.
  11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **BACKGROUND INFORMATION.**

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

#### **INITIAL ACTIVITIES OF THE MONITOR**

13. Since the commencement of these CCAA Proceedings, the Monitor has:

- a. established the Monitor's Website;
- b. undertaken the necessary steps to prepare a notice containing information regarding the CCAA Proceedings (the "**Notice to Creditors**"), based on the contact information of known creditors with claims against the Companies in excess of \$1,000, as provided by the Companies. A copy of the Notice to Creditors will be posted on the Monitor's website once it has been mailed;
- c. met with former ownership regarding the CCAA Proceedings, terminated their employment and prepared term and task letters for them to assist the Monitor and CRO with potential transition items;
- d. notified each of the original equipment manufacturers ("**OEM(s)**") of the CCAA Proceedings, including having initial discussions with a number of them regarding the same;
- e. notified each of the Companies' landlords (as applicable) of the CCAA Proceedings;
- f. filed the statutory Forms 1 and 2 containing certain prescribed information regarding the proceedings with the Office of the Superintendent of Bankruptcy;
- g. reviewed the terms of the Initial Order with Management as they relate to the administration of pre-filing and post-filing payment obligations;
- h. completed an inventory count of the Companies new and used at certain of the Companies' dealership assets;
- i. assisted the Companies with stakeholder communications;
- j. engaged in discussions with representatives of the Tim Lamb Group ("**Tim Lamb**" or the "**Sales Agent**"), who were the Companies' sales agent with regards to the majority of dealership assets currently for sale (the "**Debtor-led Sales Process**") including but not limited to, the status of any letters of intent ("**LOI(s)**") and/or asset purchase agreements ("**APA(s)**") received to date and any remaining due diligence requirements of the prospective purchasers (the "**Prospective Purchasers**");

- k. engaged in discussions with various Prospective Purchasers and/or their respective counsels regarding the CCAA Proceedings and potential next steps;
- l. engaged in discussions with the Toronto Dominion Bank (“**TD**”) with regards to the TD financed dealership, Western Chevrolet;
- m. responded to correspondence received from creditors and other parties with respect to the CCAA Proceedings;
- n. participated in various discussions with the Companies and the CRO regarding operations, treasury functions and key stakeholders;
- o. engaged in various discussions with the Applicant’s counsel and the Monitor’s counsel with regards to the CCAA Proceedings; and
- p. created a weekly monitoring protocol with the Companies and the CRO to allow the Monitor to review and report on the Companies’ weekly cash receipts and disbursements.

#### **CASH FLOW FORECAST**

- 14. The CRO, with the assistance of Proposed Monitor, 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 “B”**.
- 15. 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.
- 16. The 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 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 First 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.
17. The Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above and since the Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.
18. The Cash Flow Forecast shows that during the Cash Flow Period; the Debtors will experience a new cash outflow of approximately \$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 Monitor believes that the amount on the Monitor's Borrowing Certificates and Monitor's Borrowing Charge is appropriate and necessary given the Cash Flow Forecast and is limited to the amounts reasonably necessary.

#### **COURT-ORDERED CHARGES**

19. The Initial Order granted an Administration Charge up to a maximum amount of \$350,000, a Monitor's Borrowing Charge up to a maximum amount of \$500,000 and a Director's Charge up to a maximum amount of \$250,000.

#### ***Administration Charge***

20. The Applicant is seeking to increase the maximum amount secured by the Administration Charge to a maximum amount of \$750,000.
21. The Monitor is of the view that the increased quantum of the Administration Charge is necessary and appropriate for the reasons set out in the Pre-Filing Report.

### *Monitor's Borrowing Charge*

22. In the proposed ARIO, the Applicant is seeking to increase the maximum amount secured by the Monitor's Borrowing Charge to \$3,500,000, plus interest, costs and fees to ensure that the maximum amount as outlined in the Cash Flow Forecast is made available to fund the Debtors' operations.
23. The Cash Flow Forecast illustrates that the Debtors have a critical and immediate need for interim financing. Without access to the \$3,500,000 in advances that are made available pursuant to the Monitor's Borrowing Certificate, the Debtors will be unable to continue operations during the Cash Flow Period as:
- a. the Debtors have payroll periods following the Comeback Hearing, together with other overhead operating expenses (including insurance, utilities and technology costs) all of which are critical to their operations, which they cannot presently fund without BMO's support; and
  - b. the professionals associated with the CCAA Proceedings have accrued and will accrue fees and disbursements and need assurance that their fees and disbursements will be paid during the CCAA Proceedings.
24. The Monitor's Borrowing Charge ranks subordinate to the Administration Charge, but ahead of the Director's Charge.
25. The requested increase to the Monitor's Borrowing Charge is a condition to advances continuing to be made available pursuant to the Monitor's Borrowing Certificate. As such, the Monitor is of the view that such increase is appropriate in the circumstances to maintain the Debtors' business in the normal course and to fund these CCAA Proceedings.

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

#### *Credit Facilities and Security Review*

26. As described in greater detail in the Gil Affidavit, the Summit Auto Group have a number of pre-filing secured credit facilities with BMO (collectively, the "**Pre-Filing Credit Facilities**"), including certain floor plan facilities pursuant to which BMO finances the acquisition of new and used vehicles (the "**Floorplan Credit Facilities**").

27. The Monitor has requested an independent legal opinion from its legal counsel, Miller Thomson LLP to determine the validity and enforceability of the security granted by the Summit Auto Group to BMO associated with the Pre-Filing Credit Facilities (the “**Security Opinion**”).
28. As of August 12, 2025, BMO was owed in excess of \$58 million under the Pre-Filing Credit Facilities (together with applicable interest, fees and expenses, the “**Indebtedness**”).

***Floorplan Credit Facilities***

29. In order for the Summit Auto Group to continue to operate as a going concern and purchase new or used vehicles in the ordinary course, it is necessary that the Summit Auto Group continue to have access to the Floorplan Credit Facilities, which BMO is prepared to permit, provided that (i) as a condition precedent to advances being made available after the Comeback Hearing, all vehicles sold by the Debtors have had the amount financed through the Floorplan Credit Facilities repaid pursuant to the terms thereof, and (ii) the Debtors shall conduct all business and operations in compliance with the Cash Flow Forecast.
30. The Cash Flow Forecast, which has been approved by BMO, contemplates certain paydowns of the Indebtedness, including (i) payment of interest under the Floorplan Credit Facilities, and (ii) paydown of the Floorplan Credit Facilities upon the sale of vehicles financed thereunder. The Cash Flow Forecast does not contemplate any other paydowns of the Indebtedness.
31. The Monitor has considered the types of claims and potential claims that would or could rank in priority to BMO’s security. As set out below, the Monitor is of the view that there are no amounts owing which are payable in priority to BMO, pending confirmation that BMO’s security is valid and enforceable (“**Positive Security Opinion Results**”), or which could not otherwise be addressed pursuant to the Cash Flow Forecast.
32. Pursuant to and in accordance with the terms of the Initial Order, the Company has paid all pre-filing and post-filing employee wages, source deductions, withholding taxes, and employee contributions as required. As at the date of this First Report, the Monitor is not aware that any of these amounts are owing by the Companies or that any claims have been asserted against the Companies that remain unpaid. To the extent the Monitor becomes aware of any of these amounts, they will be remitted as required.

33. Accordingly, the Monitor requests authority from the Court to make payments to BMO under the Floorplan Credit Facilities, pending Positive Security Option Results, in accordance with Cash Flow Forecast.

#### **ONGOING DEBTOR-LED SALES PROCESS**

34. The Monitor continues 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.

#### **CONCLUSION**

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

**All of which is respectfully submitted this 27<sup>th</sup> day of August 2025.**

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

**Per:**



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

**Appendix “C” – Second Report of the Monitor dated September 10, 2025 (without  
appendices)**

COURT FILE NUMBER 2501 - 13057

COURT COURT OF KING'S BENCH OF 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 SECOND REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY AS THE MONITOR

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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**LIST OF APPENDICES**

- Appendix “A” – Pre-Filing Report of the Proposed Monitor dated August 20, 2025 (without appendices)**
- Appendix “B” – First Report of the Monitor dated August 27, 2025 (without appendices)**
- Appendix “C” – Cash Flow Forecast for the Period August 22, 2025, to November 23, 2025**
- Appendix “D” – Cash Flow Variance for the Period August 22, 2025, to September 5, 2025**
- Appendix “E” – Proposed Sale and Investment Solicitation Process**
- Appendix “F” – CRO’s Report dated September 9, 2025**
- Appendix “G” – Professional Fees Schedule**

## INTRODUCTION

1. On August 22, 2025 (the “**Filing Date**”), upon application (the “**CCAA Application**”) by the Bank of Montreal (“**BMO**” or the “**Applicant**”) in its capacity as senior secured lender to 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**”), the Honourable Justice M. A. Marion of the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to the Companies from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Companies (in such capacity, the “**Monitor**”).
2. Among other things, pursuant to the Initial Order the Court granted:
  - a) an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Debtors until and including September 1, 2025, to stabilize the Debtors’ operations, permit the Monitor to assess the Debtors’ pre-filing sales process, and to ultimately preserve the business as a going concern and maximizing value;
  - b) the appointment of the Monitor and expanded powers of the Monitor during the CCAA proceedings (the “**CCAA Proceedings**”);
  - c) the appointment of the chief restructuring officer (“**CRO**”), Full Circle Automotive Solutions Inc. (“**Full Circle**” or the CRO) over the Debtors (inclusive of Squamish Chrysler);

- d) a charge over the Debtors' property (the "**Property**") to stand as security for payment by the Companies of the professional fees and disbursements of the Applicant's legal counsel, the Monitor and its independent legal counsel, the CRO, and the CRO's counsel (if any), in an aggregate amount not to exceed \$350,000 (the "**Administration Charge**");
  - e) the power for the Monitor to borrow funds in the maximum amount of \$500,000 to fund the Debtors' operations during the CCAA Proceedings and a charge over the Property to stand as security (the "**Monitor's Borrowing Charge**"); and
  - f) a charge over the Property to stand as security for the Debtors' obligation to indemnify the directors from any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to a maximum amount of \$250,000 (the "**Director's Charge**", together with the Administration Charge and Monitor's Borrowing Charge, the "**Court Ordered Charges**").
3. The Initial Order contemplated a comeback application on August 27, 2025 (the "**Comeback Hearing**").
4. At the Comeback Hearing, the Court granted an amended and restated initial order (the "**ARIO**"). Amongst other things, the ARIO:
- a) extended the Stay of Proceedings until and including September 26, 2025;
  - b) approved an increase to the Administration Charge up to the maximum amount of \$750,000;
  - c) approved an increase to the Monitor's Borrowing Charge up to the maximum amount of \$3.5 million (plus interest, costs and fees);
  - d) authorized continued payments to BMO under the existing floor plan arrangements once the Monitor confirmed the validity of BMO's security; and
  - e) reaffirmed the Monitor's authority to manage and operate the Companies' businesses and oversee sales efforts through its expanded powers.

5. To date, the Monitor has provided the Court with the following reports:
- a) the Pre-Filing Report of the Proposed Monitor filed August 20, 2025 (the “**Pre-Filing Report**”) in connection with the Applicant’s application for protection under the CCAA. The Pre-Filing Report (without appendices) is attached hereto as **Appendix “A”**; and
  - b) the First Report of the Monitor filed August 27, 2025 (the “**First Report**”) in connection with BMO’s application for the ARIO. The First Report (without appendices) is attached hereto as **Appendix “B”**.

## **PURPOSE**

6. The purpose of this second report of the Monitor (the “**Second Report**”) is to provide information to the Court with respect to:
- a) the activities of the Monitor since the First Report;
  - b) the Debtors’ actual cash flow results for the 2-week period ended September 5, 2025, versus the budgeted results for that period, as outlined in the Debtors’ 13-week consolidated cash flow from August 22, 2025, to the week ended November 23, 2025 (the “**Cash Flow Forecast**”);
  - c) the Monitor’s application to the Court returnable on September 19, 2025 (the “**Monitor’s Application**”), seeking the following:
    - (i) an order (the “**Stay Extension Order**”) to, among other things:
      - I. extend the Stay of Proceedings up to and including November 21, 2025, as supported by the Cash Flow Forecast;
      - II. approve the activities of the Monitor to date;
      - III. approve the accounts of the Monitor and its counsel, Miller Thomson LLP (“**Miller Thomson**”), for fees and disbursements incurred to date;

IV. confirm that the Court Ordered Charges apply against the following Personal Property Registry parties (collectively, the “**PPR Registrants**”):

- a) GE Canada Equipment;
- b) Canadian Imperial Bank of Commerce;
- c) Pattison Sign Group; and
- d) Wells Fargo Equipment Finance Company; and

V. grant the Monitor certain powers, in addition to and in no way limiting the powers of the Monitor as set out in the ARIO, to authorize the Monitor to conduct investigations, compel production of records relating to the Companies or their businesses, and to compel examinations under oath of any person reasonably thought to have knowledge relating to the Companies or their business (“**Investigative Powers**”); and

(ii) an order (the “**SISP Approval Order**”) to, among other things:

I. approve a proposed sale and investment solicitation process (the “**Proposed SISP**”); and

II. approve the appointment of the Debtors’ pre-filing sales agent, the Tim Lamb Group (the “**Sales Agent**” or “**Tim Lamb**”) to administer and manage the Proposed SISP with the oversight of the Monitor;

d) the Monitor’s recommendations on the relief sought in the Monitor’s Application.

7. This Second Report should be read in conjunction with the affidavit of John Gil sworn August 15, 2025 (the “**Gil Affidavit**”), the Pre-Filing Report, and the First Report, which can be found on the Monitor’s Website (herein defined) and contain background information with respect to

the Companies' businesses and operations as well as matters leading up to the commencement of these CCAA Proceedings.

8. Any terms not expressly defined herein shall have the meaning ascribed in the Gil Affidavit, the Pre-Filing Report, the First Report, the Initial Order, and the ARIO, as applicable. All materials filed with the Court in the CCAA Proceedings are accessible on the Monitor's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/summit-automotive-group> (the "**Monitor's Website**"). All Court documents and certain other relevant documents have been and will continue to be posted as they are made available.

#### **TERMS OF REFERENCE**

9. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Debtors, the Gil Affidavit, 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 Second Report in respect of the Cash Flow Forecast:
  - a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the 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 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 Second 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.

10. Future oriented financial information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
11. Unless otherwise indicated, the Monitor's understanding of the factual matters expressed in this Second Report concerning the Debtors and their business is based on the Information, and not independent factual determinations made by the Monitor.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

### **STAY EXTENSION**

13. The Stay of Proceedings currently expires on September 26, 2025. The Monitor is requesting an extension of the Stay of Proceedings until November 21, 2025. The Monitor supports an extension of the Stay of Proceedings for the following reasons, among others:
  - a) the Debtors, through the Monitor with its enhanced powers, are acting in good faith and with due diligence;
  - b) the Stay will provide the Monitor and Debtors with time to stabilize the businesses of the Debtors, continue the Proposed SISP, and review potential transactions in respect of the Dealerships; and
  - c) as of the date of this Report, the Monitor is not aware of any party opposed to the requested extension.
14. According to the Cash Flow Forecast (as described below), there will be sufficient funding to operate the Debtors' businesses during the proposed extension of the Stay of Proceedings to November 21, 2025.
15. The Monitor believes it is just, convenient, necessary, and in the best interest of the Debtors and their stakeholders that the Stay of Proceedings be extended.

## MONITOR'S ACTIVITIES TO DATE

16. Since the date of the First Report, the Monitor has:

- a) continued to update the Monitor's Website;
- b) met with former ownership regarding the CCAA Proceedings, terminated their employment and prepared term and task letters for them to assist the Monitor and CRO with potential transition items;
- c) held regular discussions with Management, the CRO, the Sales Agent and key stakeholders (including BMO) regarding operations, liquidity, the Debtors' current sales process status ("**Debtor-led Sale Process**"), the Proposed SISP, and broader restructuring initiatives;
- d) continued to communicate with each of the original equipment manufacturers ("**OEM(s)**") regarding OEM billing statements reconciliation, the Debtor-led Sale Process and the Proposed SISP;
- e) continued to assist the Companies with stakeholder communications;
- f) continued discussion with representatives of the Sales Agent, including but not limited to, the status of any letters of intent ("**LOI(s)**") and/or asset purchase agreements ("**APA(s)**") received to date with regards to the Debtor-led Sale Process and any remaining due diligence requirements of the prospective purchasers (the "**Prospective Purchasers**");
- g) continued discussions with various Prospective Purchasers and/or their respective counsel regarding the CCAA Proceedings and potential next steps, including the Proposed SISP;
- h) began preparation for the Proposed SISP in consultation with the Sales Agent and counsel, including drafting the Proposed SISP process letter, and assisting with marketing activities and materials;

- i) continued to engage in discussions with the Toronto Dominion Bank (“**TD**”) and its counsel with regard to the TD financed dealership, 2412170 Alberta Ltd. o/a Westcastle Chevrolet Buick GMC (“**Westcastle GMC**”);
- j) continued to respond to correspondence received from creditors and other parties regarding the CCAA Proceedings;
- k) continued to participate in various discussions with Management and the CRO regarding operations, treasury functions and vehicle inventory;
- l) held various discussions with the Applicant’s counsel and the Monitor’s counsel with regards to the CCAA Proceedings;
- m) continued to work with the CRO to oversee the Debtors’ treasury functions, including the monitoring of weekly receipts and disbursements against the Cash Flow Forecast;
- n) reviewed Miller Thomson’s security opinion on the validity and enforceability of BMO’s security over the Debtors;
- o) reviewed outstanding sold-in-violation (“**SIV(s)**”) vehicle amounts and began, with the assistance of the CRO, preparing for floor plan repayment initiatives;
- p) investigated numerous matters, irregularities, and concerns raised by employees of the Companies, the CRO, and Management;
- q) began review of personnel with the assistance of the CRO, as well as continued discussions with the CRO regarding proposed new personnels needed across the Dealerships;
- r) attended the Comeback Hearing; and
- s) prepared this Second Report.

## CASH FLOW FORECAST

17. The Monitor's First Report included a Cash Flow Forecast for the 13-week period from August 22, 2025, to the week ending November 23, 2025 (the "**Cash Flow Period**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "C"**.
18. The Monitor has reviewed the actual cash flow from operations for the 2-week period ending September 5, 2025 (the "**Initial Review Period**"), through monitoring the banking activities of the Debtors.
19. The Debtors' actual cash flow from operations for the Initial Review Period exceeded the projections for that same period by approximately \$2.0 million. This variance is a combination of timing differences of receipts and disbursements, as follows:
- a) the positive variance is largely due to the:
    - (i) delay in the net repayment of the outstanding Floorplan Credit Facilities (herein defined) for new and used vehicles sales and/or collection of vehicle sale proceeds (net of chatteling of new/used vehicles) after the Filing Date of \$4.6 million;
    - (ii) delay in the payment of trade-in vehicle lien payouts of \$1.1 million due primarily to lower than forecasted new and used vehicle sales and/or lower lien amounts on the actual trade-in vehicles;
    - (iii) delay in professional and restructuring fee payments of approximately \$380,000;
    - (iv) approximately \$232,000 of variance related to payroll and associated benefits, which is primarily due to decreased employee levels/ownership payroll and/or a classification of contractor amounts as vendor payments, which was budgeted in the payroll expense;
    - (v) delay in part purchases of approximately \$120,000 due to the CCAA Proceedings and the ramp up with OEMs regarding extending credit;

- (vi) net operating expenses (include rent, vendor and insurance payments) and contingency payments were 116,000 lower than forecast;
- b) the above positive variances are partially offset by:
  - (i) approximately \$3.3 million delay in receipts from new and used vehicles sales largely due to timing differences, and notice of the CCAA proceedings. These receipts are expected to catch up in later weeks;
  - (ii) net HST collection of approximately \$404,000 due to lower vehicles sales and disbursement levels;
  - (iii) \$375,000 of pre-filing HST was remitted in error by the Companies and an amended return will be filed to recoup the funds and/or offset future HST amounts owed;
  - (iv) approximately \$344,000 of dealer trades were purchased of which the vast majority was or will be chatted with the Floorplan Credit Facilities; and
  - (v) delay in part sales of \$184,000 due to reduced sales activity, the CCAA Proceedings and part purchases.
- c) A summary of the variance analysis described above is attached hereto as **Appendix “D”**.

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

20. As noted in the First Report, the Debtors had commenced the Debtor-led Sale Process, with Tim Lamb as the Sales Agent. The Monitor’s objective was to preserve momentum and, where transactions are substantially completed and commercially reasonable, seek Court approval to close near-ready deals.

21. Following the Monitor’s review of the Debtor-led Sales Process, the Monitor is of the view that a more formal, Court-approved and supervised sales process is required to maximize realizations for the Debtors’ stakeholders. As such, the Proposed SISP has been developed by the Monitor, in consultation with the Sales Agent and the Applicant, and is intended to solicit

interest in, and opportunities for, a sale of, or investment in, all or part of the Companies’ Property (the “**Opportunity**”).

22. During the Proposed SISP, the Monitor shall be permitted to remove any of the Dealerships from the Proposed SISP if the Monitor, in consultation with the Sales Agent and the Applicant, is of the view that any transaction with a Potential Purchaser from the Debtor-led Sales Process is sufficiently advanced, and is the highest and best value for the applicable Dealership business in the circumstances.
23. The Opportunity may include one or more of a restructuring, recapitalization or other forms of reorganization of the business and affairs of the Companies as a going concern or a sale of all, substantially all or one or more components of the Companies’ Property as a going concern or otherwise.
24. Below is a summary of the key features of the Proposed SISP and the milestones contemplated thereby. Any terms not expressly defined in this section shall have the meaning ascribed in the Proposed SISP attached hereto as **Appendix “E”**.

**Proposed SISP Summary and Timelines**

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

<b>MILESTONE</b>	<b>DEADLINE</b>
Go to market	As soon as practicable and in any event no later than the Monitor’s Application
Expression of Interest Deadline (EOI Deadline)	Friday, October 3, 2025 (12:00 PM MT)
EOI Selection Date	Tuesday, October 7, 2025
Binding Bid Deadline	Friday, October 24, 2025 (12:00 PM MT)
Selection of Qualified Bids	Tuesday, October 28, 2025
Selection of Successful Bidder(s) and Execution of Definitive Transaction Agreement(s)	Friday, October 31, 2025
Hearing of the Sale Approval Motion	Subject to Court availability, week of November 10, 2025
Closing the Transaction (Outside Date)	No later than Wednesday, December 3, 2025

26. Pursuant to the Proposed SISP, the various deadlines herein may be extended by and at the discretion of the Monitor, in consultation with the CRO and BMO.

***Solicitation of Interest***

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

### **Key Activities and Dates**

27. **Go to Market:** The marketing efforts will commence as soon as practicable and in any event no later than the Monitor's Application.
28. **EOI Deadline:** The solicitation of non-binding expressions of interest ("**EOIs**") will proceed with a submission deadline of 12:00 p.m. (Mountain Time) on Friday, October 3, 2025, or such later date as may be modified in the process letter circulated by the Sales Agent with the Monitor's approval. While EOIs may be non-binding, they must include the information and disclosures set out in the Proposed SISP.
29. **EOI Selection:** The Sales Agent will notify each potential bidder in writing as to whether their EOI has been selected to continue in the process (a "**Selected EOI**") by Tuesday, October 7, 2025, or such later date as determined appropriate by the Monitor in consultation with the Sales Agent and BMO.
30. **Binding Bid Deadline:** Bidders with a Selected EOI that wish to make a formal proposal ("**Bidders**") must submit a binding bid (a "**Binding Bid**") to the Monitor and Sales Agent by 12:00 p.m. (Mountain Time) on Friday, October 24, 2025 (the "**Binding Bid Deadline**"), or such later date as may be modified in the bid process letter circulated by the Sales Agent with the Monitor's approval. Binding Bids must comply with all the requirements set out in the Proposed SISP, and in each case, be delivered in the form of a signed agreement based upon the relevant template (if any) included in the virtual data room with all exhibits and schedules thereto completed (a "**Definitive Transaction Agreement**").
31. **Qualified Bid Selection:** The Sales Agent, in consultation with the Monitor and BMO, will assess the Binding Bids and determine which constitute "**Qualified Bids**" in accordance with the criteria set out in the Proposed SISP. The Sales Agent will notify each Bidder as to whether their Binding Bid has been designated a Qualified Bid by Tuesday, October 28, 2025, or such later date as determined appropriate by the Monitor.

### *Selection of a Successful Bid*

32. The Monitor, in consultation with the Sales Agent and the Applicant, will, by Friday October 31, 2025:

- a) review each Qualified Bid, the finalized Definitive Transaction Agreement and accompanying exhibits and schedules with consideration of the following:
  - (i) the amount of consideration being offered, and, if applicable, the proposed form, composition, and allocation of same;
  - (ii) the value of any assumption of liabilities or waiver of liabilities;
  - (iii) the likelihood of the respective OEMs of each of the Dealerships accepting the purchaser and identified individual/party as the dealer principal;
  - (iv) the likelihood of the Bidder's ability to close a transaction by the week of November 10, 2025 or earlier (including factors such as the Transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals);
  - (v) the likelihood of the Court's approval of the Successful Bid (as defined below), if required;
  - (vi) the net benefit to the Companies' and their estates; and
  - (vii) any other factors the Monitor may reasonably deem relevant;
- b) identify and select the highest or otherwise best bid received (the "**Successful Bid**", and the Bidder making such bid, the "**Successful Bidder**"), and notify or inform the Successful Bidder that its bid or Qualified Bid is the Successful Bid; and
- c) if the Monitor, in consultation with the Sales Agent and BMO, determines it to be appropriate to do so, the Monitor may identify a particular bid other than the

Successful Bid as a backup bid (the “**Backup Bid**”, and the bidder making such bid the “**Backup Bidder**”), and notify or inform the Backup Bidder that its bid or Qualified Bid is the Backup Bid.

