

COURT FILE NUMBER 2503-13640
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

MATTER

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

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO
SALES INC., COAST AUTO DRAYTON
INC., AND 2461765 ALBERTA LTD.**



DOCUMENT

THIRD REPORT OF BDO CANADA, IN ITS
CAPACITY AS COURT-APPOINTED
MONITOR OF COAST AUTOMOTIVE
GROUP INC., COAST NORTH VANCOUVER
AUTO SALES INC., COAST AUTO
DRAYTON INC., AND 2461765 ALBERTA
LTD.

ADDRESS FOR SERVICE AND
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**THIRD REPORT OF THE MONITOR
BDO CANADA LIMITED
December 2, 2025**

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INTRODUCTION

1. On July 16, 2025 (the “**Filing Date**”), upon application (the “**CCAA Application**”) by the Bank of Montreal (“**BMO**” or the “**Applicant**”) in its capacity as senior secured lender to Coast North Vancouver Auto Sales Inc. (“**Coast North Van**”), Coast Auto Drayton Inc. (“**Coast Drayton Valley**”), and 2461765 Alberta Ltd. (“**246**”), the Honourable Justice M.E. Burns of the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to Coast North Van, Coast Drayton Valley, 246 and Coast Automotive Group Inc. (“**Coast Automotive**” and together with Coast North Van, Coast Drayton Valley, and 246, the “**Coast Auto Group**”, or the “**Company**”) from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”, and the proceedings in relation to the Company, the “**CCAA Proceedings**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Company (in such capacity, the “**Monitor**”).
2. Among other things, pursuant to the Initial Order, the Court granted:
 - a. an initial stay of proceedings in favour of the Company until and including July 26, 2025, to stabilize the Company’s operations and permit the Monitor to devise a Court-supervised sale and investment solicitation process with a view to ultimately preserving the business as a going concern and maximizing value;
 - b. a charge over the Company’s assets to stand as security for payment by the Company of the professional fees and disbursements of the Applicant’s legal counsel, the Monitor, and legal counsel to the Monitor, in an aggregate amount not to exceed \$275,000 (the “**Administration Charge**”);
 - c. approval of an interim financing term sheet dated July 16, 2025 (the “**Interim Financing Term Sheet**”) providing for borrowings up to \$350,000, plus interest, costs and fees and an interim lender’s charge (the “**Interim Lender’s Charge**”) to secure all obligations under the Interim Financing Term Sheet; and
 - d. expanded powers of the Monitor in the CCAA Proceedings.

3. On July 25, 2025, the Initial Order was amended and restated (the “**ARIO**”). The ARIO, among other things:
- a. extended the initial stay of proceedings until and including October 19, 2025 (the “**Stay of Proceedings**”);
 - b. approved an increase to the Administration Charge up to the maximum amount of \$600,000;
 - c. approved an increase to the borrowings under the Interim Financing Term Sheet and the Interim Lender’s Charge up to the maximum amount of \$2.5 million (plus interest, costs, and fees);
 - d. granted a charge in favour of Dealer Solutions North America, Inc., as sales agent (in such capacity, the “**Sales Agent**”) up to the maximum amount of \$350,000;
 - e. granted a charge in favour of the directors and officers of the Company as security for the Company’s obligation to indemnify the directors and officers for any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to the maximum amount of \$250,000;
 - f. approved the key employee retention plan (“**KERP**”) and granted a charge in favour of certain key personnel of the Company to secure the Company’s obligations under the KERP, up to the maximum amount of \$125,000;
 - g. authorized the Company, with the consent of BMO, to make payments on account of goods and services supplied to them prior to the date of the Initial Order, provided that (a) in the view of the Monitor, such supplier or service provider is critical to the business of the Coast Auto Group (the “**Business**”), and (b) such payments do not, in the aggregate, exceed \$50,000; and
 - h. further expanded the powers of the Monitor in the CCAA Proceedings.

4. On the same day, the Court also granted an Order approving and authorizing the Monitor and the Sales Agent to conduct a sale and investment solicitation process (“**SISP**”) for the marketing and sale of the equity of the Company and/or the Company’s business and assets, including two dealerships comprised of: (1) a franchised Chrysler, Dodge, Jeep, and RAM (“**Stellantis**”) dealership located in North Vancouver, British Columbia (“**North Van Dealership**”), and (2) a franchised Stellantis dealership located in Drayton Valley, Alberta (the “**Drayton Valley Dealership**”, together with the North Van Dealership, the “**Dealerships**”), and certain ancillary and related relief.

5. On October 16, 2025, the Court granted the following orders:
 - a. an order (the “**Drayton Valley AVO**”) which, among other things, approved a purchase and sale agreement (the “**Drayton Valley Sale Agreement**”) between Coast Drayton Valley and 246 as vendors (the “**Drayton Valley Vendors**”) and Stetson CDJR Ltd. (the “**Operating Purchaser**”) and Stetson CDJR Properties Ltd. (the “**Real Property Purchaser**”) as purchasers (collectively, the “**Drayton Valley Purchasers**”) dated as of October 7, 2025, and the transactions contemplated therein (the “**Drayton Valley Transaction**”);

 - b. an order (the “**North Van AVO**”, together with the Drayton Valley AVO the “**Approval and Vesting Orders**”) which, among other things, approved a purchase and sale agreement (the “**North Van Sale Agreement**”) between Coast North Van as vendor (the “**North Van Vendor**”) and 1559054 B.C. Limited as purchaser (the “**North Van Purchaser**”) dated as of October 6, 2025, and the transactions contemplated therein (the “**North Van Transaction**”, and together with the Drayton Valley Transaction, the “**Transactions**”);

 - c. an order (the “**Restricted Access Order**”) sealing the confidential supplement to the Second Report; and

 - d. an order (the “**Oct 16 Ancillary Relief Order**”):

- i. extending the Stay of Proceedings from October 19, 2025, until and including December 12, 2025;
 - ii. approving the fees of the Monitor and of its legal counsel; and
 - iii. authorizing the Monitor to make interim distributions to BMO in its capacity as both Interim Lender and senior secured lender from proceeds of the Transactions.
6. In connection with the Initial Order application, BDO, as proposed monitor, prepared a pre-filing report dated July 8, 2025 (the “**Pre-Filing Report**”) to provide information to the Court for its consideration in respect of the Applicant’s CCAA Application.
7. In connection with the ARIO application, the Monitor filed its first report on July 21, 2025 (the “**First Report**”);
8. In connection with the application to approve the Transactions and various ancillary relief, the Monitor filed its second report on October 8, 2025 (the “**Second Report**”, and together with the Pre-Filing Report and First Report, the “**Previous Reports**”). 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/coast-automotive-group> (the “**Monitor’s Website**”).
9. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Previous Reports.