33. Any Successful Bid will be subject to approval by this Court.
34. In the Monitor’s view, the Proposed SISP is a fair, reasonable, and transparent process that is consistent with sale processes approved in other insolvency proceedings in this industry. The Monitor is of the view that the proposed SISP will sufficiently canvass the market for and maximize the value of the Property, to the benefit of Companies’ creditors and stakeholders more generally. Accordingly, the Monitor recommends that this Court approve the Proposed SISP.

#### **BMO SECURITY REVIEW UPDATE**

35. As described in greater detail in the Gil Affidavit, the Debtors have a number of pre-filing secured credit facilities with BMO (collectively, the “**Pre-Filing Credit Facilities**”), including certain floor plan facilities pursuant to which BMO finances the acquisition of new and used vehicles by the Dealerships (the “**Floorplan Credit Facilities**”). In order for the Summit Auto Group to continue to operate as a going concern and purchase new or used vehicles in the ordinary course, it is necessary that the Summit Auto Group continue to have access to Floorplan Credit Facilities.
36. As advised by the Monitor in the First Report, the Monitor has requested an independent legal opinion from its legal counsel to determine the validity and enforceability of security granted by the Summit Auto Group to BMO associated with the Pre-Filing Credit Facilities (the “**Security Opinion**”). Upon confirmation that BMO’s security is valid and enforceable (“**Positive Security Opinion Results**”) the Monitor intended to make payments to BMO under the Floorplan Credit Facilities.
37. Miller Thomson delivered the Security Opinion which confirms the Positive Security Opinion Results. Based on the Positive Security Opinion Results, and in discussion with Miller Thomson, the Monitor is satisfied that ordinary course payments, including pre-filing amounts

owing, to BMO under the Floorplan Credit Facilities shall be, and will continue to be made in accordance with the ARIIO, in line with the Cash Flow Forecast.

## **MONITOR'S INVESTIGATIVE POWERS**

38. To date, the Monitor and the CRO have identified certain transaction irregularities requiring further review, including potential related-party transactions at under value, wholesale vehicle sales resulting in substantial losses, and undocumented intercompany advances, all of which may have resulted in the erosion of BMO's collateral.

39. Since the commencement of the CCAA Proceedings, the CRO has advanced multiple investigative workstreams. The CRO's investigations have confirmed several material concerns, such as:

- a) an incident at Vermilion Chrysler in which an estimated 25–50 original deal files were shredded and discarded. While duplicate files were subsequently identified, the destruction of the original documents raises significant concerns regarding the preservation of dealership records and the integrity of historical reporting;
- b) cumulative losses exceeding \$1 million were confirmed through further review of wholesale vehicle transactions, with units sold significantly below fair market value and subsequently certain of those same vehicles resold by the wholesale purchasers at materially higher prices. The CRO believes that these transactions may suggest undisclosed revenue-sharing arrangements that benefitted third parties at the expense of the Dealerships and BMO; and
- c) the widespread use of third-party finance “pod” agreements across Dealerships. These arrangements have resulted in falsified credit applications, lender chargebacks, and the termination of certain lender relationships (such as RBC). Certain agreements have been linked to potential misrepresentations, undisclosed commissions, and ongoing regulatory investigations by the Vehicle Sales Authority of British Columbia (“VSA”) and the Alberta Motor Vehicle Industry Council (“AMVIC”).

40. A copy of the CRO's report on its preliminary findings on these irregularities is attached hereto as **Appendix “F”**.

41. Through various inquiries, the Monitor has come to understand that funds from Squamish Chrysler, a BMO-financed debtor, may have been redirected through separate entities and paid to related companies not subject to the CCAA Proceedings. The Monitor understands that there were transfers or redirection of funds of at least \$500,000.
42. In light of the above, the Monitor is seeking the Investigative Powers, as contemplated in the Stay Extension Order. These powers would authorize the Monitor to compel the production of books, records and correspondence, and to conduct examinations under oath if necessary and where appropriate.
43. The Monitor considers the Investigative Powers to be necessary and appropriate to further investigate the irregularities identified to date, to ensure transparency in the conduct of the CCAA Proceedings, and to protect the interests of the Companies' stakeholders. The Monitor intends to exercise such powers in a targeted and proportionate manner, in consultation with its counsel and the Applicant.

#### **MONITOR AND ITS COUNSEL'S FEES**

44. Pursuant to paragraph 31 of the ARIO, the Monitor and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges. Pursuant to paragraph 32 of the ARIO, the Monitor and its counsel shall pass their accounts from time to time.
45. The Monitor seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Monitor and its counsel have maintained detailed records of their professional time and costs.
46. The Monitor's fees from April 1, 2025, to August 31, 2025, were \$223,219.50, plus disbursements of \$2,421.39, plus GST of \$11,282.04 for a total of \$236,922.93.
47. Miller Thomson's fees, as legal counsel to the Monitor, from August 11, 2025, to August 29, 2025, were \$91,796.00, plus disbursements of \$3,465.08, plus GST of \$4,719.32 for a total of \$99,980.40.
48. A summary of the accounts rendered by the Monitor and its legal counsel is attached hereto as **Appendix "G"**. Detailed accounts are available for review by the Court upon request. The

amount of the fees is based on the hourly rates of the professionals involved in this matter multiplied by actual time spent on this matter.

49. It is the Monitor's opinion that the fees and disbursements of the Monitor and Miller Thomson accurately reflect the work performed by the Monitor and Miller Thomson in connection with the administration of the CCAA Proceedings for the dates of their respective invoices. It is the Monitor's opinion that the fees and disbursements of Miller Thomson are fair, reasonable and justified in the circumstances. The Monitor recommends approval of Miller Thomson's accounts by this Court.

## **CONCLUSION**

50. This Second Report has been prepared by the Monitor is in support of the Monitor's Application. For reasons set out herein, the Monitor respectfully recommends that this Court grant the relief set out in the Monitor's Application.

**All of which is respectfully submitted this 10<sup>th</sup> day of September 2025.**

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

**Per:**



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**Clark Lonergan, CA, CPA, CIRP, LIT**

**Partner/Senior Vice President**

**Appendix “D” – Cash Flow Forecast for the Period August 22, 2025, to November 23, 2025**

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	
<b>Receipts</b>															
	<b>Notes</b>														
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
<b>Total Receipts</b>		<b>3,325,581</b>	<b>3,846,745</b>	<b>2,620,958</b>	<b>3,691,654</b>	<b>4,839,657</b>	<b>3,846,745</b>	<b>2,620,958</b>	<b>3,691,654</b>	<b>4,839,657</b>	<b>3,846,745</b>	<b>2,620,958</b>	<b>3,691,654</b>	<b>4,839,657</b>	<b>48,322,621</b>
<b>Operating Disbursements</b>															
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
<b>Debt Service</b>															
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
<b>Total Disbursements</b>		<b>3,780,146</b>	<b>3,920,825</b>	<b>2,471,735</b>	<b>3,934,630</b>	<b>4,323,945</b>	<b>4,249,664</b>	<b>2,793,635</b>	<b>5,350,344</b>	<b>4,323,945</b>	<b>4,050,109</b>	<b>2,881,009</b>	<b>3,632,009</b>	<b>6,025,651</b>	<b>51,737,645</b>
<b>Net Cash Inflow/(Outflow)</b>		<b>(454,565)</b>	<b>(74,080)</b>	<b>149,223</b>	<b>(242,976)</b>	<b>515,712</b>	<b>(402,919)</b>	<b>(172,677)</b>	<b>(1,658,690)</b>	<b>515,712</b>	<b>(203,364)</b>	<b>(260,051)</b>	<b>59,644</b>	<b>(1,185,994)</b>	
<b>Cumulative Net Cash Flow</b>		<b>(454,565)</b>	<b>(528,645)</b>	<b>(379,422)</b>	<b>(622,398)</b>	<b>(106,686)</b>	<b>(509,605)</b>	<b>(682,282)</b>	<b>(2,340,972)</b>	<b>(1,825,260)</b>	<b>(2,028,623)</b>	<b>(2,288,674)</b>	<b>(2,229,030)</b>	<b>(3,415,024)</b>	<b>(3,415,024)</b>
<b>Opening Cash Balance</b>		-	(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)	-
<b>Net Cash Inflow/(Outflow)</b>		(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)
<b>Closing Cash Balance</b>	21	<b>(454,565)</b>	<b>(528,645)</b>	<b>(379,422)</b>	<b>(622,398)</b>	<b>(106,686)</b>	<b>(509,605)</b>	<b>(682,282)</b>	<b>(2,340,972)</b>	<b>(1,825,260)</b>	<b>(2,028,623)</b>	<b>(2,288,674)</b>	<b>(2,229,030)</b>	<b>(3,415,024)</b>	<b>(3,415,024)</b>

COMBINED CASH FLOW FORECAST FOR THE PERIOD  
AUGUST 22, 2025 TO NOVEMBER 23, 2025  
PRESENTED IN CANADIAN DOLLARS (\$ CAD)

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**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 “E” – Cash Flow Variance for the Period**

Summit Auto Group  
Receipts and Disbursements Since the Filing Date  
For the Period August 22, 2025 to November 2, 2025  
in \$CAD

	Budget	Actual	Variance F(U)	Notes
<b>Receipts</b>				
New Vehicle Sales	17,943,431	8,224,418	(9,719,013)	The cumulative unfavourable variance is largely due to lower than forecast vehicle sales as a result of the removal of high sale volume/low margin/high risk financing pod deals (the "Pod Deals") operating out of certain dealerships. These past Pod Deals have resulted in a number of third-party vehicle finance providers/lenders suspending their offerings to the Dealerships. This is further worsened by the high sales personnel turn over.
Used Vehicle Sales	13,988,079	2,469,417	(11,518,662)	Similar to new vehicle sales, the cumulative unfavourable variance is largely due to lower than forecast vehicle sales as a result of the removal of Pod Deals. These past Pod Deals have resulted in a number of third-party vehicle finance providers/lenders suspending their offerings to the Dealerships. This is coupled with a number of aged inventory not being desirable and thus lower sales volume and amount than initially forecasted.
Parts & Service Sales	1,876,641	1,045,374	(831,267)	The unfavourable variance primarily reflects a slowdown in service department, consistent with the overall decreased dealership activity.
GST/PST Collected	3,362,202	1,081,077	(2,281,125)	Variance is attributable to related decrease in vehicles, parts and service sales.
<b>Total Receipts</b>	<b>37,170,353</b>	<b>12,820,286</b>	<b>(24,350,067)</b>	
<b>Disbursements</b>				
Finance Product Costs	572,080	50,806	521,274	As finance products are sold as part of vehicle sales (e.g. warranties and protection plans), the cumulative favourable variance is attributable to lower vehicle sales during the period.
Lien Payouts	8,545,276	1,877,566	6,667,710	The cumulative favourable variance reflects the decrease in trade-in consistent with lower vehicle sales volumes, and/or lower lien amounts on the actual trade-in vehicles resulting in fewer lien payouts at lower average amounts than forecast.
Vehicle Purchases	-	1,588,600	(1,588,600)	The cumulative unfavourable variance reflects vehicle purchases and dealer trades during the period for immediate resale to the customers.
Parts Purchases	880,952	239,131	641,822	The cumulative favourable variance is attributable to certain parts vendors continuing to extend trade terms during the CCAA period, or the Company paying with corporate credit card for COD vendors. In addition, the Monitor's reconciliation efforts for parts billings with OEMs has resulted in pre-filing amounts collected in the early days of the CCAA Proceedings being refunded or being offset against parts purchases made during the CCAA Proceedings.
Payroll (including Taxes)	1,641,826	1,425,964	215,862	The cumulative variance is favourable, in line with reduced employee levels/ownership payroll.
Employee Benefits	86,058	32,027	54,031	The favourable variance is attributable to a lower employee headcount and a higher proportion of personnel being engaged and paid as contractors rather than employees, as well as the timing of certain benefit payments during the period has contributed to the favourable variance.
Consultants Fees	34,000	32,982	1,018	
Corporate Credit Card Repayment	150,000	191,239	(41,239)	The cumulative unfavourable variance is due to increased credit card usage by the Dealerships, as certain vendors required payment on a COD basis following the CCAA Proceedings.
Vendor Payments	628,850	588,898	39,952	The cumulative favourable variance is primarily due to timing, as vendor payments are made periodically in batches.
Rent Payments	156,367	89,172	67,195	The initial budget for rent was overstated, resulting in a permanent variance.
Insurance Payments	58,652	52,061	6,591	
Professionals & Restructuring Costs	1,265,000	546,210	718,790	The favourable variance reflects timing differences and will reverse as invoices are received from certain professionals and paid (-\$700K to be paid in upcoming weeks).
Contingency	250,000	-	250,000	This is anticipated to be a temporary timing variance to account for unexpected expenditures.
GST/PST Paid	395,599	248,392	147,207	Cumulative favourable variance in line with lower overall disbursements.
GST/PST Remittance (Refund)	1,500,404	523,672	976,732	The cumulative favourable variance is consistent with the lower overall GST/PST collected as a result of lower vehicle, parts, and service sales.
Debt Service	-	-	-	
Floor Plan Payments to/ (from) BMO	22,656,078	4,938,106	17,717,971	The favourable variance is attributable to significantly lower vehicle sales activity, resulting in reduced floor plan repayments (net of chatteling of new/used vehicles).
BMO Floor Plan Interest	322,000	290,993	31,007	The favourable variance is due to a decrease in floor plan balance as the Dealerships have ramped down on taking in new vehicles from the OEMs.
Bank Fees and Charges	55,834	35,205	20,629	
<b>Total Disbursements</b>	<b>39,198,976</b>	<b>12,751,025</b>	<b>26,447,951</b>	
Opening Balance	-	-	-	
Net Cash Inflow/(Outflow)	(2,028,623)	69,261	2,097,884	
<b>Ending Balance</b>	<b>(2,028,623)</b>	<b>69,261</b>	<b>2,097,884</b>	
<b>Borrowing Charge Used</b>	<b>2,028,623</b>	<b>1,800,000</b>	<b>228,623</b>	
<b>Adjusted Ending Balance</b>	<b>-</b>	<b>1,869,261</b>	<b>1,869,261</b>	The adjusted ending balance will be used to cover timing related disbursements to be caught up in upcoming weeks, including a \$887K floor line repayment and -\$700K of professional fees to be paid.
Maximum Borrowing Charge	3,500,000	3,500,000	-	
Less: Borrowing Charge Used	(2,028,623)	(1,800,000)	228,623	
<b>Remaining Borrowing Charge</b>	<b>1,471,377</b>	<b>1,700,000</b>	<b>228,623</b>	

## **Appendix “F” – Revised Cash Flow Forecast**

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  
NOVEMBER 3, 2025 TO FEBRUARY 1, 2026  
PRESENTED IN CANADIAN DOLLARS (\$CAD)

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Week Ending		11/9/2025	11/16/2025	11/23/2025	11/30/2025	12/7/2025	12/14/2025	12/21/2025	12/28/2025	1/4/2026	1/11/2026	1/18/2026	1/25/2026	2/1/2026	
<b>Receipts</b>	<b>Notes</b>														
New Vehicle Sales	1	779,890	533,143	649,908	636,692	731,147	499,822	609,289	596,898	731,147	599,305	588,573	627,341	722,077	8,305,230
Used Vehicle Sales	1	226,776	142,780	188,980	197,384	212,603	133,856	177,169	185,048	212,603	164,698	190,658	212,454	232,056	2,477,063
Parts & Service Sales	2	102,320	101,634	104,530	96,232	152,320	101,634	104,530	96,232	102,320	101,634	67,626	63,200	67,799	1,262,010
GST/PST Collected	3	114,180	76,989	96,892	98,308	107,656	72,774	91,456	92,736	107,656	86,703	93,274	101,218	112,375	1,252,217
<b>Total Receipts</b>		<b>1,223,165</b>	<b>854,546</b>	<b>1,040,310</b>	<b>1,028,616</b>	<b>1,203,725</b>	<b>808,086</b>	<b>982,443</b>	<b>970,915</b>	<b>1,153,725</b>	<b>952,339</b>	<b>940,130</b>	<b>1,004,213</b>	<b>1,134,307</b>	<b>13,296,520</b>
<b>Operating Disbursements</b>															
Finance Product Costs	4	8,053	5,407	6,711	6,673	7,550	5,069	6,292	6,256	7,550	6,112	6,234	6,718	7,633	86,258
Lien Payouts	5	201,891	111,993	168,243	190,844	199,820	110,267	166,517	189,463	199,820	113,719	158,121	183,570	190,980	2,185,246
Vehicle Purchases	6	101,388	125,833	125,111	141,562	95,052	117,969	117,292	141,562	114,600	116,885	125,969	143,120	150,172	1,616,516
Parts Purchases	7	25,042	23,073	24,057	24,057	22,664	20,695	19,302	19,302	18,701	16,732	12,540	12,540	13,525	252,230
Payroll (Including Taxes)	8	-	145,298	-	-	290,595	-	145,298	-	346,176	-	100,550	-	201,100	1,229,017
Employee Benefits	9	-	19,973	-	-	-	-	19,973	-	-	-	11,595	-	-	51,542
Consultants Fees	10	-	24,000	-	-	-	-	24,000	-	-	-	24,000	-	-	72,000
Corporate Credit Card Repayment	11	-	-	75,000	-	-	-	75,000	-	-	-	75,000	-	-	225,000
Vendor Payments	12	33,792	127,616	33,795	33,795	33,795	127,616	33,795	33,795	33,795	103,616	50,007	26,007	26,007	697,432
Rent Payments	13	55,289	-	-	-	55,289	-	-	-	55,289	-	-	-	-	165,867
Insurance Payments	14	25,996	-	22,576	-	-	4,500	22,576	-	-	4,500	14,335	-	-	94,483
Professionals & Restructuring Costs	15	515,000	-	95,000	-	150,000	-	155,000	-	150,000	-	80,000	-	195,000	1,340,000
Contingency	16	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	245,000
GST/PST Paid	17	82,577	29,305	40,275	19,990	38,131	27,618	48,562	19,584	39,161	24,323	23,607	15,745	17,852	426,731
GST/PST Remittance (Refund)	18	-	-	-	-	248,793	-	-	-	263,759	-	-	-	321,055	833,607
<b>Debt Service</b>															
Floor Plan Payments to/(from) BMO	19	1,424,402	343,620	450,335	466,983	496,080	316,870	413,400	427,250	496,080	416,204	483,472	539,638	588,273	6,862,607
BMO Floor Plan Interest	20	145,920	-	-	-	140,000	-	-	-	140,000	-	-	-	-	425,920
Bank Fees and Charges	21	-	20,917	-	-	-	-	20,917	-	-	-	10,420	-	-	52,254
<b>Total Disbursements</b>		<b>2,639,350</b>	<b>997,035</b>	<b>1,061,104</b>	<b>903,905</b>	<b>1,797,769</b>	<b>750,604</b>	<b>1,287,923</b>	<b>857,212</b>	<b>1,884,932</b>	<b>822,090</b>	<b>1,190,850</b>	<b>942,339</b>	<b>1,726,596</b>	<b>16,861,709</b>
Net Cash Inflow/(Outflow)		(1,416,185)	(142,489)	(20,794)	124,711	(594,045)	57,483	(305,480)	113,703	(731,207)	130,249	(250,720)	61,874	(592,290)	
<b>Cumulative Net Cash Flow</b>		<b>(1,416,185)</b>	<b>(1,558,674)</b>	<b>(1,579,468)</b>	<b>(1,454,757)</b>	<b>(2,048,801)</b>	<b>(1,991,318)</b>	<b>(2,296,798)</b>	<b>(2,183,095)</b>	<b>(2,914,302)</b>	<b>(2,784,053)</b>	<b>(3,034,773)</b>	<b>(2,972,899)</b>	<b>(3,565,189)</b>	<b>(3,565,189)</b>
<b>Opening Cash Balance</b>		<b>69,261</b>	<b>(1,346,924)</b>	<b>(1,489,413)</b>	<b>(1,510,207)</b>	<b>(1,385,496)</b>	<b>(1,979,540)</b>	<b>(1,922,057)</b>	<b>(2,227,537)</b>	<b>(2,113,834)</b>	<b>(2,845,041)</b>	<b>(2,714,792)</b>	<b>(2,965,512)</b>	<b>(2,903,638)</b>	<b>69,261</b>
Net Cash Inflow/(Outflow)		(1,416,185)	(142,489)	(20,794)	124,711	(594,045)	57,483	(305,480)	113,703	(731,207)	130,249	(250,720)	61,874	(592,290)	(3,565,189)
<b>Closing Cash Balance</b>	<b>22</b>	<b>(1,346,924)</b>	<b>(1,489,413)</b>	<b>(1,510,207)</b>	<b>(1,385,496)</b>	<b>(1,979,540)</b>	<b>(1,922,057)</b>	<b>(2,227,537)</b>	<b>(2,113,834)</b>	<b>(2,845,041)</b>	<b>(2,714,792)</b>	<b>(2,965,512)</b>	<b>(2,903,638)</b>	<b>(3,495,928)</b>	<b>(3,495,928)</b>

COMBINED CASH FLOW FORECAST FOR THE PERIOD  
NOVEMBER 3, 2025 TO FEBRUARY 1, 2026  
PRESENTED IN CANADIAN DOLLARS (\$CAD)

**Notes to the Unaudited 13-Week Cash Flow Forecast of the Debtors**

In preparing this cash flow forecast (the "13-Week Cash Flow Forecast") the Chief Restructuring Officer (the "CRO") of Summit Auto Group have relied upon unaudited financial information and the CRO have not attempted to further verify the accuracy or completeness of such information. The 13-Week Cash Flow Forecast includes estimates concerning the operations of 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 the Debtors (the "Monitor") have prepared the 13-Week Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings. The 13-Week Cash Flow Forecast excludes any amounts or proceeds expected to be realized from the sale of assets pursuant to the "SISP".

**Assumptions:**

- 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 reflective of the holiday season.
- 2 Parts and service sales calculated based on past sales figures and sales mix. In later weeks, parts sales are increased to reflect realization efforts on remaining parts inventory not acquired by purchasers under the "SISP".
- 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 lien payouts calculated based on forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 6 Vehicle purchases (including dealer trades taken in) are for immediate resale to the customers, with proceeds reflected for each subsequent week through vehicle sales.
- 7 Calculated using historical average gross margin on projected parts sales. Figures in later weeks assume the ramp down of parts purchases in an effort to deplete existing inventory.
- 8 Payroll made up of salaried employees, hourly employees, and contractor 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. Additional payroll included in December Month end relating to year end vacation payouts.
- 9 Continuation of employee benefit plan with the Companies' current insurance provider.
- 10 External consultants brought-in by the CRO to help stabilize the operation of dealerships.
- 11 Periodic repayment of the BMO Mastercard used for operating expenses.
- 12 Payment of go-forward vendor payments, consistent with past weekly run rate.
- 13 Rent payments to third party landlords of Squamish Chrysler, Cranbrook Mitsubishi, and Western Sports Products.
- 14 Continuation of insurance policy premiums to be paid as scheduled.
- 15 Costs of the Monitor and its counsel, the CRO, the Companies' counsel, the sales agent, and BMO's counsel.
- 16 Contingency is assumed to cover unanticipated costs.
- 17 GST and PST paid on disbursements.
- 18 GST and PST remittance paid monthly for previous month's net GST collected and PST collected.
- 19 Represents the net of principal repayment of floor line financing on vehicles sold and/or financing provided for purchase of vehicles or trade ins.
- 20 Estimated based on latest floor line principal balance and the interest rate as stated in its loan agreement.
- 21 Miscellaneous bank fees and charges paid to BMO on a monthly basis.
- 22 Cash shortfall to be funded through Monitor's Borrowing Certificates, up to a maximum of \$3.5 million.

**Appendix “G” – Redacted Arrow VW Sale Agreement**

**SUMMIT S AUTO LTD. AND SUMMIT V AUTO LTD.**

**- and -**

**K5 IG HOLDINGS INC.**

**ASSET PURCHASE AGREEMENT**

**DATED AS OF NOVEMBER \_\_\_\_\_, 2025**

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated as of the \_\_\_\_ day of November, 2025

### BETWEEN:

**SUMMIT V AUTO LTD. and SUMMIT S AUTO LTD.**

(each, a “Vendor” and collectively, the “Vendors”)

### AND

**K5 IG HOLDINGS INC.**

(the “Purchaser”)

### RECITALS:

**WHEREAS** on August 22, 2025, the Court of King’s Bench of Alberta (the “Court”) issued an Initial Order (as amended and restated on August 27, 2025 and as may be further amended or amended and restated from time to time, the “Initial Order”) granting the Vendors protection under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA” and the proceedings commenced thereunder, the “CCAA Proceedings”). Pursuant to the Initial Order, BDO Canada Limited was appointed as Monitor of, among others, the Vendors (in such capacity and not in its personal or corporate capacity, the “Monitor”).

**AND WHEREAS** on September 19, 2025, the Court granted an order approving a sale and investment solicitation process (“SISP”) which, among other things, authorized the Monitor, with the assistance of Tim Lamb Group (the “Sales Agent”), to conduct the SISP and appointed Full Circle Automotive Solutions Inc. as the chief restructuring officer of the Vendors.

**AND WHEREAS** the Vendors’ business primarily consists of operating a retail automotive vehicle and recreational motorsport dealerships (the “Business”) in Cranbrook, British Columbia operated by Summit V Auto Ltd. (“Arrow VW”).

**AND WHEREAS** Summit S Auto Ltd. is a real estate holding company which owns the real estate upon which Arrow VW operates located at 2034 Cranbrook Street North, Cranbrook, British Columbia with the legal description set out on Schedule “D” (the “Owned Real Property”).

**AND WHEREAS** the Purchaser wishes to purchase the Purchased Assets (as defined herein) upon the terms and subject to the conditions set out herein.

**NOW THEREFORE**, in consideration of the promises, mutual covenants and agreements contained in this Agreement (as defined herein), and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the Parties (as defined herein), the Parties agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, in addition to the terms defined above in the Preamble and Recitals, the following terms have the following meanings:

**“Accounts Payable”** means any and all amounts owing by any Vendor to any Person which are incurred in connection with the purchase of goods and/or the provision of services.

**“Action”** means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, order, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity and by or before a Governmental Authority.

**“Affiliate”** means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to **“control”** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.

**“Agreement”** means this Asset Purchase Agreement, including the Preamble, Recitals and Schedules hereto, as they may be amended, restated or supplemented from time to time in accordance with the terms hereof.

**“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, **“Law”**), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

**“Approval and Vesting Order”** means an order of the Court issued in the CCAA Proceedings approving the transactions contemplated by this Agreement and vesting in the Purchaser all of the Vendors’ right, title and interest in and to the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances), in form and substance satisfactory to the Parties, acting reasonably.

**“Approval Motion”** has the meaning set out in Section 4.1(c).

**“Assigned Contracts”** means, collectively, the Critical Contracts, the Personal Property Leases and the other Contracts listed on Schedule “B”.

**“Assignment and Assumption Agreement”** means an assignment and assumption agreement, in form and substance satisfactory to the Parties, acting reasonably, evidencing the assignment to the Purchaser of each Vendor’s rights, benefits and interests in, to and under the Assigned Contracts and the assumption by the Purchaser of all of the Assumed Liabilities under or in respect of the Assigned Contracts.

**“Assignment Order”** means an order of the Court issued in the CCAA Proceedings in form and substance satisfactory to the Parties, each acting reasonably, assigning to the Purchaser each Vendor’s right, benefit and interest in and to any of the Assigned

Contracts for which any necessary consent to assign has not been obtained, in form and content acceptable to the Parties, acting reasonably.

**“Assumed Liabilities”** means the following Liabilities of each Vendor:

- (a) all Liabilities under the Assigned Contracts and Permits and Licences (in each case to the extent such Assigned Contract or Permit and Licence is effectively assigned to the Purchaser) arising on or after the Closing Date;
- (b) all Liabilities relating to the Purchased Assets or Related to the Business arising on or after the Closing Date, including, for greater certainty, any and all omitted or reassessed municipal or property Taxes that arise or result from a reassessment of the Owned Real Property that occurs or is concluded after Closing, irrespective of whether such omitted or reassessed municipal or property Taxes are owing for a period before or after Closing, and irrespective of when such omitted or reassessed municipal or property Taxes are deemed to be due and owing pursuant to applicable legislation;
- (c) all Liabilities on account of the trade accounts, payables and other current Accounts Payable, in each case incurred or accrued by any Vendor on or after the Closing Date in the ordinary course of business and Related to the Business;
- (d) all liabilities related to Employees that are specifically assumed by the Purchaser pursuant to Section 6.1(c), including, for greater certainty, the unused vacation pay and time accrued or banked and overtime pay accrued or banked in respect of each Employee under the Vendors’ Employee Plans; and
- (e) all liabilities relating to the Assumed Plan arising from events occurring on or after, but not prior to, the Closing Date.

and, for greater certainty, does not include Excluded Liabilities.

**“Assumed Plan”** means the group benefits plan administered by First Canadian Insurance Corporation.

**“Backup Bid”** has the meaning given to it in the SISP.

**“Books and Records”** means the books, records, files, papers, books of account and other financial data of the Vendors which are solely Related to the Business or related to the Purchased Assets, including drawings, engineering information, manuals and Data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, marketing lists and marketing consent records, personnel, employment and other records, and all records, Data and information stored electronically, digitally or on computer-related or any other media.

**“Business”** has the meaning set out in the Recitals.

**“Business Day”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Edmonton, Alberta or City of Cranbrook, British Columbia but does not include a Saturday, Sunday or statutory holiday in the Provinces of Alberta or British Columbia.

**“Cash Purchase Price”** has the meaning set out in Section 3.1(a).

**“Casualty”** has the meaning set out in Section 7.3.

**“CCAA”** has the meaning set out in the Recitals.

**“CCAA Proceedings”** has the meaning set out in the Recitals.

**“Claims”** means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, related to the Vendors or the Purchased Assets, and **“Claim”** means any one of them;

**“Closing”** means the completion of the purchase and sale of the Vendors’ right, title and interest in and to the Purchased Assets and the assignment and assumption of the Assumed Liabilities by the Purchaser in accordance with the provisions of this Agreement.

**“Closing Date”** means ten (10) Business Days following the later of: (a) waiver or satisfaction of the Purchaser’s Due Diligence Condition; and (b) the date of issuance of the Approval and Vesting Order; or such other date as the Purchaser and Vendors agree to in writing.

**“Closing Time”** means the time of day on the Closing Date when Closing occurs.

**“Conditions Certificates”** has the meaning set out in Section 9.3.

**“Contracts”** means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Vendor is a party or by which any Vendor or any of the Purchased Assets are bound or under which any Vendor has rights, including any Personal Property Leases.

**“Court”** has the meaning set out in the Recitals.

**“Critical Contracts”** means those Contracts that are, in the opinion of the Purchaser, acting reasonably, necessary and critical to the operation of the Business and the Purchased Assets as a going concern after the Closing Date as listed and specified as “Critical Contracts” on Schedule “B”.

**“Cure Costs”** means, with respect to any Assigned Contract, the amounts, if any, required to be paid to remedy all of the applicable Vendor’s monetary defaults existing as of the Closing Date under the applicable Assigned Contract.

**“Customer Contracts”** means any and all unfilled orders, commitments and other engagements entered into between any of the Vendors and one or more third parties relating to the sale of vehicles or vehicle parts and accessories or the provision of vehicle maintenance or repair services by any of the Vendors to such third parties in the ordinary course of Business;

**“Customer Deposit”** means deposit held by the Vendor as at Closing pursuant to the terms of a Customer Contract entered into prior to Closing;

**“Damages”** means any loss, cost, Liability, claim, interest, fine, penalty, assessment, Taxes, damages available at Law or in equity (including incidental, consequential, special, aggravated, exemplary or punitive damages unless paid to a third party), expense (including consultant’s and expert’s fees and expenses and reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation, defence or settlement) or diminution in value.

**“Data”** means any information or data collected or received by, processed by, or output from software (including reports, analytics, and alerts), and any other information or data Related to the Business, including information and data contained in any databases.

**“Deferred New Vehicles”** means undamaged new model vehicles owned by the Vendors and used by them in the Business and for which the applicable Manufacturers have invoiced the Vendors.

**“Demonstrator Vehicles”** means undamaged New Vehicles owned by the Vendors and used by them in the Business immediately prior to Closing for demonstration purposes and which have not been registered as sold vehicles with the applicable Manufacturers.

**“Deposit”** has the meaning set forth in Section 3.3(a).

**“Due Diligence Date”** means the thirtieth (30<sup>th</sup>) day following the date of this Agreement, subject to extension in accordance with Section 9.1(a)(i).

**“Employee Plans”** means all written or oral employee benefit welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive compensation, stock compensation, stock purchase, stock option, stock appreciation, phantom stock option, savings, overtime pay, vacation pay, severance or termination pay, retirement, supplementary retirement, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, agreement or arrangement, including post-retirement health and life insurance benefit plans, and every other written or oral benefit plan, program, agreement or arrangement sponsored, maintained or contributed to or required to be contributed to by any of the Vendors or any Affiliate of the Vendors for the benefit of the Employees or former Employees and their dependents or beneficiaries by which any of the Vendors are bound or with respect to which any of the Vendors participate or have any actual or potential Liability.

**“Employees”** means all individuals who, as of the Closing Date, are employed in the Business by any of the Vendors, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence and all individuals who have been placed on temporary lay-off that has not expired.

**“Encumbrances”** means all claims, Liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, liens, security interests, floating charges, mortgages, pledges, assignments, conditional sales, warrants, adverse claims, charges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights), encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise.

“**ETA**” means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended.

“**Excluded Assets**” means each Vendor’s right, title and interest in and to any assets other than the Purchased Assets, including, without limitation:

- (a) any of the Vendors’ cash, cash equivalents and short term-investments, including the Deposit;
- (b) all bank accounts of the Vendors;
- (c) original tax records and books and records pertaining thereto, minute books, corporate records, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Vendors that do not relate exclusively or primarily to any of the Purchased Assets;
- (d) any income tax refunds and other Tax refunds receivable by the Vendors and any Tax Returns;
- (e) all Receivables;
- (f) the interest of the Vendors in any litigation and in the proceeds of any judgement or order thereof;
- (g) the interest of the Vendors in any insurance policies, including any cash surrender value thereof;
- (h) those tools used by mechanics employed in the Business which are owned by the mechanics or any third party; and
- (i) the Excluded Contracts.

“**Excluded Contracts**” means contracts or agreements to which the Vendors are a party that are not Assigned Contracts.

“**Excluded Liabilities**” means all Liabilities not expressly assumed by the Purchaser hereunder as Assumed Liabilities.

“**Final Order**” means, at the relevant time or date, an order of the Court that has not been vacated, stayed, amended, reversed or modified, as to which no appeal or application for leave to appeal therefrom has been filed, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of.

“**General Conveyance**” means a general conveyance and assumption of Liabilities, in form and substance satisfactory to the Parties, acting reasonably, evidencing the conveyance to the Purchaser of the Vendors’ right, title and interest in and to the Purchased Assets and the assumption by the Purchaser of the Assumed Liabilities.

“**Governmental Authority**” means any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise), agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, court, tribunal, commission, individual, arbitrator, arbitration panel or other

body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions and any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, securities commission or professional association.

**"GST/HST"** means all goods and services tax and harmonized sales tax imposed under Part IX of the ETA.

**"Hardware"** has the meaning set forth in Section 7.6.

**"Hire Date"** means the effective date of employment with the Purchaser of a Transferred Employee which shall be the Closing Date.

**"Hire List"** has the meaning set forth in Section 6.1(b).

**"Initial Order"** has the meaning given to it in the Recitals.

**"Intellectual Property"** means all intellectual property and industrial property, throughout the world, whether or not registerable, patentable or otherwise formally protectable, and whether or not registered, patented, otherwise formally protected or the subject of a pending application for registration, patent or any other formal protection, including all: trade-marks, corporate names and business names; inventions, works and subject matter in which copyright, neighbouring rights or moral rights subsist, industrial designs, patents, know-how, trade secrets, proprietary information, confidential information and information of a sensitive nature that have value to the Business or relate to business opportunities for the Business, in whatever form communicated, maintained or stored, telephone numbers and facsimile numbers, registered domain names, and social media usernames and other internet identities and all account information relating thereto.

**"Interim Lender"** means the Bank of Montreal;

**"Interim Period"** means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

**"ITA"** means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supplement), and the regulations thereto.

**"Law"** has the meaning set out in the definition of **"Applicable Law"**.

**"Legal Proceeding"** means any litigation, Action, application, demand, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review.

**"Liability"** means, with respect to any Person, any liability, debt, dues, guarantee, surety, indemnity obligation, or other obligation of such Person of any kind, character or description, whether legal, beneficial or equitable, known or unknown, present or future, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due or accruing due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

**“Manufacturer”** means the applicable original equipment manufacturer of the Non-Used Vehicles.

**“Material Casualty”** means a Casualty in respect of all or substantially all of the Purchased Assets.

**“Monitor”** has the meaning set out in the Recitals.

**“Monitor’s Certificate”** means the certificate substantially in the form attached as Schedule “A” to the Approval and Vesting Order, to be delivered by the Monitor to the Vendors and the Purchaser on Closing and thereafter filed by the Monitor with the Court certifying that it has received, among other things, the Conditions Certificates.

**“New Vehicles”** means 2024, 2025 and 2026 models which are undamaged and with less than 200 kilometres and which have not been registered as sold vehicles with the applicable Manufacturers thereof and which comprise part of the Vendors’ inventory of vehicles immediately prior to Closing.

**“Non-Used Net Price”** means with respect to Non-Used Vehicles, the factory invoice cost for such Non-Used Vehicle, plus accepted dealer installed accessories at new car department cost, less any manufacturer rebates and allowances which have been received, or which are payable to the Vendors.

**“Non-Used Vehicles”** means New Vehicles, Deferred New Vehicles and Demonstrator Vehicles.

**“Obsolete Inventory”** means all Manufacturer parts and accessories which are more than twelve (12) months old from November 1, 2025, including parts and accessories which were not initially provided by the applicable Manufacturers and includes operating supplies such as cleaning materials, washer fluid, brake cleaner and other automotive related supplies.

**“Order”** means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

**“Outside Date”** means January 15, 2026 or such later date as the Parties may mutually agree, with the consent of the Monitor and the Interim Lender, subject to extension in accordance with Section 9.1(a)(i).

**“Owned Real Property”** has the meaning set out in the Recitals.

**“Parts and Accessories”** means the current parts and accessories comprising part of the Vendors’ inventory immediately prior to Closing, but specifically excludes Obsolete Inventory.

**“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

**“Permits and Licences”** means any and all licences, permits, approvals, authorizations, certificates, directives, orders, variances, registrations, rights, privileges, concessions, granted, conferred or otherwise created by any Governmental Authority and held by or on behalf of any Vendor or other evidence of authority Related to the Business issued to, granted to, conferred upon, or otherwise created for, any Vendor which relate to the ownership, maintenance, operation of the Business or the Purchased Assets.

**“Permitted Encumbrances”** means, collectively:

- (a) Encumbrances related to Taxes and utilities arising by operation of law (statutory or otherwise) required in the ordinary course of business but only insofar as they relate to any obligations or amounts not due as at the Closing Date; and
- (b) any Encumbrances permitted by a Final Order, before Closing.

**“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Personal Information”** has the meaning set out in Section 6.1(a).

**“Personal Property”** means any and all vehicles, machinery, equipment, parts, chattels, inventory of spare parts, parts and supplies, furniture and any other tangible personal and movable property in which any Vendor has a beneficial right, title or interest (whether owned or leased), in all cases to the extent qualifying as Property, wherever situate (including those in possession of suppliers, customers and other third parties).

**“Personal Property Leases”** means a personal or movable property lease, chattel lease, equipment lease, financing lease, conditional or instalment sales contract and other similar agreement relating to Personal Property to which any Vendor is a party or under which they have rights to use Personal Property as listed and specified as “Personal Property Leases” on Schedule “B”.

**“Privacy Law”** means the *Personal Information Protection and Electronic Documents Act* (Canada) and any Applicable Law of any other Province or territory of Canada.

**“Purchase Price”** has the meaning set out in Section 3.1.

**“Purchased Assets”** means, collectively, those assets of any Vendor as set out in Schedule “A”, but, for greater certainty, does not include any Excluded Assets.

**“Purchaser”** has the meaning set out in the Preamble and includes any successor or permitted assignee thereof in accordance with Section 11.16.

**“Purchaser’s Due Diligence Condition”** has the meaning set out in Section 9.1(a).

**“Receivables”** means, in respect of a Person all accounts receivable, bills receivable, trade accounts, holdbacks, retention, book debts and insurance claims due or accruing due to such Person, together with any unpaid interest accrued on such items and any security or collateral for such items, but excluding any Customer Deposits and any Work in Progress, whether or not such Work in Progress becomes billable or invoiced after the Closing Date.

**“Reconciliation”** has the meaning set out in Section 3.4(b).

**“Reconciliation Time”** has the meaning set out in Section 3.4(c).

**“Related to the Business”** means primarily used in, arising from or otherwise related to the Business or any part thereof.

**“Replacement Permit or Licence”** means a new permit, licence, authorization, approval or other similar item providing substantially equivalent rights to the Purchaser as any applicable Vendor is entitled to as of the Closing Date pursuant to the applicable Permit and Licence.

**“Representative”** when used with respect to a Person means each director, officer, employee, consultant, subcontractor, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

**“Sales Agent”** has the meaning set out in the Recitals.

**“SISP”** has the meaning set out in the Recitals.

**“Successful Bid”** has the meaning given to it in the SISP.

**“Tax Returns”** means all returns, reports, declarations, elections, notices, filings, information returns, statements and forms in respect of Taxes that are filed or required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

**“Taxes”** means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, *ad valorem* taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes (including land transfer taxes), withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/PST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority and any instalments in respect thereof of another taxpayer or entity, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, and whether disputed or not, and **“Tax”** means any one of such Taxes.

**“Transaction Personal Information”** means any Personal Information in the possession, custody or control of any Vendor at the Closing Time, including Personal Information about suppliers, customers, directors, officers or shareholders that is disclosed to the Purchaser or any Representative of the Purchaser prior to the Closing Time by any Vendor or its Representatives, or collected by the Purchaser or any Representative of the Purchaser prior to the Closing Time from any Vendor or its Representatives, in either case in connection with the transactions contemplated by this Agreement.

**“Transfer Taxes”** means all applicable Taxes, including any applicable land transfer taxes and/or GST/PST/HST, payable upon or in connection with the transactions contemplated by this Agreement and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

**“Transferred Employees”** means all Employees who accept the Purchaser’s offer of employment under Section 6.1.

**“Used Vehicle”** means unsold vehicles, if any (together with all options thereon) owned by the Vendors and comprising part of the Vendors’ inventory of vehicles immediately prior to Closing that are not Non-Used Vehicles.

**“Used Vehicle Value”** means the Canadian Black Book value of a Used Vehicle.

**“Warranty Rights”** means the full benefit of all warranties, warranty rights, performance bonds and indemnities (implied, express or otherwise) of the Vendors against manufacturers, contractors or any other Person which apply to the Purchased Assets, but only to the extent that the same are capable of being assigned.

**“Work in Progress”** means all unbilled service, repairs and/or body work performed to a customer’s vehicle and/or parts supplied to a customer or added to a customer’s vehicle, including, without limitation, sublet repairs, that have been completed prior to Closing, excluding in each case: any service, repairs and/or body work performed or parts supplied more than sixty (60) days prior to the Closing Date, and any Work in Progress that has not been completed as at the Closing Date.

## **1.2 Actions on Non-Business Days**

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

## **1.3 Currency and Payment Obligations**

Except as otherwise expressly provided in this Agreement: (i) all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada; and (ii) any payment contemplated by this Agreement shall be made to the Monitor by wire transfer of immediately available funds to an account specified by the Monitor, or by any other method that provides immediately available funds as agreed to between the Parties and the Monitor.

## **1.4 Calculation of Time**

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Mountain time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Mountain time on the next succeeding Business Day.

## **1.5 Tender**

Any tender of documents hereunder may be made upon the Parties or, or their respective counsel.

## **1.6 Additional Rules of Interpretation**

(a) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

- (b) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- (c) *Section References.* Unless the context requires otherwise, references in this Agreement to the Preamble, Recitals, Articles, Sections or Schedules are to the Preamble, Recitals, Articles or Sections of, and Schedules to, this Agreement.
- (d) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
- (e) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (f) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- (g) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

## 1.7 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

### **SCHEDULES**

<u>Schedule “A”</u>	Purchased Assets
<u>Schedule “B”</u>	Assigned Contracts
<u>Schedule “C”</u>	Purchase Price Allocation
<u>Schedule “D”</u>	Owned Real Property

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

## **ARTICLE 2 PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES**

### **2.1 Purchase and Sale of Purchased Assets**

At the Closing Time, on and subject to the terms and conditions of this Agreement, the SISF, the Approval and Vesting Order, and the Assignment Order (if applicable) the Vendors shall sell to the Purchaser, and the Purchaser shall purchase from the Vendors, all of the Vendors' right, title and interest in and to the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances, to the extent and as provided for in the Approval and Vesting Order. For greater certainty, notwithstanding any other provision of this Agreement, this Agreement does not constitute an agreement by the Purchaser to purchase, or by the Vendors to sell, any Excluded Assets.

### **2.2 Assumption of Assumed Liabilities**

At the Closing Time, on and subject to the terms and conditions of this Agreement, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not assume any Liabilities hereunder other than the Assumed Liabilities, except as required under Applicable Law.

### **2.3 Assignment of Contracts**

- (a) *Obtaining Consents.* Prior to the filing of the Approval Motion, at the written request of the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all consents required to assign the Assigned Contracts to the Purchaser.
- (b) *Assignment Order.* To the extent that any Assigned Contract is not assignable without the consent of the counterparty or any other Person and such consent has not been obtained prior to the filing of the Approval Motion, (i) the Vendors' rights, benefits and interests in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an Assignment Order, (ii) the Vendors will use commercially reasonable efforts to obtain an Assignment Order in respect of such Assigned Contract on or prior to the Closing Date in form and substance acceptable to the Purchaser, acting reasonably, (iii) the Purchaser, at its own expense, will promptly provide to the Vendors all such information within its possession or under its control as the Vendors may reasonably request to obtain the Assignment Order, and (iv) if an Assignment Order is obtained in respect of such Assigned Contract in form and substance acceptable to the Purchaser, acting reasonably, the Purchaser shall accept the assignment of such Assigned Contract on such terms.
- (c) *Cure Costs.* Unless the Parties otherwise agree, to the extent that any Cure Costs are payable with respect to any Assigned Contract, the Purchaser shall pay the entirety of all such Cure Costs in the manner set out in the Assignment Order or Approval and Vesting Order; provided that, notwithstanding any other provision contained herein, an adjustment to the goodwill allocation of the Purchase Price in favour of the Purchaser in respect of such Cure Costs shall be made on Closing and reflected in the statement of adjustments as set forth in Section 3.4(c).

- (d) *Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement (including Section 2.3(e) below), the Approval and Vesting Order and the Assignment Order (if applicable), all of the Vendors' rights, benefits and interests in, to and under the Assigned Contracts shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (e) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract to the extent such Assigned Contract is not assignable under Applicable Law, or the terms of the applicable Assigned Contract provide that it is not assignable without the consent of another Person, unless such consent has been obtained or the assignment is subject to an Assignment Order.
- (f) *No Adjustment.* For greater certainty, in respect of any Assigned Contract other than the Critical Contracts, if the consent of any Person is required to assign such Contract but such consent is not obtained prior to Closing and such Contract is not assigned pursuant to an Assignment Order, such Contract shall not form part of the Purchased Assets and (i) neither Party shall be considered to be in breach of this Agreement, (ii) the failure to assign or otherwise transfer such Assigned Contract shall not be a condition to Closing, (iii) the Purchase Price shall not be subject to any adjustment, and (iv) the Closing shall not be delayed.

#### **2.4 Transfer and Assignment of Permits and Licences.**

- (a) *Obtaining Consents.* Prior to Closing, to the extent that a Permit and Licence is assignable or otherwise transferable by the Vendors to the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all necessary consents or approvals to assign or otherwise transfer such Permits and Licences to the Purchaser. The Purchaser (i) shall pay all costs required to be paid to third parties and/or Governmental Authorities in connection with obtaining the assignment or transfer of any Permit and Licence to the Purchaser, or reissuance thereof (which costs shall be in addition to the Purchase Price), and (ii) shall reimburse the Vendors to the extent of any third party costs and/or any costs payable to Governmental Authorities that are incurred by the Vendors in connection with obtaining the assignment or transfer of any Permit and Licence to the Purchaser or obtaining any Replacement Permit or Licence (which costs shall be in addition to the Purchase Price), provided, however, that the Vendors provide evidence of such third party costs and/or Governmental Authority costs satisfactory to the Purchaser, acting reasonably, and such third party costs and/or Governmental Authority costs shall exclude all salaries, fees and costs of any and all consultants, employees, counsel or other Representatives of the Vendors related to such assignment and transfer.
- (b) *Transfer and Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, all of the Vendors' rights, benefits and interests in, to and under the Permits and Licences, to the extent assignable, shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (c) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or otherwise transfer any Permit and Licence to the extent such Permit and Licence is not assignable or transferable under Applicable Law or the terms of the applicable

Permit and Licence provide that it is not assignable without the consent of another Person, unless such consent has been obtained.

- (d) *Post-Closing Assignment.* Notwithstanding anything in this Agreement to the contrary, if the consent or approval of any Person is required to assign or otherwise transfer a Permit and Licence, but such consent or approval is not obtained prior to Closing, (i) the Vendors and the Purchaser shall use their commercially reasonable efforts to obtain the necessary consents or approvals to the assignment or transfer of such Permit and Licence to the Purchaser or the Purchaser shall use its commercially reasonable efforts to obtain (with commercially reasonable assistance from the Vendors) a Replacement Permit or Licence thereof, in each case, as soon as practicable following Closing, (ii) neither Party shall be considered to be in breach of this Agreement, (iii) the failure to assign or otherwise transfer such Permit and Licence or obtain any Replacement Permit or Licence, shall not be a condition to Closing, (iv) the Purchase Price shall not be subject to adjustment, and (v) the Closing shall not be delayed.
- (e) *Obtaining Replacement Permits and Licences.* To the extent that a Permit and Licence is not assignable or otherwise transferrable by the Vendors to the Purchaser, the Purchaser, with the assistance of the Vendors, shall use commercially reasonable efforts to obtain a Replacement Permit or Licence in connection with the purchase and sale of the Purchased Assets. The Purchaser shall pay all costs required in connection with obtaining any Replacement Permit or Licence (which shall be in addition to the Purchase Price).

### **ARTICLE 3 PURCHASE PRICE & TAXES**

#### **3.1 Purchase Price**

The consideration payable by the Purchaser to the Monitor for the Vendors' right, title and interest in and to the Purchased Assets (the "**Purchase Price**") shall be the aggregate of:

- (a) [REDACTED] (the "**Cash Purchase Price**"), subject to the Purchase Price adjustment set out in Section 3.4.
- (b) the Cure Costs; and
- (c) the agreed value of the Assumed Liabilities which shall be reflected in the allocation of the Purchase Price made in accordance with Section 3.2.

#### **3.2 Allocation of Purchase Price**

The Vendors and the Purchaser agree to allocate the Purchase Price in a manner to be agreed to by the Parties, each acting reasonably, at least seven (7) days before Closing, but in substantially the form included as Schedule "C" and to report the sale and purchase of the Purchased Assets for all federal, provincial and local Tax purposes in a manner consistent with such allocation. If such allocation is disputed by any Governmental Authority with respect to Taxes, the Party receiving notice of such dispute will promptly notify the other Party and the Parties will use their commercially reasonable efforts to sustain the final allocation. The Parties will share information and cooperate to the extent reasonably necessary to permit the transaction contemplated by this Agreement to be properly, timely and consistently reported. For the avoidance of doubt, the allocation of

the Purchase Price for Obsolete Inventory shall be an amount mutually agreed upon by the Parties in accordance with this Section 3.2 and such agreed amount shall be included in the Purchase Price.