PURPOSE

10. The purpose of this third report of the Monitor (the “**Third Report**”, and together with the Previous Reports, the “**Reports**”) is to provide information to the Court with respect to:
 - a. the activities of the Monitor since the date of the Second Report;
 - b. an update on the Transactions;

- c. the Company’s actual cash flow results for the 9-week period ended November 30, 2025, versus the budgeted results for that period, as outlined in the Company’s consolidated cash flow forecast for the period of September 29, 2025, to December 14, 2025, which was set out in the Second Report (the “**Second Revised Cash Flow Forecast**”);
- d. an overview of the Company’s updated 9-week consolidated cash flow forecast (the “**Third Revised Cash Flow Forecast**”) for the period of December 1, 2025, to February 1, 2026 (the “**Third Revised Cash Flow Period**”);
- e. the Monitor’s comments and recommendations with respect to its application returnable on December 9, 2025 (the “**Application**”) seeking an order:
 - i. extending the Stay of Proceedings from December 12, 2025, until and including January 30, 2026;
 - ii. terminating the CCAA Proceedings upon the filing of a certificate (the “**CCAA Termination Certificate**”) by the Monitor;
 - iii. terminating the Administration Charge, Interim Lender’s Charge, Sales Agent Charge, D&O Charge and KERP Charge, all as defined in and created pursuant to the ARIO upon filing of the CCAA Termination Certificate;
 - iv. discharging the Monitor and granting certain releases in favour of the Monitor, and its counsel effective upon filing of the CCAA Termination Certificate;
 - v. authorizing the Monitor to make distributions of any remaining funds less the Bankruptcy Reserve (herein defined) to BMO in its capacity as both Interim Lender and senior secured lender;

- vi. authorizing each of the Coast Auto Group entities to file an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), prior to or following the termination of the CCAA Proceedings and authorizing the Monitor to take all steps necessary to make the assignments in bankruptcy, including transferring amounts from the Bankruptcy Reserve to the Trustee (as defined below) to fund the BIA proceedings;
- vii. authorizing BDO to act as Licensed Insolvency Trustee of the Coast Auto Group entities’ estates in BIA proceedings (in such capacity, the “**Trustee**”);
- viii. approving the fees of the Monitor and of its legal counsel, Blake, Cassels & Graydon LLP (“**Blakes**”);
- ix. approving the Reports, and the actions, conduct and activities of the Monitor set out therein; and
- x. such further and other relief as the Court may deem just and equitable.

TERMS OF REFERENCE AND DISCLAIMER

- 11. In preparing this Third Report, the Monitor has relied on certain unaudited financial information, the Company’s books and records, the Affidavit of Shehryar Syed dated July 9, 2025 (the “**Syed Affidavit**”) filed in support of the CCAA Application, and discussions with the Company’s management (“**Management**”) (collectively, the “**Information**”).
- 12. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in such a manner that would wholly or partially comply with standards as set out in the *Chartered Professional Accountants Canada Handbook* (the “**CPA**”).

Handbook”) and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such Information.

13. Some of the information referenced in this Third Report relates to weekly cash flow forecasts, projections, and related assumptions. An examination or review of cash flow forecasts, projections, and related assumptions as outlined in the CPA Handbook has not been performed. The Monitor has not performed an examination or review of these forecasts, projections, or assumptions in accordance with the standards outlined in the CPA Handbook.
14. The Third Revised Cash Flow Forecast, representing future oriented financial information, is based on Management’s assumptions regarding future events. Actual results will vary from the Third Revised Cash Flow Forecast, and such variations may be material.
15. All monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND INFORMATION

16. This Third Report should be read in conjunction with the Syed Affidavit and the Previous Reports, which can be found on the Monitor’s Website and contain background information with respect to the Company’s business and operations as well as matters leading up to the commencement of these CCAA Proceedings, the SISP and the Transactions.

ACTIVITIES OF THE MONITOR SINCE THE SECOND REPORT

17. Since the date of the Second Report the Monitor has:
 - a. held regular discussions with BMO, the Company and key stakeholders regarding operations, liquidity, and broader restructuring initiatives;
 - b. continued to assist the Company with employee, vendor and supplier communications;
 - c. continued to respond to creditor and vendor inquiries relating to these CCAA Proceedings;

- d. provided oversight and support to the Company's treasury functions, including interim financing reporting requirements 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;
- e. supervised and assisted with activities related to the Transactions, including:
 - i. assisting the Company and Sales Agent in corresponding and providing additional information and analysis to Drayton Valley Purchasers and North Van Purchaser (together with the Drayton Valley Purchasers, the "**Purchasers**");
 - ii. participating in various meetings with Purchasers;
 - iii. facilitating North Van Purchaser communications and meetings with the union;
 - iv. facilitating communications and meetings among the Purchasers and the Dealerships' original equipment manufacturer, Stellantis Canada Inc. ("**Stellantis Canada**");
 - v. performing all required closing activities associated with the Transactions and/or activities required to extend the timeline for closing of the North Van Sale Agreement and Drayton Valley Sale Agreement;
 - vi. communicating with Stellantis Canada regarding the termination of existing dealership agreements, cut-off items and other transition items associated with the Transactions; and
 - vii. working with legal counsel to close and/or extend the timeline for closing of the Transactions;
- f. corresponded with Blakes and counsel to BMO regarding matters related to these CCAA Proceedings;

- g. assisted the Company in preparing the Third Revised Cash Flow Forecast;
- h. prepared and executed on the sale of any vehicles (i.e. used or 2024 vehicles) that will not be acquired under the Transactions;
- i. paid out the required KERP amounts on October 31, 2025; and
- j. prepared this Third Report.