### 3.3 Satisfaction of Purchase Price

The Purchase Price shall be paid and satisfied as follows:

- (a) a deposit in the amount of [REDACTED] (the “**Deposit**”) which shall accompany the Purchaser’s binding offer pursuant to the SISP and be paid by the Purchaser to the Monitor on submission of such binding offer and shall be applied against the Cash Purchase Price on Closing;
- (b) the balance of the Cash Purchase Price, after crediting the Deposit in Section 3.3(a), shall be paid by the Purchaser to the Monitor at Closing;
- (c) the Cure Costs, shall be paid or otherwise satisfied by the Purchaser on behalf of each Vendor at Closing in accordance with Section 8.3(c) but subject to adjustment in accordance with Section 2.3(c); and
- (d) an amount equal to the agreed value of the Assumed Liabilities, shall be satisfied at Closing by the assumption by the Purchaser of the Assumed Liabilities by the execution and delivery of the Assignment and Assumption Agreement.

### 3.4 Purchase Price Adjustment

- (a) The Purchase Price shall be adjusted as of the Closing Time in a manner and amount to be agreed upon by the Parties, acting reasonably, solely for any property Taxes (including interest thereon), utilities and any other items which are usually adjusted in purchase transactions involving assets similar to the Owned Real Property in the context of a Court-supervised sale, including, without limitation, prepaid rents and security deposits (if any), real property/municipal Taxes and utilities (if any).
- (b) No less than two (2) days prior to the Closing Date, the Vendors shall provide to the Monitor and Purchaser (i) a physical count of all Non-Used Vehicles and Used Vehicles on hand, (ii) a list of Customer Deposits held by the Vendor, (iii) physical count of all Parts and Accessories on hand, and (iv) a list of and accounting of all Work in Progress (the “**Reconciliation**”). The Cash Purchase Price shall be adjusted to accurately represent, (i) the Non-Used Net Price of New Vehicles and Deferred New Vehicles that will be on hand immediately prior to Closing, (ii) the Non-Used Net Price for Demonstrator Vehicles that will be on hand immediately prior to Closing, less depreciation, (iii) the Used Vehicle Value of the Used Vehicles that constitute Purchased Assets (iv) the value of the Parts and Accessories on hand, (v) an amount equal to the actual face value of the Customer Deposits held by the Vendor at Closing, and (vi) an amount equal to the actual face of all Work in Progress immediately prior to Closing.
- (c) The Vendors shall prepare and deliver to the Purchaser for its approval (i) an estimated statement of adjustments no less than five (5) Business Days prior to the Closing Date; and (ii) an updated statement of adjustments based on the Reconciliation, with all supporting documentation, by no later than 6:00 p.m.

Mountain time on the day immediately prior to the Closing Date (the “**Reconciliation Time**”).

- (d) If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Reconciliation Time, an estimate shall be agreed upon by the Parties as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably, and such estimate shall serve as a final determination.
- (e) Other than as expressly provided in this Section 3.4 and Section 2.3(c), there shall be no adjustments whatsoever to the Purchase Price.

### **3.5 Taxes**

In addition to the Purchase Price, the Purchaser shall be liable for and shall, at Closing or at such later time as required by Applicable Law, pay all applicable Transfer Taxes.

### **3.6 Tax Gross Up**

In the event that any payment or forfeiture under this Agreement is deemed by the ETA to include GST/HST, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multi-staged tax, the amount of such payment or forfeiture shall be increased accordingly. If the Purchaser is required by Applicable Law to deduct or withhold any amount from the Purchase Price payable hereunder, then the Purchase Price shall be increased by an additional amount such that the amount received by the Monitor after such deduction or withholding (including deduction or withholding from such additional amount) is equal to the amount that the Monitor would have received absent any such deduction or withholding.

### **3.7 Tax Elections**

- (a) *Section 167 Tax Election.* If available, at the Closing, the Vendors and the Purchaser shall execute jointly an election under section 167 of the ETA, to have the sale of the Purchased Assets take place on a GST/HST-free basis under Part IX of the ETA. The Purchaser shall file the election in the manner and within the time prescribed by the relevant legislation. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall indemnify and hold harmless the Vendors in respect of any GST/HST, penalties, and interest that may be assessed against the Vendors as a result of the transactions under this Agreement not being eligible for such election or as a result of the Purchaser’s failure to file the election within the prescribed time.
- (b) *Subsection 20(24) Tax Election.* The Purchaser and the Vendors shall, if applicable and requested by either party, jointly execute and file an election under subsection 20(24) of the ITA in the manner required by subsection 20(25) of the ITA and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the ITA and under any other applicable provincial or territorial statute, as to such amount paid by the Vendors to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendors acknowledge that a portion of the Purchased Assets transferred by the Vendors pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the ITA and the equivalent provisions of any applicable provincial or

territorial statute, is being transferred by the Vendors as a payment for the assumption of such future obligations by the Purchaser.

- (c) *Section 56.4 Tax Election.* At the request of the Vendors and to the extent permitted by the ITA, the Parties shall make, and the Vendors shall file, any election or amended election in prescribed form (or such other form as the Purchaser or the Vendors may reasonably request) and within the prescribed time limits pursuant to section 56.4 of the ITA by the Minister of Finance (Canada) and any analogous provision of provincial or territorial Tax legislation.

#### **ARTICLE 4 PROCEDURES**

##### **4.1 SISP; Approval and Vesting Order**

The Parties acknowledge and agree that:

- (a) *Backup Bidder.* In accordance with the SISP, the transaction subject to this Agreement may be designated as the Backup Bid (as defined in the SISP).
- (b) *Court Approval & Successful Bid.* This Agreement is subject to (i) this Agreement being determined to be the Successful Bid in accordance with the SISP, and (ii) the issuance of the Approval and Vesting Order.
- (c) *Motion for Approval and Vesting Order.* If this Agreement is determined to be the Successful Bid in accordance with the SISP, the Monitor shall file with the Court, as soon as reasonably practicable thereafter, a motion seeking the Court's issuance of the Approval and Vesting Order (the "**Approval Motion**"). The Purchaser shall cooperate with the Monitor in its efforts to obtain the issuance and entry of the Approval and Vesting Order. The Purchaser, at its own expense, will promptly provide to the Monitor all such information within its possession or under its control as the Monitor may reasonably request to obtain the Approval and Vesting Order.

#### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

##### **5.1 Representations and Warranties of the Purchaser**

As a material inducement to the Vendors entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendors are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to each Vendor as follows:

- (a) *Incorporation and Corporate Power.* The Purchaser is a corporation incorporated, organized and subsisting under the Laws of the jurisdiction of its incorporation. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.
- (b) *Authorization by Purchaser.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by it as contemplated herein

and the completion of the transactions contemplated by this Agreement and all such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) *Approvals.* No consent, waiver, authorization or approval of any Person and no notice or declaration to or filing or registration with any Governmental Authority is required in connection with the execution and delivery by the Purchaser of this Agreement or all other agreements and instruments to be executed by the Purchaser or the performance by the Purchaser of its obligations hereunder or thereunder.
- (d) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms. There is no Legal Proceeding in progress, pending against or threatened against or affecting the Purchaser, and there are no grounds on which any such Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Purchaser which, in any such case, affects adversely or might affect adversely the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder.
- (e) *ETA.* The Purchaser is, or upon Closing shall be, registered for GST/HST purposes under Part IX of the ETA, and shall provide its registration number to the Vendors at or prior to Closing.
- (f) *Commissions.* Neither the Vendors nor Monitor will be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Purchaser.
- (g) *Sufficient Funds.* The Purchaser has sufficient financial resources or has arranged sufficient financing for it, on Closing (which financing is not subject to any conditions other than the conditions to Closing set out herein), to pay the Cash Purchase Price, the Cure Costs and the Transfer Taxes payable on Closing and any and all other amounts payable by the Purchaser, if any, pursuant to this Agreement.

## **5.2 Representations and Warranties of the Vendors**

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendors set out in this Section 5.2, the Vendors represent and warrant to the Purchaser as follows:

- (a) *Incorporation and Corporate Power.* The Vendors are corporations incorporated, organized and subsisting under the Laws of the jurisdiction of its incorporation. Provided that Court approval is obtained for this Agreement and subject to the granting of the Approval and Vesting Order, the Vendors have the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.

- (b) *Enforceability of Obligations.* Subject to the Approval and Vesting Order having been granted and being a Final Order, this Agreement constitutes a valid and binding obligation of the Vendors enforceable against the Vendors in accordance with its terms.
- (c) *ITA.* The Vendors are not non-residents of Canada for purposes of the ITA.
- (d) *ETA.* The Vendors are registered for GST/HST purposes under Part IX of the ETA with the following GST/HST numbers:
  - Summit S Auto Ltd. - [REDACTED]
  - Summit V Auto Ltd. - [REDACTED]
- (e) *Commissions.* The Purchaser will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Vendors and/or the Monitor.

### **5.3 As is, Where is**

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

- (a) except for the representations and warranties of the Vendors set forth in Section 5.2, it is entering into this Agreement, acquiring the Purchased Assets and assuming the Assumed Liabilities on an "as is, where is" basis as they exist as of the Closing Time and will accept the Purchased Assets in their state, condition and location as of the Closing Time except as expressly set forth in this Agreement and the sale of the Purchased Assets is made without legal warranty and at the risk of the Purchaser;
- (b) it has conducted to its satisfaction such independent searches, investigations and inspections of the Purchased Assets, the Business and the Assumed Liabilities as it deemed appropriate, and based solely thereon, has determined to proceed with the transactions contemplated by this Agreement;
- (c) except as expressly stated in Section 5.2, neither the Vendors, the Monitor, the Sales Agent, nor any of their Representatives, have made or are making, and the Purchaser is not relying on, any representations, warranties, statements or promises, express or implied, statutory or otherwise, concerning the Purchased Assets, the Vendors' right, title or interest in or to the Purchased Assets, the Business or the Assumed Liabilities, including with respect to merchantability, physical or financial condition, description, fitness for a particular purpose, existence of any parts/and/or components, latent defects, quality, warranty, quantity or any other thing affecting any of the Purchased Assets or the Assumed Liabilities, or normal operation thereof, or in respect of any other matter or thing whatsoever, including any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement and are hereby waived in their entirety by the Purchaser;
- (d) without limiting the generality of the foregoing, no representation, warranty or covenant is given by the Vendors that any of the Purchased Assets are or can be

made operational within a specified time frame or will achieve any particular result, level of service, use, production, capacity or actual production if made operational;

- (e) without limiting the generality of the foregoing, except as expressly stated in Section 5.2, the Vendors, the Sales Agent, the Monitor and their respective Representatives have made no representation or warranty as to any regulatory approvals, licenses, permits, consents or authorizations, including the Permits and Licences that may be needed to complete the transactions contemplated by this Agreement or to operate or carry on the Business or any portion thereof, and the Purchaser is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;
- (f) all written and oral information obtained from the Vendors, the Sales Agent, the Monitor or their Representatives, including in any teaser letter or other document made available to the Purchaser (including in certain "data rooms", management presentations, site visits and diligence meetings or telephone calls), with respect to the Purchased Assets, the Business, and the Assumed Liabilities has been obtained for the convenience of the Purchaser only, and neither the Vendors, the Sales Agent, the Monitor nor their Representatives have made any representation or warranty, express or implied, statutory or otherwise as to the accuracy or completeness of any such information;
- (g) any information regarding or describing the Purchased Assets, the Business or the Assumed Liabilities in this Agreement (including the Schedules), or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Vendors, the Monitor or its Representatives, or any other Person concerning the completeness or accuracy of such information or descriptions;
- (h) except as otherwise expressly provided in this Agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights or claims the Purchaser might have against the Vendors, the Sales Agent, the Monitor or any of their respective Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than those representations and warranties of the Vendors expressly set forth in Section 5.2. Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights;
- (i) none of the representations and warranties of the Vendors contained in this Agreement shall survive Closing and, subject to Section 11.1, the Purchaser's sole recourse for any breach of representation or warranty of the Vendors in Section 5.2 shall be for the Purchaser not to complete the transaction as contemplated by this Agreement and for greater certainty the Purchaser shall have no recourse or claim of any kind against the Vendors or the proceeds of the transactions contemplated by this Agreement following Closing; and

- (j) this Section 5.3 shall not merge on Closing and is deemed incorporated by reference in all closing documents and deliveries.

## **ARTICLE 6 EMPLOYEES**

### **6.1 Offers of Employment and Employee Liabilities**

- (a) *The Vendors shall:* (i) as soon as reasonably practicable following execution of this Agreement, provide the Purchaser all necessary information relating to each Employee as the Purchaser may reasonably request in connection with the employment or engagement of such individuals and/or in connection with the Purchaser's offers of employment under Section 6.1(b), including the names, positions, ages, initial employment dates, termination dates and re-employment dates, if applicable, length of service, hours of work, and compensation information; and (ii) as soon as reasonably practicable following execution of this Agreement and receipt of confirmation from the Purchaser that an Employee will be on the Hire List as at Closing, provide the Purchaser with the social insurance numbers, email addresses, mailing addresses and Tax withholding history of such Employee. All of the information provided pursuant to clauses (i) and (ii) of this Section 6.1(a) shall be in a form that shall be usable by the Purchaser and such information shall be true and correct in all respects. The Purchaser shall at all times comply with all privacy laws, with respect to personal information or personal health information (collectively, "**Personal Information**") disclosed or otherwise provided to it under this Agreement. The Purchaser shall only collect, use or disclose such Personal Information for the purposes of reasonably investigating the affairs of the Business, possibly offering employment to the Employees pursuant to Section 6.1(b), and employing or engaging any Transferred Employees. The Purchaser shall safeguard all Personal Information collected from the Vendors in a manner consistent with the degree of sensitivity of the Personal Information and, furthermore, maintain at all times the security and integrity of the Personal Information. The Purchaser covenants and agrees that it will not make any copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the Closing does not occur for any reason, and that any and all Personal Information will be returned to the Vendors or destroyed upon the Vendors' request and, if requested by the Vendors, the Purchaser shall certify in writing compliance with such obligation.
- (b) *Transferred Employees.* At least fourteen (14) days before Closing, the Purchaser shall provide the Vendors with a list (the "**Hire List**") of all Employees who will receive an offer of employment, and such offers of employment shall be made by Purchaser at least ten (10) days before Closing. The Purchaser shall recognize the past service of Transferred Employees with the Vendors or their Affiliates (including any predecessor of the Vendors or their Affiliates) for all purposes, including any required notice of termination, termination or severance pay (contractual, statutory or at common law). The Purchaser shall offer employment, effective as of the Closing Date, to the Employees identified in the Hire List on terms and conditions which are substantially similar to those under which such Employees are employed immediately prior to the Closing Date. The Vendors shall cooperate in the Purchaser's efforts to make offers of employment as contemplated by this Section 6.1(b).
- (c) *Purchaser Liabilities.* The Purchaser shall be responsible for all Liabilities:

- (i) for salary, wages (including overtime pay), bonuses, commissions, vacations, vacation pay and other compensation and benefits relating to the employment of all Transferred Employees or the termination of such employment on and after their respective Hire Date;
  - (ii) for unused vacation pay and time accrued or banked and overtime pay accrued or banked, relating to the employment of all Transferred Employees prior to their respective Hire Date; and
  - (iii) to an Employee who is listed on the Hire List but does not receive an offer of employment pursuant to Section 6.1(b), and which arises directly or indirectly out of, as a result of, in connection with or pursuant to the Vendors' termination of the employment of such Employee.
- (d) *Vendors' Liabilities*. Subject to Section 6.2 and to the extent permitted by the Initial Order, the Vendors shall be responsible for all Liabilities:
- (i) for all salary, wages, bonuses, commissions and other compensation and benefits, other than severance and termination pay, relating to the employment of all Transferred Employees prior to their respective Hire Date, but, for greater certainty, excluding any Liabilities in respect of the unused vacation pay and time accrued or banked and the overtime pay accrued or banked as at the Closing Date in respect of any of the Transferred Employees; and
  - (ii) to any Employee who do not receive or does not accept an offer of employment that is made pursuant to Section 6.1(b), and which arise directly or indirectly out of, as a result of, in connection with or pursuant to the Vendors' termination of the employment of such Employee, including severance and termination pay.

## **6.2 Vacation and Overtime.**

Notwithstanding anything else contained herein, from and after their respective Hire Date, Transferred Employees shall be entitled to use their unused vacation pay and time accrued or banked and overtime pay accrued or banked under the Vendors' Employee Plans, determined as of the Closing Date, and the Purchaser shall be solely responsible for all payments and administration thereof. For greater certainty, and without restricting any other Liabilities assumed by the Purchaser under Section 6.1(c), such accrued/banked vacation and overtime amounts shall constitute a Liability assumed by the Purchaser.

## **6.3 Other Benefit Matters**

- (a) *Employee Benefit Plans Accruals*. All Transferred Employees shall cease to accrue benefits under all Employee Plans, other than the Assumed Plan, effective as of the respective Transferred Employee's Hire Date.
- (b) *Responsibility for Accrued Claims*. Except to the extent assumed by the Purchaser under this Agreement, the Vendors, their Affiliates and the Employee Plans, other than Assumed Plan, shall retain Liability for all amounts payable by reason of or in connection with any and all claims for payment or benefits by a Transferred Employee and their eligible dependents or beneficiaries incurred under any

Employee Plan, other than the Assumed Plan, prior to the Transferred Employee's Hire Date. For purposes of this Section 6.3, a claim shall be deemed to have been incurred: (i) with respect to a death or dismemberment claim, on the actual date of death or dismemberment; (ii) with respect to a short-term or long-term disability claim, the date of occurrence of the injury or accident or the date of diagnosis of the illness or other event giving rise to such claim; (iii) with respect to an extended health care claim, including vision, dental and medical treatments, the date of diagnosis of the illness or condition or other event giving rise to the claim or treatment; and (iv) with respect to a prescription drug claim, the date the prescription is filled.

## **ARTICLE 7 COVENANTS**

### **7.1 Access During Interim Period**

During the Interim Period, the Vendors shall, subject to any confidentiality, privacy, regulatory or safety restrictions, give reasonable access to the Purchaser and its Representatives during normal business hours to the Purchased Assets (where situated), or request for reasonable access to be given (to the extent that such Purchased Assets are located on the premise of third parties), and personnel of the Vendors reasonably required by the Purchaser in order to allow for and assist the Purchaser with the inspection of, and integration and transition of, the Purchased Assets into the Purchaser's overall operations and business and in order to allow for an orderly passing of the Purchased Assets to the Purchaser following Closing in accordance herewith. Notwithstanding the foregoing, the Purchaser acknowledges that the Vendors will be continuing to operate the Purchased Assets during the Interim Period and, accordingly, that the Purchaser's access to the Purchased Assets and Employees before Closing will be given upon reasonable prior notice and Purchaser shall use commercially reasonable efforts to minimize disruption to the Business and in accordance with Applicable Law.

### **7.2 Transaction Personal Information**

Each Party shall comply with Privacy Law in the course of collecting, using and disclosing Transaction Personal Information. The Purchaser shall cause its Representatives to observe the terms of this Section 7.2 and to protect and safeguard Transaction Personal Information in their possession in accordance with Privacy Law. The Purchaser shall collect Transaction Personal Information prior to Closing only for purposes related to the transactions contemplated by this Agreement. The Purchaser shall not, without the consent of the individuals to whom such Personal Information relates or as permitted or required by Applicable Law, use or disclose Transaction Personal Information (i) for purposes other than those for which such Transaction Personal Information was collected by the Vendors prior to the Closing and (ii) for a purpose which does not relate directly to the carrying on of the Business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

### **7.3 Risk of Loss**

The Purchased Assets shall be at the risk of the Vendors until Closing. If, between the date hereof and Closing, any of the Purchased Assets are destroyed, lost or materially damaged (each a "**Casualty**"), the Purchaser shall still complete the purchase of the Purchased Assets on an "as is, where is" basis without any adjustment to the Cash Purchase Price payable hereunder and take an assignment from the Vendors of all

insurance proceeds payable to the Vendors in respect of the Casualty, provided that, in the event of a Material Casualty, the Purchaser shall have the option, in its discretion, to terminate this Agreement by giving written notice to the Vendors. For greater certainty, in no event shall the aggregate total of the insurance proceeds assigned to the Purchaser in accordance with this Section 7.3 and the fair market value of any remaining Purchased Assets exceed the Cash Purchase Price.

#### **7.4 Indemnity**

The Purchaser hereby indemnifies the Vendors and their respective Representatives, and saves them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any Transfer Taxes (including penalties and interest) which may be assessed against the Vendors, including any Taxes which may be assessed in the event that any election made pursuant to Section 3.7 is challenged by the relevant Tax authority as being inapplicable to the transactions under this Agreement, or as a result of the Purchaser's failure to file such elections within the prescribed time;
- (b) the Purchaser's access in accordance with Section 7.1;
- (c) the collection, use or disclosure of Transaction Personal Information by the Purchaser and its Representatives; and
- (d) the Purchaser's failure to pay when due and perform and discharge the Assumed Liabilities in accordance with their terms.

#### **7.5 Books and Records**

The Purchaser shall preserve and keep the Books and Records acquired by it pursuant to this Agreement for a period of six (6) years after Closing, or for any longer periods as may be required by any Laws applicable to such Books and Records. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent reasonably feasible), available to the Vendors and the Monitor, and their respective Representatives and successors, and the trustee in bankruptcy of the Vendors, and shall permit any of the foregoing persons to take copies of such Books and Records as they may require.

#### **7.6 Certain Information Technology Assets**

With respect to any information technology assets primarily Related to the Business to be acquired by the Purchaser hereunder (such as desktops, laptops, mobile phones, servers and related hardware) (collectively, "**Hardware**"), the Purchaser will co-operate with the Vendors, at the Purchaser's cost and expense, in causing data contained or stored in such Hardware not relating primarily to the Business, the Purchased Assets or the Assumed Liabilities to be removed from such Hardware in a manner reasonably satisfactory to the Vendors prior to the Closing Date or within a reasonable period of time thereafter, provided that such removal shall be carried out in a manner that does not damage or otherwise interfere with any data contained or stored in such Hardware primarily Related to the Business or the Purchased Assets. Any third party provider selected by the Purchaser and the Vendors to provide such services shall be agreed upon by the Purchaser and the Vendors, acting reasonably.

## **7.7 Regulatory Approvals**

The Purchaser, with the assistance of the Vendors shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions, as applicable, required under any Law applicable to such Party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement. The Vendors shall cooperate reasonably with the Purchaser and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders, approvals and clearance certificates. The Parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

## **7.8 Manufacturer and Motor Vehicle Council Consent**

The Purchaser, with the assistance of the Vendors shall take all reasonable steps on a timely basis to apply for the requisite approvals of the Manufacturers and the Vehicle Sales Authority of British Columbia.

## **7.9 Cooperation and Consultation with Governmental Authorities**

All meetings, submissions, filings, and proposals made by or on behalf of either Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the consummation of the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Vendors or the Purchaser with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other Party hereunder in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such filings, meetings, submissions and proposals. Each Party shall give notice to the other Party with respect to any meeting, submission, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact (except where such Governmental Authority expressly requests that such Party not attend or participate in such meeting, discussion, appearance or contact). Notwithstanding any requirement under this Section 7.9, a Party shall not be required to provide the other Party with any information required to be provided under this Section 7.9 where the information is confidential and competitively sensitive, in which case the supplying Party shall provide a redacted version to the requesting Party and shall provide the information on a non-redacted basis to the receiving Party's external counsel, and the receiving Party agrees that it shall neither request nor receive such non-redacted information from its external counsel.

## **7.10 Work in Progress.**

Commencing on Closing, the Purchaser shall be solely responsible for issuing invoices and collecting payment in respect of the Work in Progress and the Vendor shall not be required to take any enforcement action in respect thereof.

## **ARTICLE 8 CLOSING ARRANGEMENTS**

### **8.1 Closing**

The Closing will take place virtually, whereby required executed closing deliverables are circulated by electronic mail in pdf and released at such time and pursuant to such protocols and confirmations as the Parties may agree.