RESPONDENTS' RECEIPTS AND DISBURSEMENTS SINCE SEPTEMBER 29, 2025

- 18. The Monitor's Second Report attached the Second Revised Cash Flow Forecast for the 11-week period from September 29, 2025, to the week ending December 14, 2025. A copy of the Second Revised Cash Flow Forecast is attached hereto as **Appendix "A"**.
- 19. The Monitor has reviewed the actual cash flow from operations for the 9-week period ended November 30, 2025 (the **"Second Review Period"**), through monitoring the banking activities of the Company. A copy of the cumulative budget to actual comparison for the period ended November 30, 2025 is attached hereto as **Appendix "B"**.
- 20. The Company's actual cash flow from operations for the Second Review Period resulted in a reduction of the projected cash outflow/(loss) for that same period of approximately \$700,893. This variance is a combination of timing differences of receipts and disbursements, as follows (variances over \$75,000 are noted below):
 - a. the positive variance is largely due to:
 - i. approximately \$1.1 million positive variance in used vehicle sales, largely due to an increase in sale activity in advance of closing the respective Transactions;
 - ii. timing variance of professional fees of approximately \$421,000;
 - iii. a contingency of \$225,000 to account for unexpected expenditures which to date have not materialized;

- iv. decreased parts purchased of approximately \$223,000 consistent with lower parts inventory levels and sales in advance of closing the respective Transactions;
 - v. approximately \$143,000 positive variance in new vehicle sales due to more units sold via dealer trade and higher dollar amounts per sold unit;
 - vi. net HST/GST collections/payments/remittances were lower than forecasted which resulted in a positive variance of \$97,000 versus budgeted amounts; and
 - vii. decreased rent payments of \$84,000 versus budgeted amounts;
- b. the above positive variance is partially offset by:
- i. negative variance of approximately \$910,000 due to increased floorplan repayments corresponding to higher total vehicle sales;
 - ii. increased lien payouts of approximately \$400,000 due to trade-ins having more liens than forecast;
 - iii. increase in vendor payments of \$169,000 due to increased commissions on vehicle sales; and
 - iv. decreased parts and service sales versus projected parts and service sales of \$107,000.

THIRD REVISED CASH FLOW FORECAST

21. The Third Revised Cash Flow Forecast has been prepared for the 9-week period from December 1, 2025, to the week ending February 1, 2026 (the “**Third Revised Cash Flow Period**”), projecting the Company’s estimated liquidity needs during the Third Revised Cash Flow Period. A copy of the Third Revised Cash Flow Forecast is attached hereto as **Appendix “C”**.
22. The Third Revised Cash Flow Forecast is presented on a weekly basis and represents Management’s estimates of the projected cash flow during the Third Revised Cash Flow Period. The Third Revised Cash Flow Forecast has been prepared by the

Company with the assistance of the Monitor, using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Third Revised Cash Flow Forecast.

23. The Monitor has reviewed the Third Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the information supplied to it by certain key members of Management and employees of the Company. 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 Third Revised Cash Flow Forecast;
 - b. as at the date of this Third Report, the Assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Third Revised Cash Flow Forecast, given the probable and hypothetical assumptions; or
 - c. the Third Revised Cash Flow Forecast does not reflect the Assumptions.
24. The Monitor notes that the Third Revised Cash Flow Forecast has been prepared solely for the purpose described above and since the Third Revised Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that it may not be appropriate for other purposes.
25. The Third Revised Cash Flow Forecast shows that during the Third Revised Cash Flow Period, the Company will be essentially break-even (positive \$15,000), which brings the total cumulative net cash outflow since the commencement of the CCAA Proceedings to \$2.5 million (full amount of the Interim Financing Facility). The Third Revised Cash Flow Forecast projects that during the Third Revised Cash Flow

Period the Company should have sufficient liquidity following closing of the Drayton Valley Transaction.

UPDATE ON THE COURT-APPROVED SALE PROCESS AND TRANSACTIONS

26. On October 16, 2025, the Court approved the Drayton Valley Transaction and the North Van Transaction. Following this approval the Monitor, worked with the respective Purchasers and Stellantis Canada to satisfy the conditions to the Transactions in an attempt to close the Transactions by December 1, 2025. As set out in greater detail below, the Drayton Valley Transaction is anticipated to close on or before December 3, 2025. The Monitor anticipates that the North Van Transaction will close on or before December 15, 2025.

ANTICIPATED CLOSING OF DRAYTON VALLEY TRANSACTION¹

27. On November 28, 2025, the Monitor, on behalf of the Drayton Valley Vendors, completed and delivered to the Drayton Valley Purchasers the final reconciliation and purchase price adjustment (the “**Drayton Valley Reconciliation**”).
28. Based on this reconciliation, a final statement of adjustments was agreed and the Purchase Price was adjusted to reflect the actual Purchased Assets on hand as of the reconciliation time.
29. In accordance with the Drayton Valley Sale Agreement, the Drayton Valley Purchasers provided the required list of employees to be offered employment at least fourteen (14) days prior to closing; offers of employment were made and accepted by certain employees, who will become the “**Transferred Employees**”; and responsibilities for employee liabilities were allocated as agreed, with the Drayton Valley Purchasers assuming post-hire obligations and pre-hire vacation pay and overtime. Coast Drayton Valley retained responsibility for all other pre-closing obligations and KERP-related payments under the ARIO.
30. On December 1, 2025, the Drayton Valley Purchasers notified the Monitor that the

¹ Capitalized terms in this section not otherwise defined herein have the meanings given to them in the Drayton Valley Sale Agreement.

Operating Purchaser required additional time for its lender to perform their vehicle inventory count to finalize and fund its floor plan credit financing facility. While the Drayton Valley Transaction is not subject to any financing condition, the Monitor understands that floor plan credit facilities are required by Stellantis Canada prior to issuing a new dealer code to the Operating Purchaser. Consequently, the Monitor (for and on behalf of the Drayton Valley Vendors) agreed to a brief extension of the Outside Date.

31. It is anticipated that all material conditions will be satisfied or waived in accordance with the Drayton Valley Sale Agreement, and that the Drayton Valley Transaction is anticipated to close on or before December 3, 2025.

NORTH VAN TRANSACTION²

32. On November 27, 2025, the North Van Purchaser notified the Monitor that it required additional time to obtain a new floor plan credit financing facility. While the North Van Transaction is not subject to any financing condition, the Monitor understands that floor plan credit facilities are required by Stellantis Canada prior to it issuing a new dealer code to the North Van Purchaser. Following consultation with the Interim Lender, the Monitor (for and on behalf of the North Van Vendor) and the North Van Purchaser agreed to an extension of the Outside Date from December 1, 2025, to December 15, 2025 (the “**New North Van Closing Date**”).
33. As a result of the extension of the Outside Date, the North Van Vendor will incur certain additional costs, including to maintain contracts that will be assigned to the North Van Purchaser and continue the employment of Transferred Employees through closing. The North Van Purchaser has agreed to reimburse the North Van Vendor for certain of the additional costs incurred as a result of the extension of the Outside Date.
34. On December 2, 2025, the Monitor, on behalf of the North Van Vendor, completed and delivered to the North Van Purchaser an interim reconciliation and purchase

² Capitalized terms in this section not otherwise defined herein have the meanings given to them in the North Van Sale Agreement.

price adjustment (the “**North Van Reconciliation**”).

35. Based on this reconciliation, an interim statement of adjustments was agreed to and will be rolled forward based on actual sales, new inventory and other fluctuations to working capital assets up until the New North Van Closing Date. Accordingly, the cash purchase price will be adjusted to reflect the actual Purchased Assets on hand.
36. The Monitor understands the third-party and regulatory approvals necessary to complete the transaction have been obtained from Stellantis Canada (though Stellantis Canada still required floorplan financing to be in place in order to issue a dealer code to the North Van Purchaser) and the Vehicles Sales Authority, respectively.
37. In accordance with the North Van Sale Agreement, the North Van Purchaser provided the required list of employees to be offered employment at least fourteen (14) days prior to closing; offers of employment were made and accepted by certain employees, who will become the “Transferred Employees”; and responsibilities for employee liabilities were allocated as agreed, with the North Van Purchaser assuming post-hire obligations and pre-hire vacation pay and overtime, and the North Van Vendor retaining responsibility for all other pre-closing obligations and KERP-related payments under the ARIIO. All obligations under the union’s collective bargaining agreement (“**CBA**”) are to be assumed by the North Van Purchaser.
38. The real property on which the North Van Dealership operates is leased from Stellantis Canada. The Stellantis Canada lease was set to expire at the end of November 2025. Given the extension of the Outside Date, the Monitor, on behalf of the North Van Vendor, has requested Stellantis Canada’s consent to (i) the extension of the lease until the earlier of one minute following the closing of the North Van Transaction and December 31, 2025 and (ii) the assignment of the lease to the North Van Purchaser on closing, with the lease expiring one minute thereafter. From and after expiry, the North Van Purchaser and Stellantis Canada will enter into a new lease subject to terms already agreed upon as between them.
39. The CBA with the union expired at the end of November 2025. The Monitor

understands that the North Van Purchaser and the union have agreed to a framework of a new CBA that will be entered into following closing of the North Van Transaction.

40. It is anticipated that all material conditions will be satisfied or waived in accordance with the North Van Sale Agreement, and that the North Van Transaction will close on or before December 15, 2025.

REQUESTED STAY EXTENSION

41. The Stay of Proceedings currently expires on December 12, 2025. The Monitor is seeking an extension to the Stay of Proceedings until and including January 30, 2026, to close the North Van Transaction, advance the general wind-down of the Company's operations (monetize excluded vehicles and obsolete parts which are normal course sales already permitted by the ARIO not requiring further Court approval, make necessary statutory filings, etc.) and determine any necessary actions of the Monitor relating to the Founder Claim (as defined below) (collectively, the "**Residual CCAA Matters**").
42. The Monitor expects that the Residual CCAA Matters, with the potential exception of any actions required in respect of the Founder Claim will be completed prior to January 30, 2026. Other than the Founder Claim, any residual activities at that time are anticipated to relate to the sale of any remaining assets, and ancillary administrative tasks, including final financial statements and tax returns. If necessary, the Monitor will return to Court prior to the expiry of the extended Stay of Proceedings to seek an additional extension of the Stay of Proceedings to provide additional time to conclude the wind-down.
43. The Monitor is of the view that: (a) there will be no material prejudice to the Company's creditors and stakeholders as a result of the proposed extension of the Stay of Proceedings; (b) the Third Revised Cash Flow Forecast shows sufficient liquidity; (c) the extension of the Stay of Proceedings will allow the Monitor to complete the North Van Transaction, continue the wind-down of the Company and advance any actions necessary relating to the Founder Claim; and (d) the Company

has acted, and is acting, in good faith and with due diligence.

FOUNDER CLAIM

44. The Monitor has been advised by counsel to BMO that on November 28, 2025, a Statement of Claim (the “**Founder Claim**”) was filed by each of the Coast Auto Group entities, Sundeep Cheema, Deepak Parmar, Harjot Randhawa and Deerfoot Atria Partners Ltd., as plaintiffs (collectively, the “**Plaintiffs**”), asserting certain allegations against BMO, as defendant, including, among other things, breach of contract, breach of duty, misrepresentation, defamation, improvident realization and constructive trust. A copy of the Founder Claim is attached hereto as **Appendix “D”**.
45. The Monitor is in the process of reviewing the Founder Claim but makes the following observations at this juncture:
- a. **No Monitor Consultation or Consent:** Pursuant to paragraph 23(xii) of the ARIO, only the Monitor is authorized and empowered to initiate any proceeding with respect to the Coast Auto Group entities, their business or their property. The Plaintiffs did not seek the Monitor’s consent, let alone consult with the Monitor before commencing the Founder Claim;
 - b. **No Claims Against Monitor:** The Founder Claim does not include any allegations or claims against the Monitor nor have the Plaintiffs sought to lift the Stay of Proceedings to bring any such claims;
 - c. **Commencement of CCAA Proceedings:** At the time of commencement of the CCAA Proceedings, the Coast Auto Group entities were represented by (different) counsel and did not oppose the relief sought nor did they oppose the SISP at the hearing of approval thereof;
 - d. **Improvident Realization:** While the basis upon which the Plaintiffs claim improvident realization is unclear, the Monitor notes that the SISP and each of the Transactions were approved by the Court. To the extent that the Plaintiffs allege that the SISP and/or Transactions were improvident, this would appear to be a collateral attack on these CCAA Proceedings; and
 - e. **Constructive Trust:** This Court has already approved distributions to BMO

on account of the indebtedness owing to it. The assertion of a constructive trust over such proceeds is incompatible with such prior approval.

TERMINATION OF CCAA PROCEEDINGS AND BANKRUPTCY OF THE COAST AUTO GROUP ENTITIES

46. Subject to the Court's approval, upon completion of the Residual CCAA Matters, the Monitor intends to file with the Court the CCAA Termination Certificate confirming that, to the Monitor's knowledge, all matters to be attended to in connection with these CCAA Proceedings have been completed to its satisfaction.
47. The proposed CCAA Termination Order provides that, upon filing of the CCAA Termination Certificate (the "**CCAA Termination Time**"), these CCAA Proceedings will be automatically terminated without further Order or formality.
48. Upon filing of the CCAA Termination Certificate, the Monitor will be discharged from its duties as Monitor, provided however, that notwithstanding the discharge herein (a) the Monitor shall remain Monitor for the performance of such incidental duties as may be required to complete the administration of the CCAA Proceedings, and (b) the Monitor shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stay of proceedings in favour of the Monitor in its capacity as Monitor.
49. Following closing of the Transactions, any remaining employees of the Coast Auto Group that are not transferred to the Purchasers will be terminated. Following payment of outstanding post-filing obligations of the Coast Auto Group entities, including to employees for post-filing wages, the Coast Auto Group entities will be left with only pre-filing liabilities, including those in respect of employees not transferred to the respective Purchasers. The Monitor understands that certain of the Coast Auto Group entities may have pre-filing sales tax arrears outstanding. To facilitate the orderly wind-down of the Coast Auto Group, the distribution of funds to BMO, and to make the *Wage Earner Protection Program Act* available to the employees of the Coast Auto Group that are not transferred to the Purchasers, the

CCAA Termination Order provides that each of the Coast Auto Group will be authorized, but not required, to make an assignment in bankruptcy pursuant to the *BIA*. The Monitor will be authorized and empowered, but not required, to file any such assignments on behalf of some or all of the Coast Auto Group and to take any steps incidental thereto, including executing and filing the necessary documents and funding a reasonable retainer to the Trustee(s) of up to \$75,000 to cover the cost of the *BIA* proceedings (the “**Bankruptcy Reserve**”). BDO will also be authorized, but not required, to act as Trustee.