### **8.2 Vendors' Closing Deliveries**

At the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, with delivery to occur *in situ* wherever such Purchased Assets are located at the Closing Time;
- (b) a copy of the Approval and Vesting Order, which shall be a Final Order;
- (c) a copy of any Assignment Order, if applicable, in respect of any Critical Contracts for which consents to assignment were required which have not been obtained, which Assignment Order shall be a Final Order;
- (d) the General Conveyance, duly executed by the Vendors;
- (e) all consents to the assignment of the Assigned Contracts and Permits and Licences, but only to the extent obtained by the Vendors prior to Closing;
- (f) the Assignment and Assumption Agreement, duly executed by the Vendors;
- (g) a bring-down certificate of the Vendors dated as of the Closing Date, in form and substance satisfactory to the Purchaser, acting reasonably, certifying that (i) all of the representations and warranties of the Vendors hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Vendors at or prior to Closing have been complied with or performed by the Vendors in all material respects;
- (h) a copy of all key and pass codes to the Owned Real Property in the possession of the Vendors;
- (i) all passwords and multi-factor authentication phone number access(es) for all technology, social media, internet access, websites and computers relating to the Business; and
- (j) such other agreements, documents, instruments, assurances, transfers, certificates, assignments and consents as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement, or as are required to be delivered by the Purchaser or the Purchaser's counsel under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

### **8.3 Purchaser's Closing Deliveries**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendors (or as otherwise indicated below), the following:

- (a) the payment referred to in Section 3.3(a);
- (b) the payment of all Transfer Taxes to the applicable Governmental Authority required to be paid on Closing;
- (c) to the extent payable on Closing, evidence that Cure Costs (if any) in respect of each Assigned Contract have been paid in accordance with (i) the Assignment Order where such Assigned Contract is assigned pursuant to an Assignment Order, and (ii) the consent of the applicable counterparty or as otherwise agreed upon by the Purchaser and such counterparty, where such Assigned Contract is not assigned pursuant to an Assignment Order;
- (d) the General Conveyance, duly executed by the Purchaser;
- (e) the Assignment and Assumption Agreement, duly executed by the Purchaser;
- (f) executed dealer agreement between the Manufacturers and the Purchaser or binding letter of intent to enter into a dealer agreement;
- (g) a bring-down certificate executed by a senior officer of the Purchaser dated as of the Closing Date, in form and substance satisfactory to the Vendors, acting reasonably, certifying that (i) all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Purchaser at or prior to Closing have been complied with or performed by the Purchaser in all material respects; and
- (h) such other agreements, documents, instruments, assurances, transfers, certificates, assignments and consents as may be reasonably required by the Vendors or the Monitor to complete the transactions provided for in this Agreement, or as are required to be delivered by the Purchaser or the Purchaser's counsel under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

## **ARTICLE 9 CONDITIONS OF CLOSING**

### **9.1 Purchaser's Conditions**

Notwithstanding any other provision contained herein, the Purchaser shall not be obligated to complete the transactions contemplated by this Agreement unless, on or before: (i) the Due Diligence Date, in the case of each of the conditions listed below in Sections 9.1(a); or (ii) the Outside Date, in the case of each of the conditions listed below in this Section 9.1(b) to Section 9.1(j) have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser, and may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the

event of non-fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Purchaser if made in writing:

(a) *Purchaser's Due Diligence Condition.*

- (i) The Purchaser shall have conducted its investigations, inspections and searches with respect to the Purchased Assets, the Business, and the Owned Real Property as the Purchaser, in its sole direction, deems necessary or desirable, including title and off-title matters, zoning and environmental matters, surveys, physical, structural, mechanical and engineering investigations and inspections of the Owned Real Property, and completion of a satisfactory phase I environmental site assessment (the "**Phase I ESA**") and if recommended by the Phase I ESA, a satisfactory phase II environmental site assessment (the "**Phase II ESA**"); and the Purchaser shall have been satisfied, in its sole discretion, with the results of such investigations, inspections and searches (the "**Purchaser's Due Diligence Condition**"). In the event the Phase I ESA recommends that a Phase II ESA be undertaken, the Parties may mutually agree in writing to extend the Due Diligence Date for an additional forty five (45) days and the Outside Date shall also be extended by forty five (45) days. For greater certainty, the Phase I ESA shall be obtained at the Vendors' cost and expense; and in the event that a Phase II ESA is required pursuant to the terms of this Agreement, the cost and expense of such Phase II ESA shall be shared equally as between the Vendors, on the one hand, and the Purchaser, on the other hand.
  - (ii) From and after the date of this Agreement, the Vendors shall provide the Purchaser with reasonable access to the Purchased Assets (including the Owned Real Property) during normal business hours, subject to such normal and reasonable conditions as Vendor might impose, for Purchaser to complete certain inspections and testing including, without limitation, a property condition inspection and report performed by a certified consultant, an appraisal of the Owned Real Property; an engineering inspection and report performed by a certified consultant, a Phase I ESA and, if required, a Phase II ESA performed by a certified environmental consultant.
  - (iii) Within three (3) Business Days of execution of this Agreement, the Vendors or their Representatives shall deliver to the Purchaser authorizations on the Purchaser's form, same to be acceptable to the Vendors acting reasonably, executed by the Vendors and addressed to the appropriate municipal building department, zoning department and fire department and to all other Government Authorities, authorizing the release of any and all information on file in respect of the Owned Real Property.
- (b) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order, shall each have been issued and entered by the Court and be a Final Order.
- (c) *Successful Bid.* The Monitor shall have determined in accordance with the SISF that this Agreement is the Successful Bid.

- (d) *Critical Contracts Consents.* All consents necessary to assign the Critical Contracts to the Purchaser shall have been obtained, or an Assignment Order shall have been issued and entered by the Court in respect of such Critical Contracts where necessary consents have not been obtained, and any such Assignment Order shall not have been vacated, set aside or stayed.
- (e) *Vendors' Deliveries.* Each Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.2.
- (f) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (g) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 5.2 shall be materially true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date.
- (h) *No Breach of Covenants.* The Vendors shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.
- (i) *Manufacturer Approval.* The Manufacturers shall have approved the Purchaser as a dealer authorized to sell and service the Manufacturers' vehicles, such approval to be on terms and conditions satisfactory to the Purchaser, acting reasonably.
- (j) *Motor Vehicle Council Approval.* The Vehicle Sales Authority of British Columbia shall have approved the application for registration of the Purchaser.

## **9.2 Vendors' Conditions**

The Vendors shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 9.2 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Vendors, and may be waived by the Vendors in whole or in part, without prejudice to its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Vendors if made in writing.

- (a) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order shall each have been issued and entered by the Court and be a Final Order.
- (b) *Successful Bid.* The Monitor shall have determined in accordance with the SISF that this Agreement is the Successful Bid.
- (c) *Purchaser's Deliverables.* The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendors at the Closing all the documents and payments contemplated in Section 8.3.

- (d) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (e) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 5.1 shall be materially true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date.
- (f) *No Breach of Covenants.* The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser, on or before the Closing.

### **9.3 Conditions Certificate**

When the conditions to Closing set out in Section 9.1 and 9.2, have been satisfied and/or waived by the Purchaser or the Vendors, as applicable, the Vendors and the Purchaser or their respective counsel will each deliver to the Monitor written confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived and of the amounts of Transfer Taxes required to be paid at Closing (if any is payable) and the Cure Costs payable by the Purchaser on Closing (the “**Conditions Certificates**”).

### **9.4 Monitor’s Certificate**

Upon receipt by the Monitor of:

- (a) payment in full of the Cash Purchase Price, Transfer Taxes required to be paid at Closing (if any is payable) and of the Cure Costs payable by the Purchaser on Closing; and
- (b) the Conditions Certificates,

the Monitor shall (i) issue forthwith the Monitor’s Certificate, and (ii) file as soon as practicable a copy of the Monitor’s Certificate with the Court (and shall provide a true copy of such filed certificate to the Purchaser). In the case of clauses (i) and (ii), above, the Monitor will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

## **ARTICLE 10 TERMINATION**

### **10.1 Grounds for Termination**

This Agreement may be terminated prior to the Closing Time:

- (a) automatically and without any action or notice by either the Vendors to the Purchaser or the Purchaser to the Vendors, (i) immediately upon the selection by the Vendors, in consultation with the Monitor, of a Successful Bid if this Agreement is neither the Successful Bid nor the Backup Bid selected at such time (in each case, as defined in the SISP), or (ii) upon Closing of the Successful Bid(s) if this Agreement is the Backup Bid;

- (b) by the mutual written agreement of the Parties, with the written consent of the Monitor;
- (c) by written notice from the Purchaser to the Vendors in accordance with Section 7.3;
- (d) by written notice from the Purchaser to the Vendors if there has been a material breach by the Vendors of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and such breach is not curable and has rendered the satisfaction of any condition in Section 9.1 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Purchaser is not in breach of any of its obligations under this Agreement;
- (e) by written notice from the Vendors to the Purchaser if there has been a material breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendors and such breach is not curable and has rendered the satisfaction of any condition in Section 9.2 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Vendors are not in breach of any of its obligations under this Agreement;
- (f) by the Purchaser, on the one hand, or by the Vendors, on the other hand, upon written notice to the other Party if the Closing has not occurred by the Outside Date, provided, however, that the right to terminate this Agreement pursuant to this Section 10.1(f) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in the Closing not occurring by the Outside Date; and
- (g) automatically if the Purchaser's Due Diligence Condition is not satisfied or waived by the Purchaser in writing on or before the Due Diligence Date.

## **10.2 Effect of Termination**

If this Agreement is terminated pursuant to Section 10.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except as contemplated in Sections 7.2 (*Transaction Personal Information*), 7.4 (*Indemnity*), 10.2 (*Effect of Termination*), 10.3 (*Treatment of Deposit*), 11.2 (*Expenses*), 11.3 (*Public Announcements*), 11.4 (*Notices*), 11.8 (*Entire Agreement*), 11.9 (*Amendment*), 11.11 (*Severability*), 11.13 (*Governing Law*), 11.14 (*Dispute Resolution*), 11.15 (*Attornment*), 11.16 (*Successors and Assigns*), 11.17 (*Assignment*), and 11.18 (*Third Party Beneficiaries*), which shall survive such termination.

## **10.3 Treatment of Deposit**

- (a) *Retention of Deposit.*
  - (i) In the event that this Agreement is terminated by the Vendors pursuant to (i) Section 10.1(e) or (ii) 10.1(f) and the reason that Closing did not occur by the Outside Date was the result of a breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, the Deposit shall be forfeited by the Purchaser and retained by the Monitor, for

and on behalf of the Vendors, as a genuine estimate of liquidated damages, and not as a penalty.

- (ii) Subject to Section 10.3(a)(iii), in the event that this Agreement is terminated by the Purchaser pursuant to Section 10.1(g), the Deposit shall be forfeited by the Purchaser and retained by the Monitor, for and on behalf of the Vendors, as a genuine estimate of liquidated damages, and not as a penalty.
  - (iii) Notwithstanding Section 10.3(a)(ii), in the event that this Agreement is terminated by the Purchaser pursuant to Section 10.1(g) by reason of a Phase II ESA disclosing the requirement for any remediation, the Deposit shall be promptly returned to the Purchaser by the Monitor.
- (b) *Return of Deposit.* In the event that this Agreement is terminated pursuant to any Section of this Agreement other than (i) Section 10.1(e) or (ii) 10.1(f) and the reason that Closing did not occur by the Outside Date was the result of a breach by the Vendors of any representation, warranty or covenant contained in this Agreement, the Deposit shall be promptly returned to the Purchaser by the Monitor, and without prejudice to the further rights and remedies of the Purchaser, at law or in equity, with respect to that default of the Vendors.

## **ARTICLE 11 GENERAL**

### **11.1 Survival**

All representations, warranties, covenants and agreements of the Vendors or the Purchaser made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall merge and shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement. For greater certainty, the following sections shall survive Closing: 2.2 (*Assumption of Assumed Liabilities*), 2.4(d) (*Post-Closing Assignment*), 3.2 (*Allocation of Purchase Price*), 3.5 (*Taxes*), 3.6 (*Tax Gross Up*), 3.7 (*Tax Elections*), 5.2(e) (*Commissions*), 5.3 (*As is, Where is*), 7.2 (*Transaction Personal Information*); 7.4 (*Indemnity*), 7.5 (*Books and Records*), 9.3 (*Conditions Certificate*), 9.4 (*Monitor's Certificate*), 10.3 (*Treatment of Deposit*), 11.1 (*Survival*), 11.2 (*Expenses*), 11.3 (*Public Announcements*), 11.4 (*Notices*), 11.5 (*Time of Essence*), 11.6 (*Further Assurances*), 11.7 (*Monitor's Capacity*), 11.8 (*Entire Agreement*), 11.9 (*Amendment*), 11.10 (*Waiver*), 11.11 (*Severability*), 11.12 (*Remedies*), 11.13 (*Governing Law*), 11.14 (*Dispute Resolution*), 11.15 (*Attornment*), 11.16 (*Successors and Assigns*), 11.17 (*Assignment*), and 11.18 (*Third Party Beneficiaries*).

### **11.2 Expenses**

Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers).

### 11.3 Public Announcements

The Vendors and Monitor shall be entitled to disclose this Agreement (on an unredacted basis) and all information provided by the Purchaser in connection herewith to the Court and parties of interest in the CCAA Proceedings, and a copy of this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Notwithstanding any other provision of this Agreement, unless such information is otherwise publicly disclosed or, upon the advice of counsel, required by Applicable Law or by any Governmental Authority to be disclosed (including in any Tax Returns), the Purchaser shall not disclose the quantum of the Purchase Price, Cash Purchase Price, Deposit, Cure Costs, Assumed Liabilities or allocation of Purchase Price without the prior written consent of the Vendors and Monitor.

### 11.4 Notices

- (a) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if sent by e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

if to the Vendors, to:

c/o BDO Canada Limited  
20 Wellington E, Suite 500  
Toronto, Ontario M5E 1C5

Attention: Clark Lonergan  
Email: clonergan@bdo.ca

with a copy (which shall not constitute notice) to:

Miller Thomson LLP  
Eighth Avenue Place East  
43<sup>rd</sup> Floor, 525 8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 1G1

Attention: James Reid / Pavin Takhar  
Email: jwreid@millerthomson.com / ptakhar@millerthomson.com

if to the Purchaser, to:

K5 IG Holdings Inc.

Attention: Ron Kary; Quinn Kary  
Email: rkary@sherwoodhonda.ca; qkary@sherwoodhonda.ca

with a copy (which shall not constitute notice) to:

Bennett Jones LLP  
Suite 1400, Stantec Tower  
10220 103 Avenue NW  
Edmonton, AB T5J 0K4

Attention: Dan Chubb  
Email: chubbd@bennettjones.com

- (b) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made on the day of e-mailing, provided that such day is a Business Day and the communication is so e-mailed before 5:00 p.m. Mountain time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.
- (c) *Change of Address.* Any Party may from time to time change its address under this Section 11.4 by notice to the other Party given in the manner provided by this Section 11.4.

#### **11.5 Time of Essence**

Time shall be of the essence of this Agreement in all respects.

#### **11.6 Further Assurances**

The Vendors and the Purchaser shall, at the sole expense of the requesting Party, from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

#### **11.7 Monitor's Capacity**

In addition to all of the protections granted to the Monitor under the CCAA and any Order of the Court in the CCAA Proceedings, the Vendors and Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Vendors and not in its personal capacity, shall have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the transaction contemplated herein whatsoever.

#### **11.8 Entire Agreement**

Other than any confidentiality agreement, non-disclosure agreement or similar undertaking or agreement signed by the Purchaser in favour the Vendors, which remains in full force and effect, except as amended by this Agreement, this Agreement and the agreements contemplated hereby constitute the entire agreement between the Parties or any of them pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written (including any letter of intent or expression of interest submitted by the Purchaser). There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

#### **11.9 Amendment**

No amendment of this Agreement shall be effective unless made in writing and signed by the Parties, with the consent of the Monitor.

#### **11.10 Waiver**

A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

#### **11.11 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **11.12 Remedies Cumulative**

The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

#### **11.13 Governing Law**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the Laws of Canada applicable therein.

#### **11.14 Dispute Resolution**

If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 10, such dispute shall be determined by the Court within the CCAA Proceedings, or by such other Person or in such other manner as the Court may direct. Without prejudice to the ability of the Vendors or the Purchaser to enforce this Agreement in any other proper jurisdiction, the Purchaser and the Vendors irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.

#### **11.15 Attornment**

Each Party agrees: (i) that any Legal Proceeding relating to this Agreement must be brought before the Court in the CCAA Proceedings, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Province of Alberta on any jurisdictional basis, including *forum non conveniens*; and (iii) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 11.15. Each Party agrees that service of process on such Party as provided in Section 11.4 shall be deemed effective service of process on such Party.

#### **11.16 Successors and Assigns**

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

#### **11.17 Assignment**

Prior to the issuance of the Approval and Vesting Order, the Purchaser may assign all or a portion of its rights, interests, and obligations under this Agreement to one or more Affiliates, provided that (i) the Purchaser shall remain jointly and severally liable with such Affiliate to perform all of its obligations hereunder, and (ii) the Purchaser and its assignee execute and deliver to the Vendors an assignment and assumption agreement, in form and substance satisfactory to the Vendors, evidencing such assignment. Other than in accordance with this Section 11.17, the Purchaser may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement. The Vendors shall execute and deliver such documents and instruments as may be reasonably required to give effect to any such assignment.

#### **11.18 Third Party Beneficiaries**

Except as set forth in Section 7.4 and 11.7, this Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

#### **11.19 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

**[SIGNATURE PAGE TO FOLLOW]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

VENDORS:

**SUMMIT V AUTO LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Name: Clark Lonergan

Title: Senior Vice President

**SUMMIT S AUTO LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Name: Clark Lonergan

Title: Senior Vice President

PURCHASER

**K5 IG HOLDINGS INC.**

Per: \_\_\_\_\_

Name:

Title:

## SCHEDULE "A"

### PURCHASED ASSETS

**"Purchased Assets"** means, other than Excluded Assets, collectively the following assets of each Vendor:

- (a) the Owned Real Property comprising of Arrow VW (2034 Cranbrook Street N, Cranbrook, BC) & Truck Center (2124 Cranbrook Street N, Cranbrook, BC);
- (b) all New Vehicles, Deferred New Vehicles and Demonstrator Vehicles of the Business as at the Closing Date;
- (c) all Used Vehicles which have been identified by the Vendors and the Purchaser to be included in the Purchased Assets not less than fifteen (15) Business Days prior to the Closing Date. In the event that the Vendors and the Purchaser have not specifically identified a Used Vehicle to be included in the Purchased Assets, such Used Vehicle shall be an Excluded Asset;
- (d) the Parts and Accessories inventory of the Business as of the Closing Date;
- (e) the Assigned Contracts, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees;
- (f) the Permits and Licences, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees;
- (g) all chattels, machinery, equipment, tools, furniture, furnishings, computer hardware and other miscellaneous items owned by the Vendors and used in or relating to the Business but, for greater certainty, excluding those tools owned by the mechanics of the Business or any third party;
- (h) the goodwill of the Business;
- (i) the Intellectual Property;
- (j) the Obsolete Inventory;
- (k) Customer Deposits;
- (l) the Warranty Rights; and
- (m) all Work in Progress.

**SCHEDULE "B"**  
**ASSIGNED CONTRACTS**

**Critical Contracts**

PBS Contract

**Personal Property Leases**

**Other Contracts**

**SCHEDULE "C"**  
**PURCHASE PRICE ALLOCATION**

A. New Vehicle Inventory

Estimated Amount: [REDACTED]

B. Used Vehicle Inventory

Estimated Amount: [REDACTED]

C. Parts Inventory

Estimated Amount: [REDACTED]

D. Fixed Assets

**Valuation Basis:** Net book value.

Estimated Amount: [REDACTED]

E. Goodwill

Allocated Amount: [REDACTED]

F. Real Estate

**Applicable Properties:** Arrow Volkswagen and Truck Center Real Estate.

Estimated Combined Value: [REDACTED].

**SCHEDULE "D"**

**OWNED REAL PROPERTY**

**Arrow VW Property Legal Description**

2124 Cranbrook Street N, Cranbrook, BC legally described as 009-512-217 LOT 7 DISTRICT LOT 28 KOOTENAY DISTRICT PLAN 15610

and

2034 Cranbrook Street N, Cranbrook, BC legally described as: 009-512-845 LOT 4 DISTRICT LOTS 24 AND 28 KOOTENAY DISTRICT PLAN 15610

**Appendix “H” – Redacted Castle Ford Sale Agreement**

**SUMMIT S AUTO LTD. and  
2497902 ALBERTA LTD.**

**- and -**

**DAVIS AUTO GROUP LTD.**

**ASSET PURCHASE AGREEMENT  
DATED AS OF NOVEMBER 6, 2025**

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated as of the 6<sup>th</sup> day of November, 2025

**BETWEEN:**

**SUMMIT S AUTO LTD. and 2497902 ALBERTA LTD.**

(each, a “Vendor” and collectively, the “Vendors”)

**AND**

**DAVIS AUTO GROUP LTD.**

(the “Purchaser”)

**RECITALS:**

**WHEREAS** on August 22, 2025, the Court of King’s Bench of Alberta (the “**Court**”) issued an Initial Order (as amended and restated on August 27, 2025 and as may be further amended or amended and restated from time to time, the “**Initial Order**”) granting the Vendors protection under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCA**”) and the proceedings commenced thereunder, the “**CCA Proceedings**”). Pursuant to the Initial Order, BDO Canada Limited was appointed as Monitor of the Vendors (in such capacity and not in its personal or corporate capacity, the “**Monitor**”).

**AND WHEREAS** on September 19, 2025, the Court granted an order approving a sale and investment solicitation process (“**SISP**”) which, among other things, authorized the Monitor, with the assistance of Tim Lamb Group (the “**Sales Agent**”), to conduct the SISP and appointed Full Circle Automotive Solutions Inc. as the chief restructuring officer of the Vendors.

**AND WHEREAS** the Vendors’ business primarily consists of a retail automotive vehicle dealership (the “**Business**”), in Pincher Creek, Alberta operated by 2497902 Alberta Ltd. (“**Castle Ford**”).

**AND WHEREAS** Summit S Auto Ltd. is a real estate holding company which owns the real estate upon which Castle Ford operates as legally described in Schedule “D” (the “**Owned Real Property**”).

**AND WHEREAS** the Purchaser wishes to purchase the Purchased Assets (as defined herein) upon the terms and subject to the conditions set out herein.

**NOW THEREFORE**, in consideration of the promises, mutual covenants and agreements contained in this Agreement (as defined herein), and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the Parties (as defined herein), the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, in addition to the terms defined above in the Preamble and Recitals, the following terms have the following meanings:

**“Accounts Payable”** means any and all amounts owing by any Vendor to any Person which are incurred in connection with the purchase of goods and/or the provision of services.

**“Action”** means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, order, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity and by or before a Governmental Authority.

**“Affiliate”** means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to **“control”** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.

**“Agreement”** means this Asset Purchase Agreement, including the Preamble, Recitals and Schedules hereto, as they may be amended, restated or supplemented from time to time in accordance with the terms hereof.

**“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, **“Law”**), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

**“Approval and Vesting Order”** means an order of the Court issued in the CCAA Proceedings approving the transactions contemplated by this Agreement and vesting in the Purchaser all of the Vendors’ right, title and interest in and to the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances), in form and substance satisfactory to the Parties, acting reasonably.

**“Approval Motion”** has the meaning set out in Section 4.1(c).

**“Assigned Contracts”** means, collectively, the Critical Contracts, the Personal Property Leases and the other Contracts listed on Schedule “B”.

**“Assignment and Assumption Agreement”** means an assignment and assumption agreement, in form and substance satisfactory to the Parties, acting reasonably, evidencing the assignment to the Purchaser of each Vendor’s rights, benefits and interests in, to and under the Assigned Contracts and the assumption by the Purchaser of all of the Assumed Liabilities under or in respect of the Assigned Contracts.

**“Assignment Order”** means an order of the Court issued in the CCAA Proceedings in form and substance satisfactory to the Parties, each acting reasonably, assigning to the Purchaser each Vendor’s right, benefit and interest in and to any of the Assigned

Contracts for which any necessary consent to assign has not been obtained, in form and content acceptable to the Parties, acting reasonably.

**“Assumed Liabilities”** means the following Liabilities of each Vendor:

- (a) all Liabilities under the Assigned Contracts and Permits and Licences (in each case to the extent such Assigned Contract or Permit and Licence is effectively assigned to the Purchaser) arising on or after the Closing Date;
- (b) all Liabilities relating to the Purchased Assets or Related to the Business arising on or after the Closing Date, including, for greater certainty, any and all omitted or reassessed municipal or property Taxes that arise or result from a reassessment of the Owned Real Property that occurs or is concluded after Closing, irrespective of whether such omitted or reassessed municipal or property Taxes are owing for a period before or after Closing, and irrespective of when such omitted or reassessed municipal or property Taxes are deemed to be due and owing pursuant to applicable legislation;
- (c) all Liabilities on account of the trade accounts, payables and other current Accounts Payable, in each case incurred or accrued by any Vendor on or after the Closing Date in the ordinary course of business and Related to the Business;
- (d) all liabilities related to Employees that are specifically assumed by the Purchaser pursuant to Section 6.1(c), including, for greater certainty, the unused vacation pay and time accrued or banked and overtime pay accrued or banked in respect of each Employee under the Vendors’ Employee Plans; and
- (e) all liabilities relating to the Assumed Plan arising from events occurring on or after, but not prior to, the Closing Date.

and, for greater certainty, does not include Excluded Liabilities.

**“Assumed Plan”** means the group benefits plan administered by First Canadian Insurance Corporation.

**“Backup Bid”** has the meaning given to it in the SISP.

**“Books and Records”** means the books, records, files, papers, books of account and other financial data of the Vendors which are solely Related to the Business or related to the Purchased Assets, including drawings, engineering information, manuals and Data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, marketing lists and marketing consent records, personnel, employment and other records, and all records, Data and information stored electronically, digitally or on computer-related or any other media.

**“Business”** has the meaning set out in the Recitals.

**“Business Day”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Edmonton, Alberta but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

**“Cash Purchase Price”** has the meaning set out in Section 3.1(a).

**“Casualty”** has the meaning set out in Section 7.3.

**“CCAA”** has the meaning set out in the Recitals.

**“CCAA Proceedings”** has the meaning set out in the Recitals.

**“Claims”** means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, related to the Vendors or the Purchased Assets, and **“Claim”** means any one of them;

**“Closing”** means the completion of the purchase and sale of the Vendors’ right, title and interest in and to the Purchased Assets and the assignment and assumption of the Assumed Liabilities by the Purchaser in accordance with the provisions of this Agreement.

**“Closing Date”** means the date on which Closing occurs, which date is intended to be the Target Closing Date.

**“Closing Time”** means the time of day on the Closing Date when Closing occurs.

**“Conditions Certificates”** has the meaning set out in Section 9.3.

**“Contracts”** means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Vendor is a party or by which any Vendor or any of the Purchased Assets are bound or under which any Vendor has rights, including any Personal Property Leases.

**“Court”** has the meaning set out in the Recitals.

**“Critical Contracts”** means those Contracts that are, in the opinion of the Purchaser, acting reasonably, necessary and critical to the operation of the Business and the Purchased Assets as a going concern after the Closing Date as listed and specified as **“Critical Contracts”** on Schedule “B”.