50. Any assignments in bankruptcy are expected to occur promptly as part of the orderly conclusion of the Coast Auto Group’s affairs under the authority of the CCAA Termination Order. The Monitor will maintain a sufficient holdback from the Final Distribution (defined below) to satisfy any potential pre-filing GST obligations of the Company, which holdback will be distributed to BMO by the Monitor after assignments in bankruptcy have been made on behalf of the Coast Auto Group entities

PROPOSED DISTRIBUTION TO BMO

51. As of November 26, 2025, BMO was owed in excess of \$30.6 million under the Pre-Filing Credit Facilities, and Interim Financing Term Sheet (inclusive of the applicable interest, fees and expenses, the “**Indebtedness**”). A copy of the Interim Lender’s and secured lender’s payout statement as of November 26, 2025, is attached hereto as **Appendix “E”**.
52. At the commencement of these CCAA Proceedings, the Monitor was authorized to make distributions to BMO to reduce the indebtedness under the Floorplan Credit Facilities in the ordinary course. The Oct 16 Ancillary Relief Order also provided the Monitor with the authority to distribute proceeds of the Transactions to BMO in satisfaction of its Indebtedness. The Monitor anticipates that certain additional funds may also be available for distribution to BMO from (i) ordinary course vehicle sales beyond what is needed to pay down the Floorplan Credit Facilities, (ii) proceeds from the sale of obsolete parts and any assets excluded from the Transactions, and (iii) potential tax refunds.

53. As set out in the First Report, the Monitor’s counsel, Blakes, has opined on the enforceability of BMO’s security interest and has noted that BMO has made first in time registrations in respect of that security. The only amounts ranking in priority to BMO’s interests under the Pre-Filing Credit Facilities are:
- a. Administration Charge (to the maximum of \$600,000) – any outstanding and or remaining professional fees (other than fees of the Trustee) not paid by the Interim Financing Facility will be paid under this charge prior to distributions to BMO;
 - b. Sales Agent Charge (to a maximum of \$350,000) – the final invoice of \$250,000 plus GST, less work fees and other payments made to date will be paid out of Transaction sale proceeds;
 - c. D&O Charge (up to a maximum of \$250,000) – the Monitor anticipates that all post filing amounts that may create a potential Director’s liability will be paid; and
 - d. KERP Charge – on October 31, 2025 all KERP amounts were paid to the eligible employees.
54. The Monitor requests authority from this Honourable Court to distribute any remaining funds available, other than the Bankruptcy Reserve, to BMO on account of the Indebtedness immediately prior to the CCAA Termination Time (the “**Final Distribution**”).
55. Based on the Third Revised Cash Flow Forecast as well as the anticipated proceeds arising from the Drayton Valley Transaction and the North Van Transaction, the Monitor is of the view that insufficient proceeds will be generated to pay the full amount of the Indebtedness.

APPROVAL OF FEES, REPORTS, AND ACTIVITIES

56. Pursuant to paragraphs 31 and 32 of the ARIO, the Monitor and its counsel, Blakes, shall:

- a. be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of the ARIO, as part of the costs of the CCAA Proceedings; and
 - b. pass their accounts from time-to-time.
57. The Monitor and counsel to the Monitor have maintained detailed records of their time and disbursements as they relate to the CCAA Proceedings. The Monitor now requests approval of its fees and disbursements for the period of September 27, 2025, to November 28, 2025, and the fees and disbursements of its counsel for the period of September 1, 2025, to November 21, 2025, as set out in the affidavit of Clark Lonergan sworn on December 2, 2025 (the “**Fee Affidavit**”).
58. The Fee Affidavit includes, at **Exhibit “A”** thereto, copies of the invoices rendered by the Monitor in respect of these CCAA Proceedings that have been redacted to protect certain privileged and commercially sensitive information.
59. For the period from September 27, 2025, to November 28, 2025, the Monitor’s accounts total \$133,168.92 in fees, comprised of \$140,806.00 for fees, less a courtesy discount of \$15,000, \$1,021.54 in expenses and disbursements, and \$6,341.38 in GST. A summary of the personnel, hours and hourly rates charged by the Monitor in respect of these CCAA Proceedings is included at **Exhibit “B”** to the Fee Affidavit.
60. The Fee Affidavit includes, at **Exhibit “C”**, copies of the invoices rendered by counsel to the Monitor in respect of these CCAA Proceedings that have been redacted to protect certain privileged and commercially sensitive information.
61. For the period from September 1, 2025, to November 21, 2025, counsel to the Monitor’s accounts total \$196,246.64, including \$186,254.00 in fees, \$495.17 in expenses and disbursements subject to GST, \$160.00 for disbursements not subject to GST and \$9,337.47 in GST. A summary of the total billable hours charged, the total fees charged, and the average hourly rate charged by counsel to the Monitor in respect of these CCAA Proceedings is included at **Exhibit “D”** to the Fee Affidavit.

62. The Monitor has undertaken an expansive mandate throughout the CCAA Proceedings, as reflected in the Initial Order and ARIO, which granted the Monitor expanded powers, including authority to, among other things, for and on behalf of, and in the name of, the Company, conduct and control the financial affairs and operations of the Company, and carry on the Business of the Company.
63. As described in the Reports, the Monitor has been extensively involved in all aspects of this matter since the outset.
64. The Monitor submits that the fees and disbursements incurred by the Monitor and counsel to the Monitor, as more particularly described in the Fee Affidavit, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the ARIO in respect of these CCAA Proceedings. Additionally, the Monitor believes that the hourly rates charged by its counsel are consistent with the rates charged by corporate law firms practicing in the area of corporate insolvency and restructuring law in Calgary.
65. The Monitor respectfully requests the approval of the fees and disbursements of the Monitor and its counsel as set out in the Fee Affidavit.
66. As discussed above, the Monitor is of the view that insufficient proceeds will be generated in the CCAA Proceedings to repay the Indebtedness owing to BMO. Accordingly, BMO is the only party that will receive a monetary recovery in these CCAA Proceedings and the only creditor with an economic interest in the quantum of the professional fees incurred by the Monitor and its counsel.
67. Given that only BMO has an economic interest in the fees, in the Monitor's view it would not be a constructive use of judicial resources or estate funds to require the Monitor and its counsel to bring a further fee approval application prior to the CCAA Termination Time, unless such approval is requested by BMO.
68. The Monitor respectfully requests that, in respect of the balance of fees of the Monitor and its counsel following the dates set out in the Fee Affidavit, this Court dispense with the requirement that the Monitor or Blakes obtain court approval of

their fees. If such approval is granted, the Monitor will provide BMO with a written statement of the quantum of the fees of the Monitor and its counsel and the Monitor will seek court approval of its accounts and the accounts of its counsel in the event that BMO requests in writing that the Monitor do so.