**“Cure Costs”** means, with respect to any Assigned Contract, the amounts, if any, required to be paid to remedy all of the applicable Vendor’s monetary defaults existing as of the Closing Date under the applicable Assigned Contract.

**“Customer Contracts”** means any and all unfilled orders, commitments and other engagements entered into between any of the Vendors and one or more third parties relating to the sale of vehicles or vehicle parts and accessories or the provision of vehicle maintenance or repair services by any of the Vendors to such third parties in the ordinary course of Business;

**“Customer Deposit”** means deposit held by the Vendor as at Closing pursuant to the terms of a Customer Contract entered into prior to Closing;

**“Damages”** means any loss, cost, Liability, claim, interest, fine, penalty, assessment, Taxes, damages available at Law or in equity (including incidental, consequential, special,

aggravated, exemplary or punitive damages unless paid to a third party), expense (including consultant's and expert's fees and expenses and reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation, defence or settlement) or diminution in value.

**"Data"** means any information or data collected or received by, processed by, or output from software (including reports, analytics, and alerts), and any other information or data Related to the Business, including information and data contained in any databases.

**"Deferred New Vehicles"** means undamaged new model vehicles owned by the Vendors and used by them in the Business and for which the applicable Manufacturers have invoiced the Vendors.

**"Demonstrator Vehicles"** means undamaged New Vehicles owned by the Vendors and used by them in the Business immediately prior to Closing for demonstration purposes and which have not been registered as sold vehicles with the applicable Manufacturers.

**"Deposit"** has the meaning set forth in Section 3.3(a).

**"Employee Plans"** means all written or oral employee benefit welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive compensation, stock compensation, stock purchase, stock option, stock appreciation, phantom stock option, savings, overtime pay, vacation pay, severance or termination pay, retirement, supplementary retirement, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, agreement or arrangement, including post-retirement health and life insurance benefit plans, and every other written or oral benefit plan, program, agreement or arrangement sponsored, maintained or contributed to or required to be contributed to by any of the Vendors or any Affiliate of the Vendors for the benefit of the Employees or former Employees and their dependents or beneficiaries by which any of the Vendors are bound or with respect to which any of the Vendors participate or have any actual or potential Liability.

**"Employees"** means all individuals who, as of the Closing Date, are employed in the Business by any of the Vendors, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence and all individuals who have been placed on temporary lay-off that has not expired.

**"Encumbrances"** means all claims, Liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, liens, security interests, floating charges, mortgages, pledges, assignments, conditional sales, warrants, adverse claims, charges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights), encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise.

**"ETA"** means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended.

**"Excluded Assets"** means each Vendor's right, title and interest in and to any assets other than the Purchased Assets, including, without limitation:

- (a) any of the Vendors' cash, cash equivalents and short term-investments, including the Deposit;
- (b) all bank accounts of the Vendors;
- (c) original tax records and books and records pertaining thereto, minute books, corporate records, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Vendors that do not relate exclusively or primarily to any of the Purchased Assets;
- (d) any income tax refunds and other Tax refunds receivable by the Vendors and any Tax Returns;
- (e) all Receivables;
- (f) the interest of the Vendors in any litigation and in the proceeds of any judgement or order thereof;
- (g) the interest of the Vendors in any insurance policies, including any cash surrender value thereof;
- (h) those tools used by mechanics employed in the Business which are owned by the mechanics or any third party;
- (i) the Excluded Contracts;
- (j) the Hardware;
- (k) the Obsolete Inventory; and
- (l) Any prepaid expenses not related to directly to Purchased Assets

**"Excluded Contracts"** means contracts or agreements to which the Vendors are a party that are not Assigned Contracts.

**"Excluded Liabilities"** means all Liabilities not expressly assumed by the Purchaser hereunder as Assumed Liabilities.

**"Final Order"** means, at the relevant time or date, an order of the Court that has not been vacated, stayed, amended, reversed or modified, as to which no appeal or application for leave to appeal therefrom has been filed, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of.

**"General Conveyance"** means a general conveyance and assumption of Liabilities, in form and substance satisfactory to the Parties, acting reasonably, evidencing the conveyance to the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets and the assumption by the Purchaser of the Assumed Liabilities.

**"Governmental Authority"** means any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise), agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to,

government, court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions and any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, securities commission or professional association.

**"GST/HST"** means all goods and services tax and harmonized sales tax imposed under Part IX of the ETA.

**"Hardware"** has the meaning set forth in Section 7.6.

**"Hire Date"** means the effective date of employment with the Purchaser of a Transferred Employee which shall be the Closing Date.

**"Hire List"** has the meaning set forth in Section 6.1(b).

**"Initial Order"** has the meaning given to it in the Recitals.

**"Intellectual Property"** means all intellectual property and industrial property, throughout the world, whether or not registerable, patentable or otherwise formally protectable, and whether or not registered, patented, otherwise formally protected or the subject of a pending application for registration, patent or any other formal protection, including all: trade-marks, corporate names and business names; inventions, works and subject matter in which copyright, neighbouring rights or moral rights subsist, industrial designs, patents, know-how, trade secrets, proprietary information, confidential information and information of a sensitive nature that have value to the Business or relate to business opportunities for the Business, in whatever form communicated, maintained or stored, telephone numbers and facsimile numbers, registered domain names, and social media usernames and other internet identities and all account information relating thereto.

**"Interim Lender"** means the Bank of Montreal;

**"Interim Period"** means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

**"ITA"** means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supplement), and the regulations thereto.

**"Law"** has the meaning set out in the definition of **"Applicable Law"**.

**"Legal Proceeding"** means any litigation, Action, application, demand, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review.

**"Liability"** means, with respect to any Person, any liability, debt, dues, guarantee, surety, indemnity obligation, or other obligation of such Person of any kind, character or description, whether legal, beneficial or equitable, known or unknown, present or future, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due or accruing due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

**“Manufacturer”** means the applicable original equipment manufacturer of the Non-Used Vehicles.

**“Material Casualty”** means a Casualty in respect the Purchased Assets such that the aggregate fair market value of the Purchased Assets is reduced by greater than seventy-five (75%) percent, as determined by the parties acting reasonably.

**“Monitor”** has the meaning set out in the Recitals.

**“Monitor’s Certificate”** has the means the certificate substantially in the form attached as Schedule “A” to the Approval and Vesting Order, to be delivered by the Monitor to the Vendors and the Purchaser on Closing and thereafter filed by the Monitor with the Court certifying that it has received, among other things, the Conditions Certificates.

**“New Vehicles”** means 2024, 2025 and 2026 models which are undamaged and with less than 200 kilometres and which have not been registered as sold vehicles with the applicable Manufacturers thereof and which comprise part of the Vendors’ inventory of vehicles immediately prior to Closing.

**“Non-Used Net Price”** means with respect to Non-Used Vehicles, the factory invoice cost for such Non-Used Vehicle including freight and handling costs, plus accepted dealer installed accessories at new car department cost, less any manufacturer rebates, interest credits and allowances which have been received, or which are payable to the Vendors.

**“Non-Used Vehicles”** means New Vehicles, Deferred New Vehicles and Demonstrator Vehicles.

**“Obsolete Inventory”** means all Manufacturer parts and accessories which are more than twelve (12) months old from the Closing Date, including parts and accessories which were not initially provided by the applicable Manufacturers and includes operating supplies such as cleaning materials, washer fluid, brake cleaner and other automotive related supplies.

**“Order”** means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

**“Outside Date”** means January 15, 2026 or such later date as the Parties may mutually agree, with the consent of the Monitor and the Interim Lender.

**“Owned Real Property”** has the meaning set out in the Recitals.

**“Parts and Accessories”** means the current parts and accessories comprising part of the Vendors’ inventory immediately prior to Closing, but specifically excludes Obsolete Inventory.

**“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

**“Permits and Licences”** means any and all licences, permits, approvals, authorizations, certificates, directives, orders, variances, registrations, rights, privileges, concessions, granted, conferred or otherwise created by any Governmental Authority and held by or on behalf of any Vendor or other evidence of authority Related to the Business issued to, granted to, conferred upon, or otherwise created for, any Vendor which relate to the ownership, maintenance, operation of the Business or the Purchased Assets.

**“Permitted Encumbrances”** means, collectively:

- (a) Encumbrances related to Taxes and utilities arising by operation of law (statutory or otherwise) required in the ordinary course of business but only insofar as they relate to any obligations or amounts not due as at the Closing Date; and
- (b) any Encumbrances permitted by a Final Order, before Closing.

**“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Personal Information”** has the meaning set out in Section 6.1(a).

**“Personal Property”** means any and all vehicles, machinery, equipment, parts, chattels, inventory of spare parts, parts and supplies, furniture and any other tangible personal and movable property in which any Vendor has a beneficial right, title or interest (whether owned or leased), in all cases to the extent qualifying as Property, wherever situate (including those in possession of suppliers, customers and other third parties).

**“Personal Property Leases”** means a personal or movable property lease, chattel lease, equipment lease, financing lease, conditional or instalment sales contract and other similar agreement relating to Personal Property to which any Vendor is a party or under which they have rights to use Personal Property as listed and specified as “Personal Property Leases” on Schedule “B”.

**“Privacy Law”** means the *Personal Information Protection and Electronic Documents Act* (Canada) and any Applicable Law of any other Province or territory of Canada.

**“Purchase Price”** has the meaning set out in Section 3.1.

**“Purchased Assets”** means, collectively, those assets of any Vendor as set out in Schedule “A”, but, for greater certainty, does not include any Excluded Assets.

**“Purchaser”** has the meaning set out in the Preamble and includes any successor or permitted assignee thereof in accordance with Section 11.17.

**“Receivables”** means, in respect of a Person all accounts receivable, bills receivable, trade accounts, holdbacks, retention, book debts and insurance claims due or accruing due to such Person, together with any unpaid interest accrued on such items and any security or collateral for such items, but excluding any Customer Deposits and any Work in Progress, whether or not such Work in Progress becomes billable or invoiced after the Closing Date.

**“Reconciliation”** means has the meaning set out in Section 3.4(b).

**“Reconciliation Time”** has the meaning set out in Section 3.4(c).

**“Related to the Business”** means primarily used in, arising from or otherwise related to the Business or any part thereof.

**“Replacement Permit or Licence”** means a new permit, licence, authorization, approval or other similar item providing substantially equivalent rights to the Purchaser as any

applicable Vendor is entitled to as of the Closing Date pursuant to the applicable Permit and Licence.

**“Representative”** when used with respect to a Person means each director, officer, employee, consultant, subcontractor, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

**“Sales Agent”** has the meaning set out in the Recitals.

**“SISP”** has the meaning set out in the Recitals.

**“Successful Bid”** has the meaning given to it in the SISP.

**“Target Closing Date”** means the third Business Day following the issuance of the Approval and Vesting Order or as soon as reasonably practicable thereafter, but in any event no later than the Outside Date.

**“Tax Returns”** means all returns, reports, declarations, elections, notices, filings, information returns, statements and forms in respect of Taxes that are filed or required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

**“Taxes”** means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, *ad valorem* taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes (including land transfer taxes), withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/PST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority and any instalments in respect thereof of another taxpayer or entity, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, and whether disputed or not, and **“Tax”** means any one of such Taxes.

**“Transaction Personal Information”** means any Personal Information in the possession, custody or control of any Vendor at the Closing Time, including Personal Information about suppliers, customers, directors, officers or shareholders that is disclosed to the Purchaser or any Representative of the Purchaser prior to the Closing Time by any Vendor or its Representatives, or collected by the Purchaser or any Representative of the Purchaser prior to the Closing Time from any Vendor or its Representatives, in either case in connection with the transactions contemplated by this Agreement.

**“Transfer Taxes”** means all applicable Taxes, including any applicable land transfer taxes and/or GST/PST/HST, payable upon or in connection with the transactions contemplated by this Agreement and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

**“Transferred Employees”** means all Employees who accept the Purchaser’s offer of employment under Section 6.1.

**“Used Vehicle”** means unsold vehicles, if any (together with all options thereon) owned by the Vendors and comprising part of the Vendors’ inventory of vehicles immediately prior to Closing that are not Non-Used Vehicles.

**“Used Vehicle Value”** means the amount agreed upon by the parties prior to the Closing Date in accordance with Section 3.4(b).

**“Warranty Rights”** means the full benefit of all warranties, warranty rights, performance bonds and indemnities (implied, express or otherwise) of the Vendors against manufacturers, contractors or any other Person which apply to the Purchased Assets, but only to the extent that the same are capable of being assigned.

**“Work in Progress”** means all unbilled service, repairs and/or body work performed to a customer’s vehicle and/or parts supplied to a customer or added to a customer’s vehicle, including, without limitation, sublet repairs, that have been completed prior to Closing, excluding in each case: any service, repairs and/or body work performed or parts supplied more than sixty (60) days prior to the Closing Date, and any Work in Progress that has not been completed as at the Closing Date.

## **1.2 Actions on Non-Business Days**

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

## **1.3 Currency and Payment Obligations**

Except as otherwise expressly provided in this Agreement: (i) all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada; and (ii) any payment contemplated by this Agreement shall be made to the Monitor by wire transfer of immediately available funds to an account specified by the Monitor, or by any other method that provides immediately available funds as agreed to between the Parties and the Monitor.

## **1.4 Calculation of Time**

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Mountain time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Mountain time on the next succeeding Business Day.

## **1.5 Tender**

Any tender of documents hereunder may be made upon the Parties or, or their respective counsel.

## **1.6 Additional Rules of Interpretation**

(a) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

- (b) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- (c) *Section References.* Unless the context requires otherwise, references in this Agreement to the Preamble, Recitals, Articles, Sections or Schedules are to the Preamble, Recitals, Articles or Sections of, and Schedules to, this Agreement.
- (d) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
- (e) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (f) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- (g) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

## 1.7 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

### **SCHEDULES**

<u>Schedule “A”</u>	Purchased Assets
<u>Schedule “B”</u>	Assigned Contracts
<u>Schedule “C”</u>	Purchase Price Allocation
<u>Schedule “D”</u>	Owned Real Property

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

## **ARTICLE 2 PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES**

### **2.1 Purchase and Sale of Purchased Assets**

At the Closing Time, on and subject to the terms and conditions of this Agreement, the SISF, the Approval and Vesting Order, and the Assignment Order (if applicable) the Vendors shall sell to the Purchaser, and the Purchaser shall purchase from the Vendors, all of the Vendors' right, title and interest in and to the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances, to the extent and as provided for in the Approval and Vesting Order. For greater certainty, notwithstanding any other provision of this Agreement, this Agreement does not constitute an agreement by the Purchaser to purchase, or by the Vendors to sell, any Excluded Assets.

### **2.2 Assumption of Assumed Liabilities**

At the Closing Time, on and subject to the terms and conditions of this Agreement, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not assume any Liabilities hereunder other than the Assumed Liabilities, except as required under Applicable Law.

### **2.3 Assignment of Contracts**

- (a) *Obtaining Consents.* Prior to the filing of the Approval Motion, at the written request of the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all consents required to assign the Assigned Contracts to the Purchaser.
- (b) *Assignment Order.* To the extent that any Assigned Contract is not assignable without the consent of the counterparty or any other Person and such consent has not been obtained prior to the filing of the Approval Motion, (i) the Vendors' rights, benefits and interests in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an Assignment Order, (ii) the Vendors will use commercially reasonable efforts to obtain an Assignment Order in respect of such Assigned Contract on or prior to the Closing Date in form and substance acceptable to the Purchaser, acting reasonably, (iii) the Purchaser, at its own expense, will promptly provide to the Vendors all such information within its possession or under its control as the Vendors may reasonably request to obtain the Assignment Order, and (iv) if an Assignment Order is obtained in respect of such Assigned Contract in form and substance acceptable to the Purchaser, acting reasonably, the Purchaser shall accept the assignment of such Assigned Contract on such terms.
- (c) *Cure Costs.* Unless the Parties otherwise agree, to the extent that any Cure Costs are payable with respect to any Assigned Contract, the Purchaser shall (i) where such Assigned Contract is assigned pursuant to an Assignment Order, pay the entirety of all such Cure Costs in the manner set out in the Assignment Order, and (ii) where such Assigned Contract is not assigned pursuant to an Assignment Order, pay all such Cure Costs in the manner set out in the consent of the applicable counterparty or as otherwise may be agreed to by the Purchaser and such counterparty. Any Cure Costs as paid by the Purchaser shall be in addition to the Cash Purchase Price for the Purchased Assets.

- (d) *Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement (including Section 2.3(e) below), the Approval and Vesting Order and the Assignment Order (if applicable), all of the Vendors' rights, benefits and interests in, to and under the Assigned Contracts shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (e) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract to the extent such Assigned Contract is not assignable under Applicable Law, or the terms of the applicable Assigned Contract provide that it is not assignable without the consent of another Person, unless such consent has been obtained or the assignment is subject to an Assignment Order.
- (f) *No Adjustment.* For greater certainty, in respect of any Assigned Contract other than the Critical Contracts, if the consent of any Person is required to assign such Contract but such consent is not obtained prior to Closing and such Contract is not assigned pursuant to an Assignment Order, such Contract shall not form part of the Purchased Assets and (i) neither Party shall be considered to be in breach of this Agreement, (ii) the failure to assign or otherwise transfer such Assigned Contract shall not be a condition to Closing, (iii) the Purchase Price shall not be subject to any adjustment, and (iv) the Closing shall not be delayed.

#### **2.4 Transfer and Assignment of Permits and Licences.**

- (a) *Obtaining Consents.* Prior to Closing, to the extent that a Permit and Licence is assignable or otherwise transferable by the Vendors to the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all necessary consents or approvals to assign or otherwise transfer such Permits and Licences to the Purchaser. The Purchaser (i) shall pay all costs required to be paid to third parties and/or Governmental Authorities in connection with obtaining the assignment or transfer of any Permit and Licence to the Purchaser, or reissuance thereof (which costs shall be in addition to the Purchase Price), and (ii) shall reimburse the Vendors to the extent of any third party costs and/or any costs payable to Governmental Authorities that are incurred by the Vendors in connection with obtaining the assignment or transfer of any Permit and Licence to the Purchaser or obtaining any Replacement Permit or Licence (which costs shall be in addition to the Purchase Price), provided, however, that the Vendors provide evidence of such third party costs and/or Governmental Authority costs satisfactory to the Purchaser, acting reasonably, and such third party costs and/or Governmental Authority costs shall exclude all salaries, fees and costs of any and all consultants, employees, counsel or other Representatives of the Vendors related to such assignment and transfer.
- (b) *Transfer and Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, all of the Vendors' rights, benefits and interests in, to and under the Permits and Licences, to the extent assignable, shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (c) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or otherwise transfer any Permit and Licence to the extent such Permit and Licence is not assignable or transferable under Applicable Law or the terms of the applicable

Permit and Licence provide that it is not assignable without the consent of another Person, unless such consent has been obtained.

- (d) *Post-Closing Assignment.* Notwithstanding anything in this Agreement to the contrary, if the consent or approval of any Person is required to assign or otherwise transfer a Permit and Licence, but such consent or approval is not obtained prior to Closing, (i) the Vendors and the Purchaser shall use their commercially reasonable efforts to obtain the necessary consents or approvals to the assignment or transfer of such Permit and Licence to the Purchaser or the Purchaser shall use its commercially reasonable efforts to obtain (with commercially reasonable assistance from the Vendors) a Replacement Permit or Licence thereof, in each case, as soon as practicable following Closing, (ii) neither Party shall be considered to be in breach of this Agreement, (iii) the failure to assign or otherwise transfer such Permit and Licence or obtain any Replacement Permit or Licence, shall not be a condition to Closing, (iv) the Purchase Price shall not be subject to adjustment, and (v) the Closing shall not be delayed.
- (e) *Obtaining Replacement Permits and Licences.* To the extent that a Permit and Licence is not assignable or otherwise transferrable by the Vendors to the Purchaser, the Purchaser, with the assistance of the Vendors, shall use commercially reasonable efforts to obtain a Replacement Permit or Licence in connection with the purchase and sale of the Purchased Assets. The Purchaser shall pay all costs required in connection with obtaining any Replacement Permit or Licence (which shall be in addition to the Purchase Price).

### **ARTICLE 3 PURCHASE PRICE & TAXES**

#### **3.1 Purchase Price**

The consideration payable by the Purchaser to the Monitor for the Vendors' right, title and interest in and to the Purchased Assets (the "**Purchase Price**") shall be the aggregate of:

- (a) [REDACTED] (the "**Cash Purchase Price**"), subject to the Purchase Price Adjustment set out in Section 3.4; and
- (b) the Cure Costs.

#### **3.2 Allocation of Purchase Price**

The Vendors and the Purchaser agree to allocate the Purchase Price in a manner to be agreed to by the Parties, each acting reasonably, at least seven (7) days before Closing, but in substantially the form included as Schedule "C" and to report the sale and purchase of the Purchased Assets for all federal, provincial and local Tax purposes in a manner consistent with such allocation. If such allocation is disputed by any Governmental Authority with respect to Taxes, the Party receiving notice of such dispute will promptly notify the other Party and the Parties will use their commercially reasonable efforts to sustain the final allocation. The Parties will share information and cooperate to the extent reasonably necessary to permit the transaction contemplated by this Agreement to be properly, timely and consistently reported.

#### **3.3 Satisfaction of Purchase Price**

The Purchase Price shall be paid and satisfied as follows:

- (a) a deposit in the amount of [REDACTED] (the “**Deposit**”) which shall accompany the Purchaser’s binding offer pursuant to the SISP and be paid by the Purchaser to the Monitor on submission of such binding offer and shall be applied against the Cash Purchase Price on Closing;
- (b) the balance of the Cash Purchase Price, after crediting the Deposit in Section 3.3(a), shall be paid by the Purchaser to the Monitor at Closing;
- (c) the Cure Costs, shall be paid or otherwise satisfied by the Purchaser on behalf of each Vendor at Closing in accordance with Section 8.3(c); and
- (d) an amount equal to the agreed value of the Assumed Liabilities, shall be satisfied at Closing by the assumption by the Purchaser of the Assumed Liabilities by the execution and delivery of the Assignment and Assumption Agreement.

### **3.4 Purchase Price Adjustment**

- (a) The Purchase Price shall be adjusted as of the Closing Time in a manner and amount to be agreed upon by the Parties, acting reasonably, solely for any property Taxes (including interest thereon), utilities and any other items which are usually adjusted in purchase transactions involving assets similar to the Owned Real Property in the context of a Court-supervised sale, including, without limitation, prepaid rents and security deposits (if any), real property/municipal Taxes and utilities (if any).
- (b) No more than four (4) days and no less than two (2) days prior to the Closing Date, the Vendors and Purchasers, or the Purchasers’ Agents, shall conduct and provide to the Monitor and Purchaser (i) a physical count of all Non-Used Vehicles and Used Vehicles on hand, (ii) a list of Customer Deposits held by the Vendor, (iii) physical count of all Parts and Accessories on hand, and (iv) a list of and accounting of all Work in Progress (the “**Reconciliation**”). The Cash Purchase Price shall be adjusted to accurately represent any changes in the total value of the below listed categories of the Purchased Assets from the date the Agreement was signed, which is reflected in Schedule C attached hereto, and the Closing Date, due to the addition or removal of assets in each such category. The calculation of the change in total value will be based on the valuation methods listed below.
  - (i) New Vehicles and Deferred New Vehicles based on the Non-Used Net Price;
  - (ii) Demonstrator Vehicles based on the Non-Used Net Price, less depreciation of an amount agreed upon by the Parties, and provided if a Demonstrator Vehicle has been previously registered, the Purchase Price shall be reduced by an amount agreed upon by the Parties;
  - (iii) the Used Vehicles that constitute Purchased Assets based on the Used Vehicle Value, failing which such vehicles shall be retained by the Vendors. The Vendor anticipates selling such retained vehicles on or around the Closing Date and for this purpose, the Purchaser shall allow the Vendors to store up to a maximum of twenty (20) retained vehicles and have access to the retained vehicles at the Owned Real Property for a period of 45 days following the Closing Date at no cost. The retained vehicles stored at the

Owned Real Property following the Closing Date shall be stored at the sole risk of the Vendor, and the Purchaser shall not be liable for any damage, expenses, costs or losses in respect of those retained vehicles following the Closing Date;

- (iv) Parts and Accessories as set out below:
  - (A) all undamaged Parts and Accessories will be valued at the manufacturer's costs thereof as of the Closing Date;
  - (B) all damaged Parts and Accessories will be valued as agreed upon by the Parties;
- (v) Customer Deposits based on their face value; and
- (vi) all Work in Progress based on the cost or net realizable value, whichever is lower.
- (c) Based on the Reconciliation, the Vendors shall prepare a statement of adjustments and deliver same with all supporting documentation to the Purchaser for its approval by no later than 3:00 p.m. Mountain time on the day immediately prior to the Closing Date (the "**Reconciliation Time**").
- (d) If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Reconciliation Time, an estimate shall be agreed upon by the Parties as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably, and such estimate shall serve as a final determination.
- (e) Other than as expressly provided in this Section 3.4, there shall be no adjustments whatsoever to the Purchase Price.

### **3.5 Taxes**

In addition to the Purchase Price, the Purchaser shall be liable for and shall, at Closing or at such later time as required by Applicable Law, pay all applicable Transfer Taxes.

### **3.6 Tax Gross Up**

In the event that any payment or forfeiture under this Agreement is deemed by the ETA to include GST/HST, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multi-staged tax, the amount of such payment or forfeiture shall be increased accordingly. If the Purchaser is required by Applicable Law to deduct or withhold any amount from the Purchase Price payable hereunder, then the Purchase Price shall be increased by an additional amount such that the amount received by the Monitor after such deduction or withholding (including deduction or withholding from such additional amount) is equal to the amount that the Monitor would have received absent any such deduction or withholding.