69. The Monitor also respectfully requests the approval of the Reports, and the activities of the Monitor described therein.
70. The Monitor requested approval of the Previous Reports and the activities of the Monitor described therein at its last attendance on October 16, 2025.
71. At that hearing, new counsel to the Coast Auto Group entities and certain of their principals appeared and requested an adjournment of all of the relief sought by the Monitor, namely, (a) the approval of the Proposed Drayton Valley Transaction and Proposed North Van Transaction, (b) approval of the fees, reports and activities of the Monitor and its legal counsel, and (c) authorization for the Monitor to make distributions to BMO.
72. A copy of the transcript in relation to the October 16, 2025 attendance is attached hereto as **Appendix “F”** (the **“Transcript”**).
73. As set out in the Transcript, counsel requested an adjournment on the basis that the Coast Auto Group and certain of their principals and purported guarantors intend to bring a statement of claim forward “seeking redress for conduct both before and during this process.”³
74. Justice Mah in his decision expressed concern that, if the Monitor’s activities were approved at that time, the Monitor would potentially be immunized from possible legal action before such legal action had been commenced. In order to provide an opportunity for a statement of claim to be filed, Justice Mah adjourned the approval of activities until the Monitor’s next attendance. In doing so, Justice Mah expressly stated that:

³ See page 4, lines 40-41 and page 5, lines 1-3 of the Transcript.

If the statement of claim has not come forward by the next time the matter is back in court whether it's by a separate application to approve activities or it's wrapped up with some other application in this proceeding, then the Court at that point may say, Mr. Henschel, you have waited too long, you know, whatever allegations that your clients have, they have sat on them too long, and that's the end of it.⁴

75. As set out above, the Founder Claim makes certain unproven allegations against BMO. No claim has been brought against the Monitor or BDO in its capacity as pre-filing financial advisor to the Coast Auto Group entities or BMO, nor does the Founder Claim contain allegations of misconduct by the Monitor in these CCAA Proceedings.
76. Consistent with the ruling of Justice Mah, the Monitor submits that it is appropriate that the Reports and the activities of the Monitor described therein be approved at this time.

CONCLUSION

77. For the reasons set out above, the Monitor is of the view that the relief sought by the Monitor in the Application is reasonable and respectfully recommends that the relief sought by the Monitor be granted.

All of which is respectfully submitted this 2nd day of December 2025.

BDO Canada Limited

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



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

⁴ See pages 16-17 of the Transcript.

Appendix "A"

Second Revised Cash Flow Forecast

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

Combined Cash Flow Forecast for the Period

July 16th, 2025 to October 19, 2025

(\$ CAD)

Week Beginning		1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
Week Ending		2025-07-20	2025-07-27	2025-08-03	2025-08-10	2025-08-17	2025-08-24	2025-08-31	2025-09-07	2025-09-14	2025-09-21	2025-09-28	2025-10-05	2025-10-12	2025-10-19	
Receipts	Notes															
New Vehicle Sales	1	81,416	122,124	284,956	81,416	162,832	284,956	284,956	81,416	162,832	284,956	284,956	81,416	162,832	284,956	2,646,017
Used Vehicle Sales	1	201,542	302,313	705,396	201,542	403,083	705,396	705,396	201,542	403,083	705,396	705,396	201,542	403,083	705,396	6,550,104
Parts & Service Sales	2	49,147	79,800	99,750	87,400	92,150	99,750	99,750	87,400	92,150	99,750	99,750	87,400	92,150	99,750	1,266,097
GST/PST Collected	3	32,905	48,740	106,218	34,704	63,295	106,218	106,218	34,704	63,295	106,218	106,218	34,704	63,295	106,218	1,012,952
Total Receipts		365,009	552,976	1,196,320	405,061	721,361	1,196,320	1,196,320	405,061	721,361	1,196,320	1,196,320	405,061	721,361	1,196,320	11,475,170
Operating Disbursements																
Lien Payouts	4	71,009	106,513	248,531	71,009	142,018	248,531	248,531	71,009	142,018	248,531	248,531	71,009	142,018	248,531	2,307,788
Vehicle Purchases	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parts Purchases	6	28,500	28,500	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	30,125	418,500
Payroll (Including Taxes)	7	-	210,000	-	-	320,000	-	210,000	-	320,000	-	210,000	-	-	320,000	1,590,000
KERP	8	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000	125,000
Consultants	9	14,000	-	17,500	-	56,500	-	17,500	-	-	56,500	-	17,500	-	56,500	236,000
Employee Benefits	10	-	-	17,600	-	-	-	-	-	-	-	-	17,600	-	-	35,200
WCB	11	-	-	-	-	9,000	-	-	-	-	9,000	-	-	-	9,000	27,000
Property Taxes	12	-	-	220,000	-	-	-	-	-	-	-	-	-	-	-	220,000
Corporate Credit Card Repayment	13	-	45,000	-	-	-	45,000	-	-	-	-	45,000	-	-	-	135,000
Vendor Payments	14	33,029	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	878,029
Rent Payments	15	-	-	63,487	-	-	-	-	63,487	-	-	-	63,487	-	-	190,461
Insurance Payments	16	-	-	42,974	-	-	-	-	42,974	-	-	-	42,974	-	-	128,922
Professionals & Restructuring Costs	17	165,000	-	135,000	-	175,000	-	125,000	10,000	125,000	-	125,000	10,000	125,000	-	995,000
Contingency	18	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	290,000
GST/PST Paid	19	15,089	12,438	23,237	8,869	17,619	12,869	15,119	16,987	15,119	8,869	19,119	16,987	15,119	8,869	206,307
GST/PST Remittance (Refund)	20	-	-	-	-	-	126,786	-	-	-	365,699	-	-	-	272,987	765,471
Debt Service																
Floor Plan Payments to/(from) BMO	21	169,754	254,631	542,513	155,004	310,008	542,513	542,513	155,004	310,008	542,513	542,513	155,004	310,008	542,513	5,074,500
BMO Floor Plan Interest	22	-	-	125,000	-	-	-	-	115,000	-	-	-	105,000	-	-	345,000
Interim Financing Facility Interest	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		521,380	747,082	1,550,968	350,006	1,145,269	1,090,824	1,273,788	589,586	1,027,269	1,346,237	1,305,288	614,686	707,269	1,698,525	13,968,177
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(354,648)	55,055	(423,909)	105,496	(77,468)	(184,525)	(305,909)	(149,917)	(108,968)	(209,625)	14,091	(502,205)	
Cumulative Net Cash Flow		(156,371)	(350,477)	(705,125)	(650,070)	(1,073,978)	(968,483)	(1,045,951)	(1,230,476)	(1,536,384)	(1,686,301)	(1,795,269)	(2,004,894)	(1,990,803)	(2,493,007)	(2,493,007)
Opening Cash Balance		-	3,629	23	5,375	60,430	6,522	112,017	34,549	24	4,116	4,199	5,231	5,606	19,697	-
Interim Financing Facility Funding	23	160,000	190,500	360,000	-	370,000	-	-	150,000	310,000	150,000	110,000	210,000	-	485,000	2,495,500
Net Cash Inflow/(Outflow)		(156,371)	(194,106)	(354,648)	55,055	(423,909)	105,496	(77,468)	(184,525)	(305,909)	(149,917)	(108,968)	(209,625)	14,091	(502,205)	(2,493,007)
Closing Cash Balance		3,629	23	5,375	60,430	6,522	112,017	34,549	24	4,116	4,199	5,231	5,606	19,697	2,493	2,493
Cumulative Interim Financing Drawn	23	160,000	350,500	710,500	710,500	1,080,500	1,080,500	1,080,500	1,230,500	1,540,500	1,690,500	1,800,500	2,010,500	2,010,500	2,495,500	2,495,500