### **3.7 Tax Elections**

- (a) *Section 167 Tax Election.* If available, at the Closing, the Vendors and the Purchaser shall execute jointly an election under section 167 of the ETA, to have the sale of the Purchased Assets take place on a GST/HST-free basis under Part

IX of the ETA. The Purchaser shall file the election in the manner and within the time prescribed by the relevant legislation. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall indemnify and hold harmless the Vendors in respect of any GST/HST, penalties, and interest that may be assessed against the Vendors as a result of the transactions under this Agreement not being eligible for such election or as a result of the Purchaser's failure to file the election within the prescribed time.

- (b) *Subsection 20(24) Tax Election.* The Purchaser and the Vendors shall, if applicable and requested by either party, jointly execute and file an election under subsection 20(24) of the ITA in the manner required by subsection 20(25) of the ITA and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the ITA and under any other applicable provincial or territorial statute, as to such amount paid by the Vendors to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendors acknowledge that a portion of the Purchased Assets transferred by the Vendors pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the ITA and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendors as a payment for the assumption of such future obligations by the Purchaser.
- (c) *Section 56.4 Tax Election.* At the request of the Vendors and to the extent permitted by the ITA, the Parties shall make, and the Vendors shall file, any election or amended election in prescribed form (or such other form as the Purchaser or the Vendors may reasonably request) and within the prescribed time limits pursuant to section 56.4 of the ITA by the Minister of Finance (Canada) and any analogous provision of provincial or territorial Tax legislation.

#### **ARTICLE 4 PROCEDURES**

##### **4.1 SISP; Approval and Vesting Order**

The Parties acknowledge and agree that:

- (a) *Backup Bidder.* In accordance with the SISP, the transaction subject to this Agreement may be designated as the Backup Bid (as defined in the SISP).
- (b) *Court Approval & Successful Bid.* This Agreement is subject to (i) this Agreement being determined to be the Successful Bid in accordance with the SISP, and (ii) the issuance of the Approval and Vesting Order.
- (c) *Motion for Approval and Vesting Order.* If this Agreement is determined to be the Successful Bid in accordance with the SISP, the Monitor shall file with the Court, as soon as reasonably practicable thereafter, a motion seeking the Court's issuance of the Approval and Vesting Order (the "**Approval Motion**"). The Purchaser shall cooperate with the Monitor in its efforts to obtain the issuance and entry of the Approval and Vesting Order. The Purchaser, at its own expense, will promptly provide to the Monitor all such information within its possession or under its control as the Monitor may reasonably request to obtain the Approval and Vesting Order.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES

### 5.1 Representations and Warranties of the Purchaser

As a material inducement to the Vendors entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendors are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to each Vendor as follows:

- (a) *Incorporation and Corporate Power.* The Purchaser is a corporation incorporated, organized and subsisting under the Laws of the jurisdiction of its incorporation. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.
- (b) *Authorization by Purchaser.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by it as contemplated herein and the completion of the transactions contemplated by this Agreement and all such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) *Approvals.* No consent, waiver, authorization or approval of any Person and no notice or declaration to or filing or registration with any Governmental Authority is required in connection with the execution and delivery by the Purchaser of this Agreement or all other agreements and instruments to be executed by the Purchaser or the performance by the Purchaser of its obligations hereunder or thereunder.
- (d) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms. There is no Legal Proceeding in progress, pending against or threatened against or affecting the Purchaser, and there are no grounds on which any such Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Purchaser which, in any such case, affects adversely or might affect adversely the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder.
- (e) *ETA.* The Purchaser is, or upon Closing shall be, registered for GST/HST purposes under Part IX of the ETA, and shall provide its registration number to the Vendors at or prior to Closing.
- (f) *Commissions.* Neither the Vendors nor Monitor will be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Purchaser.
- (g) *Sufficient Funds.* The Purchaser has sufficient financial resources or has arranged sufficient financing for it, on Closing (which financing is not subject to any conditions other than the conditions to Closing set out herein), to pay the Cash Purchase Price, the Cure Costs and the Transfer Taxes payable on Closing and

any and all other amounts payable by the Purchaser, if any, pursuant to this Agreement.

## 5.2 Representations and Warranties of the Vendors

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendors set out in this Section 5.2, the Vendors represent and warrant to the Purchaser as follows:

- (a) *Incorporation and Corporate Power.* The Vendors are corporations incorporated, organized and subsisting under the Laws of the jurisdiction of its incorporation. Provided that Court approval is obtained for this Agreement and subject to the granting of the Approval and Vesting Order, the Vendors have the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.
- (b) *Enforceability of Obligations.* Subject to the Approval and Vesting Order having been granted and being a Final Order, this Agreement constitutes a valid and binding obligation of the Vendors enforceable against the Vendors in accordance with its terms.
- (c) *ITA.* The Vendors are not non-residents of Canada for purposes of the ITA.
- (d) *ETA.* The Vendors are registered for GST/HST purposes under Part IX of the ETA with the following GST/HST numbers:
  - 2497902 Alberta Ltd. - [REDACTED]
  - Summit S Auto Ltd. - [REDACTED]
- (e) *Commissions.* The Purchaser will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Vendors and/or the Monitor.

## 5.3 As is, Where is

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

- (a) except for the representations and warranties of the Vendors set forth in Section 5.2, it is entering into this Agreement, acquiring the Purchased Assets and assuming the Assumed Liabilities on an "as is, where is" basis as they exist as of the Closing Time and will accept the Purchased Assets in their state, condition and location as of the Closing Time except as expressly set forth in this Agreement and the sale of the Purchased Assets is made without legal warranty and at the risk of the Purchaser;
- (b) it has conducted to its satisfaction such independent searches, investigations and inspections of the Purchased Assets, the Business and the Assumed Liabilities as

it deemed appropriate, and based solely thereon, has determined to proceed with the transactions contemplated by this Agreement;

- (c) except as expressly stated in Section 5.2, neither the Vendors, the Monitor, the Sales Agent, nor any of their Representatives, have made or are making, and the Purchaser is not relying on, any representations, warranties, statements or promises, express or implied, statutory or otherwise, concerning the Purchased Assets, the Vendors' right, title or interest in or to the Purchased Assets, the Business or the Assumed Liabilities, including with respect to merchantability, physical or financial condition, description, fitness for a particular purpose, existence of any parts/and/or components, latent defects, quality, warranty, quantity or any other thing affecting any of the Purchased Assets or the Assumed Liabilities, or normal operation thereof, or in respect of any other matter or thing whatsoever, including any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement and are hereby waived in their entirety by the Purchaser;
- (d) without limiting the generality of the foregoing, no representation, warranty or covenant is given by the Vendors that any of the Purchased Assets are or can be made operational within a specified time frame or will achieve any particular result, level of service, use, production, capacity or actual production if made operational;
- (e) without limiting the generality of the foregoing, except as expressly stated in Section 5.2, the Vendors, the Sales Agent, the Monitor and their respective Representatives have made no representation or warranty as to any regulatory approvals, licenses, permits, consents or authorizations, including the Permits and Licences that may be needed to complete the transactions contemplated by this Agreement or to operate or carry on the Business or any portion thereof, and the Purchaser is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;
- (f) all written and oral information obtained from the Vendors, the Sales Agent, the Monitor or their Representatives, including in any teaser letter or other document made available to the Purchaser (including in certain "data rooms", management presentations, site visits and diligence meetings or telephone calls), with respect to the Purchased Assets, the Business, and the Assumed Liabilities has been obtained for the convenience of the Purchaser only, and neither the Vendors, the Sales Agent, the Monitor nor their Representatives have made any representation or warranty, express or implied, statutory or otherwise as to the accuracy or completeness of any such information;
- (g) any information regarding or describing the Purchased Assets, the Business or the Assumed Liabilities in this Agreement (including the Schedules), or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Vendors, the Monitor or its Representatives, or any other Person concerning the completeness or accuracy of such information or descriptions;
- (h) except as otherwise expressly provided in this Agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights or claims the Purchaser might have against the Vendors, the Sales Agent, the

Monitor or any of their respective Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than those representations and warranties of the Vendors expressly set forth in Section 5.2. Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights;

- (i) none of the representations and warranties of the Vendors contained in this Agreement shall survive Closing and, subject to Section 11.1, the Purchaser's sole recourse for any breach of representation or warranty of the Vendors in Section 5.2 shall be for the Purchaser not to complete the transactions as contemplated by this Agreement and for greater certainty the Purchaser shall have no recourse or claim of any kind against the Vendors or the proceeds of the transactions contemplated by this Agreement following Closing; and
- (j) this Section 5.3 shall not merge on Closing and is deemed incorporated by reference in all closing documents and deliveries.

#### **5.4 Title Insurance**

- (a) Given the lack of an RPR and proof of municipal compliance with the land use bylaw, the parties agree to split the cost of an Owner's Title Insurance policy, acquired by the Purchaser, in respect of the Owned Real Property.

### **ARTICLE 6 EMPLOYEES**

#### **6.1 Offers of Employment and Employee Liabilities**

- (a) *The Vendors shall:* (i) as soon as reasonably practicable following execution of this Agreement, provide the Purchaser all necessary information relating to each Employee as the Purchaser may reasonably request in connection with the employment or engagement of such individuals and/or in connection with the Purchaser's offers of employment under Section 6.1(b), including the names, positions, ages, initial employment dates, termination dates and re-employment dates, if applicable, length of service, hours of work, and compensation information; and (ii) as soon as reasonably practicable following execution of this Agreement and receipt of confirmation from the Purchaser that an Employee will be on the Hire List as at Closing, provide the Purchaser with the social insurance numbers, email addresses, mailing addresses and Tax withholding history of such Employee. All of the information provided pursuant to clauses (i) and (ii) of this Section 6.1(a) shall be in a form that shall be usable by the Purchaser and such information shall be true and correct in all respects. The Purchaser shall at all times comply with all privacy laws, with respect to personal information or personal health information (collectively, "**Personal Information**") disclosed or otherwise provided to it under this Agreement. The Purchaser shall only collect, use or disclose such Personal Information for the purposes of reasonably investigating the affairs of the Business, possibly offering employment to the Employees pursuant to Section 6.1(b), and employing or engaging any Transferred

Employees. The Purchaser shall safeguard all Personal Information collected from the Vendors in a manner consistent with the degree of sensitivity of the Personal Information and, furthermore, maintain at all times the security and integrity of the Personal Information. The Purchaser covenants and agrees that it will not make any copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the Closing does not occur for any reason, and that any and all Personal Information will be returned to the Vendors or destroyed upon the Vendors' request and, if requested by the Vendors, the Purchaser shall certify in writing compliance with such obligation.

- (b) *Transferred Employees.* At least fourteen (14) days before Closing, the Purchaser shall provide the Vendors with a list (the "**Hire List**") of all Employees who will receive an offer of employment, and such offers of employment shall be made by Purchaser at least ten (10) days before Closing. The Purchaser shall recognize the past service of Transferred Employees with the Vendors or their Affiliates (including any predecessor of the Vendors or their Affiliates) for all purposes, including any required notice of termination, termination or severance pay (contractual, statutory or at common law). The Purchaser shall offer employment, effective as of the Closing Date, to the Employees identified in the Hire List on terms and conditions which are substantially similar to those under which such Employees are employed immediately prior to the Closing Date. The Vendors shall cooperate in the Purchaser's efforts to make offers of employment as contemplated by this Section 6.1(b).
- (c) *Purchaser Liabilities.* The Purchaser shall be responsible for all Liabilities:
  - (i) for salary, wages (including overtime pay), bonuses, commissions, vacations, vacation pay and other compensation and benefits relating to the employment of all Transferred Employees or the termination of such employment on and after their respective Hire Date;
  - (ii) for unused vacation pay and time accrued or banked and overtime pay accrued or banked, relating to the employment of all Transferred Employees prior to their respective Hire Date; and
  - (iii) to an Employee who is listed on the Hire List but does not receive an offer of employment pursuant to Section 6.1(b), and which arises directly or indirectly out of, as a result of, in connection with or pursuant to the Vendors' termination of the employment of such Employee.
- (d) *Vendors' Liabilities.* Subject to Section 6.2 and to the extent permitted by the Initial Order, the Vendors shall be responsible for all Liabilities:
  - (i) for all salary, wages, bonuses, commissions and other compensation and benefits, other than severance and termination pay, relating to the employment of all Transferred Employees prior to their respective Hire Date, but, for greater certainty, excluding any Liabilities in respect of the unused vacation pay and time accrued or banked and the overtime pay accrued or banked as at the Closing Date in respect of any of the Transferred Employees; and
  - (ii) to any Employee who does not accept an offer of employment that is made pursuant to Section 6.1(b), and which arise directly or indirectly out of, as

a result of, in connection with or pursuant to the Vendors' termination of the employment of such Employee, including severance and termination pay.

## **6.2 Vacation and Overtime.**

Notwithstanding anything else contained herein, from and after their respective Hire Date, Employees shall be entitled to use their unused vacation pay and time accrued or banked and overtime pay accrued or banked under the Vendors' Employee Plans, determined as of the Closing Date, and the Purchaser shall be solely responsible for all payments and administration thereof. For greater certainty, and without restricting any other Liabilities assumed by the Purchaser under Section 6.1(c), such accrued/banked vacation and overtime amounts shall constitute a Liability assumed by the Purchaser.

## **6.3 Other Benefit Matters**

- (a) *Employee Benefit Plans Accruals.* All Transferred Employees shall cease to accrue benefits under all Employee Plans, other than the Assumed Plan, effective as of the respective Transferred Employee's Hire Date.
- (b) *Responsibility for Accrued Claims.* Except to the extent assumed by the Purchaser under this Agreement, the Vendors, their Affiliates and the Employee Plans, other than Assumed Plan, shall retain Liability for all amounts payable by reason of or in connection with any and all claims for payment or benefits by a Transferred Employee and their eligible dependents or beneficiaries incurred under any Employee Plan, other than the Assumed Plan, prior to the Transferred Employee's Hire Date. For purposes of this Section 6.3, a claim shall be deemed to have been incurred: (i) with respect to a death or dismemberment claim, on the actual date of death or dismemberment; (ii) with respect to a short-term or long-term disability claim, the date of occurrence of the injury or accident or the date of diagnosis of the illness or other event giving rise to such claim; (iii) with respect to an extended health care claim, including vision, dental and medical treatments, the date of diagnosis of the illness or condition or other event giving rise to the claim or treatment; and (iv) with respect to a prescription drug claim, the date the prescription is filled.

# **ARTICLE 7 COVENANTS**

## **7.1 Access During Interim Period**

During the Interim Period, the Vendors shall, subject to any confidentiality, privacy, regulatory or safety restrictions, give reasonable access to the Purchaser and its Representatives during normal business hours to the Purchased Assets (where situated), or request for reasonable access to be given (to the extent that such Purchased Assets are located on the premise of third parties), and personnel of the Vendors reasonably required by the Purchaser in order to allow for and assist the Purchaser with the inspection of, and integration and transition of, the Purchased Assets into the Purchaser's overall operations and business and in order to allow for an orderly passing of the Purchased Assets to the Purchaser following Closing in accordance herewith. Notwithstanding the foregoing, the Purchaser acknowledges that the Vendors will be continuing to operate the Purchased Assets during the Interim Period and, accordingly, that the Purchaser's access to the Purchased Assets and personnel before Closing will be (i) permitted only on reasonable notice to the Vendors, (ii) on the condition that such access does not interfere

with or interrupt the operation of the Purchased Assets, (iii) limited to four requests or with additional requests for access as otherwise agreed to at the sole discretion of the Vendors, and (iv) in accordance with Applicable Law.

## **7.2 Transaction Personal Information**

Each Party shall comply with Privacy Law in the course of collecting, using and disclosing Transaction Personal Information. The Purchaser shall cause its Representatives to observe the terms of this Section 7.2 and to protect and safeguard Transaction Personal Information in their possession in accordance with Privacy Law. The Purchaser shall collect Transaction Personal Information prior to Closing only for purposes related to the transactions contemplated by this Agreement. The Purchaser shall not, without the consent of the individuals to whom such Personal Information relates or as permitted or required by Applicable Law, use or disclose Transaction Personal Information (i) for purposes other than those for which such Transaction Personal Information was collected by the Vendors prior to the Closing and (ii) for a purpose which does not relate directly to the carrying on of the Business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

## **7.3 Risk of Loss**

The Purchased Assets shall be at the risk of the Vendors until Closing. If, between the date hereof and Closing, any of the Purchased Assets are destroyed, lost or materially damaged (each a "**Casualty**"), the Purchaser shall still complete the purchase of the Purchased Assets on an "as is, where is" basis without any adjustment to the Cash Purchase Price payable hereunder and take an assignment from the Vendors of all insurance proceeds payable to the Vendors in respect of the Casualty, provided that, in the event of a Material Casualty, the Purchaser shall have the option, in its discretion, to terminate this Agreement by giving written notice to the Vendors. For greater certainty, in no event shall the aggregate total of the insurance proceeds assigned to the Purchaser in accordance with this Section 7.3 and the fair market value of any remaining Purchased Assets exceed the Cash Purchase Price.

## **7.4 Indemnity**

The Purchaser hereby indemnifies the Vendors and their respective Representatives, and saves them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any Transfer Taxes (including penalties and interest) which may be assessed against the Vendors, including any Taxes which may be assessed in the event that any election made pursuant to Section 3.7 is challenged by the relevant Tax authority as being inapplicable to the transactions under this Agreement, or as a result of the Purchaser's failure to file such elections within the prescribed time;
- (b) the Purchaser's access in accordance with Section 7.1;
- (c) the collection, use or disclosure of Transaction Personal Information by the Purchaser and its Representatives; and
- (d) the Purchaser's failure to pay when due and perform and discharge the Assumed Liabilities in accordance with their terms.

## **7.5 Books and Records**

The Purchaser shall preserve and keep the Books and Records acquired by it pursuant to this Agreement for a period of six (6) years after Closing, or for any longer periods as may be required by any Laws applicable to such Books and Records. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent reasonably feasible), available to the Vendors and the Monitor, and their respective Representatives and successors, and the trustee in bankruptcy of the Vendors, and shall permit any of the foregoing persons to take copies of such Books and Records as they may require.

## **7.6 Certain Information Technology Assets**

With respect to any information technology assets primarily Related to the Business hereunder (such as desktops, laptops, mobile phones, servers and related hardware) (collectively, “**Hardware**”), the Purchaser will, within three (3) business days of the Closing Date, export data Related to the Business from the Vendor’s dealer management system hosted on the Vendor’s Server, and then will provide the Vendor with access to the Owned Real Property to collect and remove all Hardware from the Owned Real Property.

## **7.7 Regulatory Approvals**

The Purchaser, with the assistance of the Vendors shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions, as applicable, required under any Law applicable to such Party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement. The Vendors shall cooperate reasonably with the Purchaser and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders, approvals and clearance certificates. The Parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

## **7.8 Manufacturer and Motor Vehicle Council Consent**

The Purchaser, with the assistance of the Vendors shall take all reasonable steps on a timely basis to apply for the requisite approvals of the Manufacturers and the Alberta Motor Vehicle Industry Council.

## **7.9 Cooperation and Consultation with Governmental Authorities**

All meetings, submissions, filings, and proposals made by or on behalf of either Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the consummation of the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Vendors or the Purchaser with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other Party hereunder in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such filings, meetings, submissions and proposals. Each Party shall give notice to the other Party with respect to any meeting, submission, discussion,

appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact (except where such Governmental Authority expressly requests that such Party not attend or participate in such meeting, discussion, appearance or contact). Notwithstanding any requirement under this Section 7.9, a Party shall not be required to provide the other Party with any information required to be provided under this Section 7.9 where the information is confidential and competitively sensitive, in which case the supplying Party shall provide a redacted version to the requesting Party and shall provide the information on a non-redacted basis to the receiving Party's external counsel, and the receiving Party agrees that it shall neither request nor receive such non-redacted information from its external counsel.

#### **7.10 Work in Progress.**

Commencing on Closing, the Purchaser shall be solely responsible for issuing invoices and collecting payment in respect of the Work in Progress and the Vendor shall not be required to take any enforcement action in respect thereof.

### **ARTICLE 8 CLOSING ARRANGEMENTS**

#### **8.1 Closing**

The Closing will take place virtually, whereby required executed closing deliverables are circulated by electronic mail in pdf and released at such time and pursuant to such protocols and confirmations as the Parties may agree.

#### **8.2 Vendors' Closing Deliveries**

At the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, with delivery to occur *in situ* wherever such Purchased Assets are located at the Closing Time;
- (b) a copy of the Approval and Vesting Order, which shall be a Final Order;
- (c) a copy of any Assignment Order, if applicable, in respect of any Critical Contracts for which consents to assignment were required which have not been obtained, which Assignment Order shall be a Final Order;
- (d) the General Conveyance, duly executed by the Vendors;
- (e) all consents to the assignment of the Assigned Contracts and Permits and Licences, but only to the extent obtained by the Vendors prior to Closing;
- (f) the Assignment and Assumption Agreement, duly executed by the Vendors; and
- (g) a bring-down certificate of the Vendors dated as of the Closing Date, in form and substance satisfactory to the Purchaser, acting reasonably, certifying that (i) all of the representations and warranties of the Vendors hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the

terms and conditions set out in this Agreement to be complied with or performed by the Vendors at or prior to Closing have been complied with or performed by the Vendors in all material respects.

### **8.3 Purchaser's Closing Deliveries**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendors (or as otherwise indicated below), the following:

- (a) the payment referred to in Section 3.3(a);
- (b) the payment of all Transfer Taxes to the applicable Governmental Authority required to be paid on Closing;
- (c) to the extent payable on Closing, evidence that Cure Costs (if any) in respect of each Assigned Contract have been paid in accordance with (i) the Assignment Order where such Assigned Contract is assigned pursuant to an Assignment Order, and (ii) the consent of the applicable counterparty or as otherwise agreed upon by the Purchaser and such counterparty, where such Assigned Contract is not assigned pursuant to an Assignment Order;
- (d) the General Conveyance, duly executed by the Purchaser;
- (e) the Assignment and Assumption Agreement, duly executed by the Purchaser;
- (f) executed dealer agreement between the Manufacturers and the Purchaser or binding letter of intent to enter into a dealer agreement.
- (g) a bring-down certificate executed by a senior officer of the Purchaser dated as of the Closing Date, in form and substance satisfactory to the Vendors, acting reasonably, certifying that (i) all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Purchaser at or prior to Closing have been complied with or performed by the Purchaser in all material respects; and
- (h) such other agreements, documents and instruments as may be reasonably required by the Vendors or the Monitor to complete the transactions provided for in this Agreement, or as are required to be delivered by the Purchaser or the Purchaser's counsel under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

## **ARTICLE 9 CONDITIONS OF CLOSING**

### **9.1 Purchaser's Conditions**

The Purchaser shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Outside Date, each of the conditions listed below in this Section 9.1 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser, and may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-

fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Purchaser if made in writing:

- (a) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order, shall each have been issued and entered by the Court and be a Final Order.
- (b) *Successful Bid.* The Monitor shall have determined in accordance with the SISF that this Agreement is the Successful Bid.
- (c) *Critical Contracts Consents.* All consents necessary to assign the Critical Contracts to the Purchaser shall have been obtained, or an Assignment Order shall have been issued and entered by the Court in respect of such Critical Contracts where necessary consents have not been obtained, and any such Assignment Order shall not have been vacated, set aside or stayed.
- (d) *Vendors' Deliveries.* Each Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.2.
- (e) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (f) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 5.2 shall be materially true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date.
- (g) *No Breach of Covenants.* The Vendors shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.
- (h) *Manufacturer Approval.* The Manufacturers shall have approved the Purchaser as a dealer authorized to sell and service the Manufacturers' vehicles, such approval to be on terms and conditions satisfactory to the Purchaser, acting reasonably.
- (i) *Motor Vehicle Council Approval.* The Alberta Motor Vehicle Industry Council shall have approved the application for registration of the Purchaser.

## **9.2 Vendors' Conditions**

The Vendors shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 9.2 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Vendors, and may be waived by the Vendors in whole or in part, without prejudice to its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Vendors if made in writing.

- (a) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order shall each have been issued and entered by the Court and be a Final Order.
- (b) *Successful Bid.* The Monitor shall have determined in accordance with the SISF that this Agreement is the Successful Bid.
- (c) *Purchaser's Deliverables.* The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendors at the Closing all the documents and payments contemplated in Section 8.3.
- (d) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (e) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 5.1 shall be materially true and correct (i) as of the Closing Date as if made on and as of such date or (ii) if made as of a date specified therein, as of such date.
- (f) *No Breach of Covenants.* The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser, on or before the Closing.

### 9.3 Conditions Certificate

When the conditions to Closing set out in Section 9.1 and 9.2, have been satisfied and/or waived by the Purchaser or the Vendors, as applicable, the Vendors and the Purchaser or their respective counsel will each deliver to the Monitor written confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived and of the amounts of Transfer Taxes required to be paid at Closing (if any is payable) and the Cure Costs payable by the Purchaser on Closing (the "**Conditions Certificates**").

### 9.4 Monitor's Certificate

Upon receipt by the Monitor of:

- (a) payment in full of the Cash Purchase Price, Transfer Taxes required to be paid at Closing (if any is payable) and of the Cure Costs payable by the Purchaser on Closing; and
- (b) the Conditions Certificates,

the Monitor shall (i) issue forthwith the Monitor's Certificate, and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to the Purchaser). In the case of clauses (i) and (ii), above, the Monitor will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

## ARTICLE 10 TERMINATION

### 10.1 Grounds for Termination

This Agreement may be terminated prior to the Closing Time:

- (a) automatically and without any action or notice by either the Vendors to the Purchaser or the Purchaser to the Vendors, (i) immediately upon the selection by the Vendors, in consultation with the Monitor, of a Successful Bid if this Agreement is neither the Successful Bid nor the Backup Bid selected at such time (in each case, as defined in the SISP), or (ii) upon Closing of the Successful Bid(s) if this Agreement is the Backup Bid;
- (b) by the mutual written agreement of the Parties, with the written consent of the Monitor;
- (c) by written notice from the Purchaser to the Vendors in accordance with Section 7.3;
- (d) by written notice from the Purchaser to the Vendors if there has been a material breach by the Vendors of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and such breach is not curable and has rendered the satisfaction of any condition in Section 9.1 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Purchaser is not in breach of any of its obligations under this Agreement;
- (e) by written notice from the Vendors to the Purchaser if there has been a material breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendors and such breach is not curable and has rendered the satisfaction of any condition in Section 9.2 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Vendors are not in breach of any of its obligations under this Agreement; and
- (f) by the Purchaser, on the one hand, or by the Vendors, on the other hand, upon written notice to the other Party if the Closing has not occurred by the Outside Date, provided, however, that the right to terminate this Agreement pursuant to this Section 10.1(f) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in the Closing not occurring by the Outside Date.