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

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

In preparing this cash flow forecast (the "14-Week Cash Flow Forecast") the Debtors have relied upon unaudited financial information and the Debtors have not attempted to further verify the accuracy or completeness of such information. The 14-Week Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("CCAA") filing. Since the 14-Week Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the 14-Week Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The 14-Week Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the 14-Week Cash Flow Forecast period. The Debtors, with the assistance of BDO Canada Limited in its capacity as the monitor of the Debtors (the "Monitor") have prepared the 14-Week Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

Assumptions:

- 1 Estimated vehicle sales net of vehicle trade-ins. Developed while considering current market conditions, and the cyclical sales cycle. Sales forecast in the first two weeks are reduced amid CCAA filing
- 2 Parts and service receipts calculated based on historical sales figures and sales mix.
- 3 GST and PST collected on receipts.
- 4 Projected potential lien payout amounts calculated based on forecasted trade-in vehicles, percentage of trade-in vehicles with liens, and an average lien amount.
- 5 Vehicle purchases at \$nil as the Debtors does not anticipate purchasing any vehicles for resale.
- 6 Calculated using historical average gross margin on projected parts sales.
- 7 Payroll made up of salaried employee and hourly employee amounts. Employee payroll is administered 210000
- 8 Key employee retention program to incentivize eligible employees to remain through the CCAA process, with \$15,000 of contingencies built in.
- 9 Payment for full time controller paid as a contractor instead of regular payroll.
- 10 Continuation of employee benefit plan with the Company's current insurance provider, First Canadian.
- 11 Monthly payments for Workers Compensation Board projected based on historical payments.
- 12 Projected property tax lump sum payment for North Van location.
- 13 Periodic repayment of the BMO Mastercard used for operating expenses.
- 14 Payment of go-forward vendor payments, consistent with historical weekly run rate.
- 15 Rent payments for North Van's main dealership lot and 2 offsite car lots.
- 16 Continuation of insurance policy premiums to be paid as scheduled.
- 17 Costs of the Monitor and its counsel, the Debtors' counsel, Debtors sales agent, and Interim Lender professional fees.
- 18 Contingency (inclusive of GST/PST) is assumed to cover unanticipated costs.
- 19 GST and PST paid on disbursements.
- 20 GST and PST remittance paid monthly for previous month's net GST collected and PST collected.
- 21 Represents the net of principal repayment of floor line financing on vehicles sold and/or financing provided for vehicles traded in.
- 22 Estimated based on previous floor line interest run rates, with slight reduction later in the period to account for projected floor line paydowns.
- 23 Relates to interim financing from Interim Lender, up to a maximum of \$2,500,000. Interests are accrued and settled outside of the 14-Week Cash Flow Forecast period pursuant to the terms of the Interim Financing Term Sheet.

Appendix "B"

Cumulative Budget to Actual Comparison for the Period Ended November 30, 2025

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

Cumulative Budget to Actual Comparison
September 29, 2025 to November 30, 2025
(\$ CAD)

	Cumulative			Notes
	Forecast	Actual	Variance F(U)	
Receipts				
New Vehicle Sales	2,956,768	3,099,359	142,591	Cumulative positive variance due to more units sold via dealer trade and higher dollar amounts per sold unit than forecasted.
Used Vehicle Sales	2,607,462	3,733,436	1,125,974	Cumulative positive variance largely due to an increase in sale activity in advance of closing SISP transactions.
Parts & Service Sales	727,950	621,140	(106,810)	Cumulative negative variance due to lower than anticipated dealership activities in the CCAA Proceeding.
GST/PST Collected	586,238	678,697	92,459	Cumulative GST/PST collected is higher due to more vehicle sales than originally forecasted.
Total Receipts	6,878,419	8,132,632	1,254,214	
Operating Disbursements				
Lien Payouts	1,302,083	1,701,717	(399,634)	Cumulative negative variance due to more unit sales than forecasted resulting in more trade-ins and lien payouts.
Vehicle Purchases	-	-	-	
Parts Purchases	322,200	99,652	222,548	Cumulative positive variance due to lower parts purchased consistent with the Company's effort to deplete parts inventory levels in advance of the transactions under the SISP.
Payroll (Including Taxes)	750,408	801,054	(50,646)	Cumulative negative variance in line with higher sale staff commissions for corresponding higher vehicle sales.
KERP	125,000	102,500	22,500	Cumulative positive variance due to certain personnel previously under the KERP departing.
Consultants	80,299	80,298	1	
Employee Benefits	43,800	40,649	3,151	
WCB	-	-	-	
Property Taxes	-	-	-	
Corporate Credit Card Repayment	92,000	110,253	(18,253)	
Vendor Payments	324,000	493,577	(169,577)	Cumulative negative variance mostly due to referrals related to increased vehicle sales.
Rent Payments	107,980	23,489	84,491	Permanent variance due to OEM account in a credit balance for 2 months. Rent is charged at the end of the month but netted against all parts and warranty owed by the OEM to the dealership.
Insurance Payments	32,884	50,702	(17,818)	
Professionals & Restructuring Costs	725,000	303,848	421,152	Cumulative positive variance due to timing - professional fees will be paid as invoices are received and cash flows allow.
Contingency	225,000	-	225,000	Temporary timing variance to account for unexpected expenditures.
GST/PST Paid	97,658	92,414	5,244	
GST/PST Remittance (Refund)	350,000	350,480	(480)	
Debt Service				
Floor Plan Payments to/ (from) BMO	3,424,711	4,335,171	(910,460)	Cumulative negative variance in line with higher vehicle sales.
BMO Floor Plan Interest	162,400	132,939	29,461	Cumulative positive variance in line with higher vehicle sales resulting in more vehicle repayments thus lowering the overall floorplan balance.
DIP Interest	-	-	-	
Total Disbursements	8,165,423	8,718,743	(553,320)	
Cumulative Net Cash Flow	(1,287,004)	(586,111)	700,893	
Opening Cash Balance	1,042,570	1,042,570		
DIP Facility Funding	550,000	550,000		
Net Cash Inflow/(Outflow)	(1,287,004)	(586,111)		
Closing Cash Balance	305,566	1,006,459		
Cumulative DIP Drawn	2,240,000	2,240,000		