### 10.2 Effect of Termination

If this Agreement is terminated pursuant to Section 10.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except as contemplated in Sections 7.2 (*Transaction Personal Information*), 7.4 (*Indemnity*), 10.2 (*Effect of Termination*), 10.3 (*Treatment of Deposit*), 11.2 (*Expenses*), 11.3 (*Public Announcements*), 11.4 (*Notices*), 11.8 (*Entire Agreement*), 11.9 (*Amendment*), 11.11 (*Severability*), 11.13 (*Governing Law*), 11.14 (*Dispute Resolution*), 11.15 (*Attornment*), 11.16 (*Successors and Assigns*), 11.17 (*Assignment*), and 11.18 (*Third Party Beneficiaries*), which shall survive such termination.

### **10.3 Treatment of Deposit**

- (a) *Retention of Deposit.* In the event that this Agreement is terminated by the Vendors pursuant to (i) Section 10.1(e), or (ii) 10.1(f) and the reason that Closing did not occur by the Outside Date was the result of a breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, the Deposit shall be forfeited by the Purchaser and retained by the Monitor, for and on behalf of the Vendors, as a genuine estimate of liquidated damages, and not as a penalty.
- (b) *Return of Deposit.* In the event that this Agreement is terminated pursuant to any Section of this Agreement other than (i) Section 10.1(e) or (ii) 10.1(f) and the reason that Closing did not occur by the Outside Date was the result of a breach by the Vendors of any representation, warranty or covenant contained in this Agreement, the Deposit shall be promptly returned to the Purchaser by the Monitor. The return of the Deposit shall be the Purchaser's sole and exclusive remedy for any termination of this Agreement.

## **ARTICLE 11 GENERAL**

### **11.1 Survival**

All representations, warranties, covenants and agreements of the Vendors or the Purchaser made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall merge and shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement. For greater certainty, the following sections shall survive Closing: 2.2 (*Assumption of Assumed Liabilities*), 2.4(d) (*Post-Closing Assignment*), 3.2 (*Allocation of Purchase Price*), 3.5 (*Taxes*), 3.6 (*Tax Gross Up*), 3.7 (*Tax Elections*), 5.2(e) (*Commissions*), 5.3 (*As is, Where is*), 7.2 (*Transaction Personal Information*); 7.4 (*Indemnity*), 7.5 (*Books and Records*), 9.3 (*Conditions Certificate*), 9.4 (*Monitor's Certificate*), 10.3 (*Treatment of Deposit*), 11.1 (*Survival*), 11.2 (*Expenses*), 11.3 (*Public Announcements*), 11.4 (*Notices*), 11.5 (*Time of Essence*), 11.6 (*Further Assurances*), 11.7 (*Monitor's Capacity*), 11.8 (*Entire Agreement*), 11.9 (*Amendment*), 11.10 (*Waiver*), 11.11 (*Severability*), 11.12 (*Remedies*), 11.13 (*Governing Law*), 11.14 (*Dispute Resolution*), 11.15 (*Attornment*), 11.16 (*Successors and Assigns*), 11.17 (*Assignment*), and 11.18 (*Third Party Beneficiaries*).

### **11.2 Expenses**

Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers).

### **11.3 Public Announcements**

The Vendors and Monitor shall be entitled to disclose this Agreement (on an unredacted basis) and all information provided by the Purchaser in connection herewith to the Court and parties of interest in the CCAA Proceedings, and a copy of this Agreement may be

posted on the Monitor's website maintained in connection with the CCAA Proceedings. Notwithstanding any other provision of this Agreement, unless such information is otherwise publicly disclosed or, upon the advice of counsel, required by Applicable Law or by any Governmental Authority to be disclosed (including in any Tax Returns), the Purchaser shall not disclose the quantum of the Purchase Price, Cash Purchase Price, Deposit, Cure Costs, Assumed Liabilities or allocation of Purchase Price without the prior written consent of the Vendors and Monitor.

#### 11.4 Notices

- (a) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if sent by e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

if to the Vendors, to:

c/o BDO Canada Limited  
20 Wellington E, Suite 500  
Toronto, Ontario M5E 1C5

Attention: Clark Lonergan  
Email: clonergan@bdo.ca

with a copy (which shall not constitute notice) to:

Miller Thomson LLP  
Eighth Avenue Place East  
43<sup>rd</sup> Floor, 525 8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 1G1

Attention: James Reid / Pavin Takhar  
Email: jwreid@millertomson.com / ptakhar@millertomson.com

if to the Purchaser, to:

Davis Auto Group Ltd.  
615 W T Hill Blvd South  
Lethbridge, AB T1J 1Y6

Attention: Scott Mills  
Email: scott@davisautogroup.ca

with a copy (which shall not constitute notice) to:

North & Company LLP  
600 – 220 4<sup>th</sup> Street South  
Lethbridge, AB T1J 4J7

Attention: Craig McMahan  
Email: cmcmahan@north-co.com

- (b) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made on the day of e-mailing, provided that such day is a Business Day and the communication is so e-mailed before 5:00 p.m. Mountain time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.
- (c) *Change of Address.* Any Party may from time to time change its address under this Section 11.4 by notice to the other Party given in the manner provided by this Section 11.4.

#### **11.5 Time of Essence**

Time shall be of the essence of this Agreement in all respects.

#### **11.6 Further Assurances**

The Vendors and the Purchaser shall, at the sole expense of the requesting Party, from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

#### **11.7 Monitor's Capacity**

In addition to all of the protections granted to the Monitor under the CCAA and any Order of the Court in the CCAA Proceedings, the Vendors and Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Vendors and not in its personal capacity, shall have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the transaction contemplated herein whatsoever.

#### **11.8 Entire Agreement**

Other than any confidentiality agreement, non-disclosure agreement or similar undertaking or agreement signed by the Purchaser in favour the Vendors, which remains in full force and effect, except as amended by this Agreement, this Agreement and the agreements contemplated hereby constitute the entire agreement between the Parties or any of them pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written (including any letter of intent or expression of interest submitted by the Purchaser). There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

#### **11.9 Amendment**

No amendment of this Agreement shall be effective unless made in writing and signed by the Parties, with the consent of the Monitor.

#### **11.10 Waiver**

A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only

in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

#### **11.11 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **11.12 Remedies Cumulative**

The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

#### **11.13 Governing Law**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein.

#### **11.14 Dispute Resolution**

If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 10, such dispute shall be determined by the Court within the CCAA Proceedings, or by such other Person or in such other manner as the Court may direct. Without prejudice to the ability of the Vendors or the Purchaser to enforce this Agreement in any other proper jurisdiction, the Purchaser and the Vendors irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.

#### **11.15 Attornment**

Each Party agrees: (i) that any Legal Proceeding relating to this Agreement must be brought before the Court in the CCAA Proceedings, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Province of Alberta on any jurisdictional basis, including *forum non conveniens*; and (iii) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 11.15. Each Party agrees that service of process on such Party as provided in Section 11.4 shall be deemed effective service of process on such Party.

#### **11.16 Successors and Assigns**

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

**11.17 Assignment**

Prior to the issuance of the Approval and Vesting Order, the Purchaser may assign all of its rights and obligations under this Agreement to an Affiliate, provided that (i) the Purchaser shall remain jointly and severally liable with such Affiliate to perform all of its obligations hereunder, and (ii) the Purchaser and its assignee execute and deliver to the Vendors an assignment and assumption agreement, in form and substance satisfactory to the Vendors, evidencing such assignment. Other than in accordance with this Section 11.17, the Purchaser may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement.

**11.18 Third Party Beneficiaries**

Except as set forth in Section 7.4 and 11.7, this Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**11.19 Counterparts**


This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

**[SIGNATURE PAGE TO FOLLOW]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

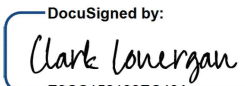
**SUMMIT S AUTO LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per:   
Name: Clark Lonergan  
Title: Senior Vice President

**2497902 ALBERTA LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per:   
Name: Clark Lonergan  
Title: Senior Vice President

**DAVIS AUTO GROUP LTD.**

Per: \_\_\_\_\_  
Name: Scott Mills  
Title: Director and Treasurer

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**SUMMIT S AUTO LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Name: Clark Lonergan

Title: Senior Vice President

**2497902 ALBERTA LTD.**

**by BDO CANADA LIMITED solely in its capacity as Court-appointed Monitor and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Name: Clark Lonergan

Title: Senior Vice President

**DAVIS AUTO GROUP LTD.**

Per: \_\_\_\_\_

  
Scott Mills (Nov 6, 2025 14:54:06 MST)

Name: Scott Mills

Title: Director and Treasurer

## SCHEDULE "A"

### PURCHASED ASSETS

**"Purchased Assets"** means, other than Excluded Assets, collectively the following assets of each Vendor:

- (a) the Owned Real Property;
- (b) all New Vehicles, Deferred New Vehicles and Demonstrator Vehicles of the Business as at the Closing Date;
- (c) all Used Vehicles which have been identified by the Vendors and the Purchaser to be included in the Purchased Assets not less than fifteen (15) Business Days prior to the Closing Date. In the event that the Vendors and the Purchaser have not specifically identified a Used Vehicle to be included in the Purchased Assets, such Used Vehicle shall be an Excluded Asset;
- (d) the Parts and Accessories inventory of the Business as of the Closing Date;
- (e) the Assigned Contracts, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees;
- (f) the Permits and Licences, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees;
- (g) all machinery, equipment, tools, furniture, furnishings and other miscellaneous items owned by the Vendors and used in or relating to the Business but, for greater certainty, excluding those tools owned by the mechanics of the Business or any third party and Hardware;
- (h) the goodwill of the Business; including but not limited to websites, social media accounts, phone numbers and customer information.
- (i) Customer Deposits;
- (j) the Warranty Rights; and
- (k) all Work in Progress.

**SCHEDULE "B"**  
**ASSIGNED CONTRACTS**

**Critical Contracts**

None

**Personal Property Leases**

None

**Other Contracts**

1. all Customer Contracts;

**SCHEDULE "C"**

**PURCHASE PRICE ALLOCATION**

Property (1050 Corner Mountain Street)	██████████
Equipment, furniture, fixtures, signage, leaseholds	██████████
New Inventory - per schedule	██████████
Used Inventory - per schedule	██████████
Parts	██████████
Goodwill and Intangibles	██████████
<b>TOTAL</b>	██████████

**SCHEDULE "D"**

**OWNED REAL PROPERTY**

**Castle Ford Property Legal Description**

Plan 2010937, Block 6, Lot 10, Excepting thereout All Mines and Minerals

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Appendix “I” – September 23, 2025 Letter Correspondence**



MILLER THOMSON LLP  
525 - 8TH AVENUE S.W., 43RD FLOOR  
EIGHTH AVENUE PLACE EAST  
CALGARY, AB T2P 1G1  
CANADA

T 403.298.2400  
F 403.262.0007

MILLERTHOMSON.COM

September 23, 2025

**VIA EMAIL**

[sshussein@bryanco.com](mailto:sshussein@bryanco.com);  
[robert.kennedy@dentons.com](mailto:robert.kennedy@dentons.com)

**James W. Reid**  
Direct Line: +1 403.298.2418  
jwreid@millerthomson.com

File No. 0262720.0004

Bryan & Company LLP  
2900, 10180 101 Street  
Edmonton, AB T5J 3V5

Dentons Canada LLP  
77 King Street W, Suite 400  
Toronto, ON M5K 0A1

**Attention: Soheel Hussein**

**Attention: Robert Kennedy**

**Re: *In the Matter of the Compromise or Arrangement of the Summit Auto Group  
Court of King's Bench of Alberta Court Action Number 2501-13057***

---

We are counsel to BDO Canada Limited (“**BDO**”). Pursuant to an Amended and Restated Initial Order of the Court of King’s Bench of Alberta filed August 27, 2025 (the “**ARIO**”), BDO is the Court-appointed monitor in the above-noted matter (the “**Monitor**”) over the “Summit Auto Group”, which includes, among others, MK Auto K-M Ltd. (“**MK Auto**”) and 2437342 Alberta Ltd. (“**Squamish Chrysler**”).

The ARIO granted the Monitor certain enhanced powers over the Summit Auto Group’s property, including but not limited to: (i) the powers to take possession and control of the Summit Auto Group’s property, including proceeds arising there from; (ii) to receive, preserve and protect the property; (iii) to manage, operate and carry on the businesses; (iv) to report to, meet with and discuss with affected persons relating to the property; (v) to perform functions or duties necessary or desirable in order to facilitate the realization of the property; and (vi) to exercise any shareholder, partnership, joint venture or other rights which the debtors may have. A copy of the ARIO is enclosed at Appendix A hereto for your reference.

Pursuant to, among other records, a corporate search (the “**Corporate Search**”), MK Auto is the sole voting shareholder of 2412170 Alberta Ltd., which operates as Westcastle Chevrolet Buick GMC (“**Westcastle GMC**”). A copy of the Corporate Search is attached hereto as Appendix “**A**”. We have requested the shareholder agreement and other ownership documents from Mr. Michael Koch (“**Mr. Koch**”) and as of the date of this letter the Monitor has yet to receive the requested documentation. It is our understanding that The Toronto-Dominion Bank (“**TD**”) is the senior secured lender to Westcastle GMC. We have been advised that Westcastle GMC has engaged Tim Lamb Group to market and sell Westcastle GMC.

Given MK Auto is the sole shareholder of Westcastle GMC and therefore has an equity interest in any sales transaction involving Westcastle GMC, we write to advise that the Monitor, pursuant to its authority under the ARIO to exercise any shareholder rights in respect of MK Auto, requires oversight of any sales process being conducted in respect of Westcastle GMC. Further, the Monitor will need to sign off on any proposed transaction for the sale of the Westcastle GMC business and/or its assets.

As you have been advised, it appears the Summit Auto Group has provided funds that may be used to purchase the Westcastle GMC. We are trying to true up amounts owed regarding the same.

Monitor oversight of any transaction for the sale of the Westcastle GMC business is essential for the Monitor to receive, preserve and protect the property of the Summit Auto Group's estate in accordance with the ARIO. This is especially the case given Full Circle Automotive Solutions Inc., the Chief Restructuring Officer of the Summit Auto Group, has identified numerous transactions between Squamish Chrysler, Great North & Auto Financing ("**GNAF**") and Westcastle GMC between April 2025 and July 2025, which, as we understand, may have resulted in \$500,000 or more (the "**Transfers**") flowing from Squamish Chrysler through GNAF to Westcastle GMC. The Monitor is gathering further information from management as to the nature of the flow of these funds to Westcastle GMC. We understand that TD requested \$640,000 be injected into Westcastle GMC to cover default requirements. A copy of this request is attached hereto as Appendix "**B**". Additionally, we have attached hereto as Appendix "**C**", additional emails to and from Mr. Koch and TD representatives re: the Transfer.

The Monitor appreciates your respective clients' assistance in providing the necessary Monitor oversight of any Westcastle GMC sales process, as well as the provision of any information pertaining to the Transfers or other transactions between Squamish Chrysler, GNAF and Westcastle GMC.

Should you wish to discuss this matter further, please advise.

Yours truly,

MILLER THOMSON LLP

Per:



James W. Reid  
JR/mc

c: *K. Lagadin & M. Faheim (Firm)*  
*C. Lonergan & H. Yin (BDO Canada Limited)*  
*S. Gabor & C. Brunet (Gowling WLG)*



**Appendix “J” – October 21, 2025 Letter Correspondence**

October 21, 2025

**VIA EMAIL**

[sshussein@bryanco.com](mailto:sshussein@bryanco.com)

Bryan & Company LLP  
2900, 10180 101 Street  
Edmonton, AB T5J 3V5

**Attention: Soheel Hussein**

Dear Sir:

**Re: *In the Matter of the Compromise or Arrangement of the Summit Auto Group  
Court of King's Bench of Alberta Court Action Number 2501-13057***

---

We write to on behalf of BDO Canada Limited (the “**Monitor**”), the Court-appointed monitor of, among others, MK Auto K-M Ltd., the sole voting shareholder of 2412170 Alberta Ltd. o/a Westcastle Chevrolet Buick GMC (“**Westcastle GMC**”) and in response to your letter sent on behalf of Westcastle GMC.

In your letter you advise that the Monitor has made written demands to Michael Koch pertaining to Westcastle GMC. On October 16 and 17, the Monitor made a number of important and time-sensitive information and document requests to Mr. Koch, concerning Westcastle GMC including requests for the following:

1. The corporate minute book of Westcastle GMC, including the articles of incorporation, bylaws, shareholder and director registers, and all related corporate governance materials;
2. Access to the dealer management system;
3. Access to, and the last twelve (12) months of transactions for, all Westcastle GMC bank accounts; and
4. Copies of any purchase offers received relating to Westcastle GMC.

The Monitor’s requests are made pursuant to the Monitor’s powers under the ARIO, including its authority to exercise any shareholder rights held by MK Auto K-M Ltd., as well as pursuant to the investigative powers granted pursuant to the Order of the Court pronounced September 19, 2025. We refer you in particular to paragraph 25 of the ARIO including, without limitation, sub-paragraphs (x) and (z), and paragraph 9 of the September 19, 2025 Order.

The information requested is necessary for the Monitor to carry out its Court-appointed mandate to preserve and protect the property of MK Auto K-M Ltd. The Monitor needs to have transparency and oversight of any transaction related to the Westcastle GMC business, including any proceeds of sale that may be for the benefit of MK Auto K-M Ltd. Any refusal or

delays in the provision of the requested information will hinder the Monitor's ability to review and approve any proposed transaction pertaining to Westcastle GMC.

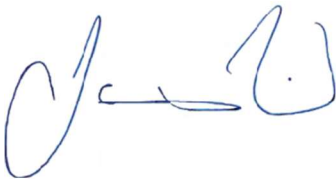
Please note that to date, the Monitor's requests for information and records of not only Westcastle GMC, but the Summit Auto Group generally, have been refused by Mr. Koch in all practical respects. The Monitor is hoping to work cooperatively with your client in accordance with the Term and Task Letter dated August 29, 2025, with any transaction pertaining to Westcastle GMC, but the Monitor requires transparency and access to information.

We look forward to hearing from you with respect to Mr. Koch's position regarding the provision of the information requested from the Monitor regarding Westcastle GMC.

Yours truly,

MILLER THOMSON LLP

Per:



James W. Reid

JR/mc

c: *M. Faheim (Firm)*  
*C. Lonergan & H. Yin (BDO Canada Limited)*



**Appendix “K” – Corporate Search Westcastle Dealership**

# Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2025/11/05  
 Time of Search: 10:46 AM  
 Search provided by: MILLER THOMSON LLP - CALGARY  
 Service Request Number: 45806107  
 Customer Reference Number: 0262720.0004

**Corporate Access Number:** 2024121705  
**Business Number:** 744625302  
**Legal Entity Name:** 2412170 ALBERTA LTD.

**Legal Entity Status:** Active  
**Alberta Corporation Type:** Numbered Alberta Corporation  
**Registration Date:** 2022/03/02 YYYY/MM/DD

## Registered Office:

**Street:** 10621 124 STREET  
**City:** EDMONTON  
**Province:** ALBERTA  
**Postal Code:** T5N1S5

## Records Address:

**Street:** 10621 124 STREET  
**City:** EDMONTON  
**Province:** ALBERTA  
**Postal Code:** T5N1S5

**Email Address:** INFO@JOMHALAW.COM

## Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
JOMHA	AHMED			10621 124 STREET	EDMONTON	ALBERTA	T5N1S5	INFO@JOMHALAW.COM

## Directors:

**Last Name:** KOCH  
**First Name:** MICHAEL

**Street/Box Number:** 2034 CRANBROOK STREET NORTH  
**City:** CRANBROOK  
**Province:** BRITISH COLUMBIA  
**Postal Code:** V1C3T1

### Voting Shareholders:

**Legal Entity Name:** MK AUTO K-M LTD.  
**Corporate Access Number:** 2019727839  
**Street:** 2034 CRANBROOK STREET NW  
**City:** CRANBROOK  
**Province:** BRITISH COLUMBIA  
**Postal Code:** V1C3T1  
**Percent Of Voting Shares:** 100

### Details From Current Articles:

**The information in this legal entity table supersedes equivalent electronic attachments**

**Share Structure:** SEE ELECTRONIC ATTACHMENT  
**Share Transfers Restrictions:** SEE ELECTRONIC ATTACHMENT  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 7  
**Business Restricted To:** NONE  
**Business Restricted From:** NONE  
**Other Provisions:** NONE

### Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
WESTCASTLE CHEVROLET BUICK GMC	TN24406142

### Other Information:

#### Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2025	2025/10/21

### Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2022/03/02	Incorporate Alberta Corporation
2022/03/02	Update Business Number Legal Entity
2022/04/18	Change Director / Shareholder
2022/06/22	Name/Structure Change Alberta Corporation
2025/10/21	Enter Annual Returns for Alberta and Extra-Provincial Corp.

**Attachments:**

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2022/03/02
Restrictions on Share Transfers	ELECTRONIC	2022/03/02
Share Structure	ELECTRONIC	2022/06/22

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



**Appendix “L” – Corporate Search Westcastle Real Co**

# Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2025/11/05  
 Time of Search: 06:57 AM  
 Search provided by: MILLER THOMSON LLP - CALGARY  
 Service Request Number: 45803342  
 Customer Reference Number: 0262720.0004

**Corporate Access Number:** 2024163269  
**Business Number:** 740181607  
**Legal Entity Name:** 2416326 ALBERTA LTD.

**Legal Entity Status:** Active  
**Alberta Corporation Type:** Numbered Alberta Corporation  
**Registration Date:** 2022/03/17 YYYY/MM/DD

## Registered Office:

**Street:** 10621 124 STREET  
**City:** EDMONTON  
**Province:** ALBERTA  
**Postal Code:** T5N1S5

## Records Address:

**Street:** 10621 124 STREET  
**City:** EDMONTON  
**Province:** ALBERTA  
**Postal Code:** T5N1S5

**Email Address:** INFO@JOMHALAW.COM

## Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
JOMHA	AHMED			10621 124 STREET	EDMONTON	ALBERTA	T5N1S5	INFO@JOMHALAW.COM

## Directors:

**Last Name:** KOCH  
**First Name:** MICHAEL

**Street/Box Number:** 2034 CRANBROOK STREET NORTH  
**City:** CRANBROOK  
**Province:** BRITISH COLUMBIA  
**Postal Code:** V1C3T1

**Voting Shareholders:**

**Last Name:** MK AUTO K-M LTD.  
**First Name:** MIKE  
**Middle Name:** KOCH  
**Street:** 2034 CRANBROOK STREET N  
**City:** CRANBROOK  
**Province:** BRITISH COLUMBIA  
**Postal Code:** V1C3T1  
**Percent Of Voting Shares:** 100

**Details From Current Articles:**

The information in this legal entity table supersedes equivalent electronic attachments

**Share Structure:** SEE ELECTRONIC ATTACHMENT  
**Share Transfers Restrictions:** SEE ELECTRONIC ATTACHMENT  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 7  
**Business Restricted To:** NONE  
**Business Restricted From:** NONE  
**Other Provisions:** NONE

**Other Information:**

**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2025	2025/10/21

**Filing History:**

List Date (YYYY/MM/DD)	Type of Filing
2022/03/17	Incorporate Alberta Corporation
2022/03/17	Update Business Number Legal Entity

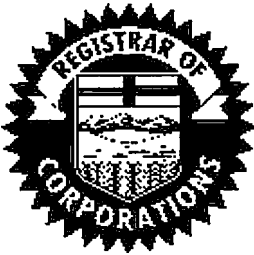
2025/10/21

Enter Annual Returns for Alberta and Extra-Provincial Corp.

**Attachments:**

<b>Attachment Type</b>	<b>Microfilm Bar Code</b>	<b>Date Recorded (YYYY/MM/DD)</b>
<u>Share Structure</u>	ELECTRONIC	2022/03/17
<u>Restrictions on Share Transfers</u>	ELECTRONIC	2022/03/17

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



## **Appendix “M” – Professional Fees Schedule**

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.

SUMMARY OF PROFESSIONAL FEES  
FOR THE PERIOD OF SEPTEMBER 1, 2025 TO OCTOBER 31, 2025

Invoice #	Period	Fees Incurred	Disbursements	Subtotal	GST	Total
CINV3665030	September 1 2025, to September 30, 2025	\$ 193,869.50	\$ 10,708.61	\$ 204,578.11	\$ 10,228.91	\$ 214,807.02
CINV3665045	October 1, 2025 to October 31, 2025	\$ 181,843.00	\$ 3,534.12	\$ 185,377.12	\$ 9,268.86	\$ 194,645.98
<b>Total Monitor's Fees</b>		<b>\$ 375,712.50</b>	<b>\$ 14,242.73</b>	<b>\$ 389,955.23</b>	<b>\$ 19,497.77</b>	<b>\$ 409,453.00</b>
4185520	September 1, 2025 to October 31, 2025	\$121,725.50	\$469.86	\$122,195.36	\$6,099.54	\$128,294.90
<b>Total Monitor's Legal Counsel Fees</b>		<b>\$121,725.50</b>	<b>\$469.86</b>	<b>\$122,195.36</b>	<b>\$6,099.54</b>	<b>\$128,294.90</b>
<b>Total Professional Fees</b>		<b>\$ 497,438.00</b>	<b>\$ 14,712.59</b>	<b>\$ 512,150.59</b>	<b>\$ 25,597.31</b>	<b>\$ 537,747.90</b>