Appendix “C”

Third Revised Cash Flow Forecast

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc. ("North Van"), Coast Auto Drayton Inc. ("Drayton Valley"), and 2461765 Alberta Ltd. (together, the "Companies" or the "Debtors")

Combined Cash Flow Forecast for the Period

December 1st, 2025 to February 1st, 2026

(\$ CAD)

Notes to the Unaudited 9-Week Cash Flow Forecast of the Applicants

In preparing this cash flow forecast (the "9-Week Cash Flow Forecast") the Debtors have relied upon unaudited financial information and the Debtors have not attempted to further verify the accuracy or completeness of such information. The 9-Week Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("CCAA") filing. Since the 9-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 9-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 9-Week Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the 9-Week Cash Flow Forecast period. The Debtors, with the assistance of BDO Canada Limited in its capacity as the monitor of the Debtors (the "Monitor") have prepared the 9-Week Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

The 9-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 net of vehicle trade-ins, based on projected sale of remaining vehicles not sold as part of the SISP.
- 2 Based on estimated remaining work orders to be completed/submitted and collection of outstanding receivables, with ongoing activity reflecting North Van's continued operations through the delayed December 15 closing.
- 3 Represents amounts the Coast North Van purchaser will reimburse to maintain operations through December 15, including but not limited to lease payments, shared consultant costs, certain vendor payments, and employee benefits.
- 4 GST and PST collected on receipts.
- 5 Projected potential lien payouts calculated based on forecasted trade-in vehicles, the proportion expected to carry liens, and an average lien amount, reflecting the reduced volume of vehicle sales at Coast North Van up to December 15.
- 6 Payment for first week represent a OEM true up for Drayton Valley to clean up parts statement, minimal new parts purchases anticipated for Coast North Van as it will use its existing inventory.
Payroll consists of salaried and hourly employee amounts, administered twice monthly through an external service provider (inclusive of taxes). Payroll reflects Coast Drayton Valley staffing costs through its December 1 closing and North Vancouver staffing costs through the
7 December 15 closing.
- 8 Payment for the full-time controller and Coast North Van's general manager ("GM"), who are paid as contractors instead of through regular payroll, with a portion of the GM's costs reimbursed by the Coast North Van purchaser as noted in Note 3.
- 9 Continuation of the employee benefit plan with the Company's provider, First Canadian, with the Coast North Van purchaser reimbursing a portion of December and all January 2026 benefit costs.
- 10 Monthly Workers Compensation Board payments projected based on historical amounts for November and half of December for Coast North Van.
- 11 Repayment of the BMO Mastercard used for operating expenses.
- 12 Represents catch-up of outstanding vendor invoices as well as payment of vendor invoices not yet received.
- 13 December rent payments for North Van's main dealership lot and 1 offsite car lots, with the North Van purchaser reimbursing half of the amount for December.
- 14 Continuation of insurance policy premiums to be paid as scheduled for North Van, to be cancelled after December 15.
- 15 Costs of the Monitor and its counsel, the Debtors' counsel, Debtors sales agent, and DIP Lender professional fees.
- 16 Contingency (inclusive of GST/PST) is assumed to cover unanticipated costs.
- 17 GST and PST paid on disbursements.
- 18 GST and PST remittances paid monthly for the prior month's net GST collected and PST collected, inclusive of a catch-up of pre-filing amounts that were due post-filing in the first week.
- 19 Represents the net of principal repayment of floor line financing on vehicles sold.
- 20 Estimated based on previous floor line interest run rates, with a reduction later in the period reflecting floor line paydowns as the Drayton Valley and North Van transactions close and proceeds are applied to reduce the floor lines.
- 21 Relates to DIP financing from lender, up to a maximum of \$2,500,000. Interests are accrued and settled outside of the 9-Week Cash Flow Forecast period.

Appendix “D”

Founder Claim

COURT FILE NUMBER

COURT

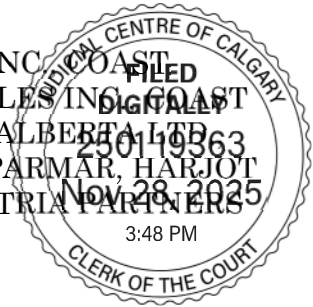
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFFS

COAST AUTOMOTIVE GROUP INC,
NORTH VANCOUVER AUTO SALES INC, COAST
AUTO DRAYTON INC., 2461765 ALBERTA LTD,
SUNDEEP CHEEMA, DEEPAK PARMAR, HARJOT
RANDHAWA, and DEERFOOT ATRIA PARTNERS
LTD.



DEFENDANT

BANK OF MONTREAL

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE
AND CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT

Blue Rock Law LLP
700, 215-9th Ave SW
Calgary, AB
T2P 1K3

Attention: David W. Mann, KC and Scott Chimuk
T. 403.605.3992/587.390.7041.
E. david.mann@bluerocklaw.com/
scott.chimuk@bluerocklaw.com
File: 1747-00001

NOTICE TO DEFENDANT: BANK OF MONTREAL,

You are being sued. You are a defendant. Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

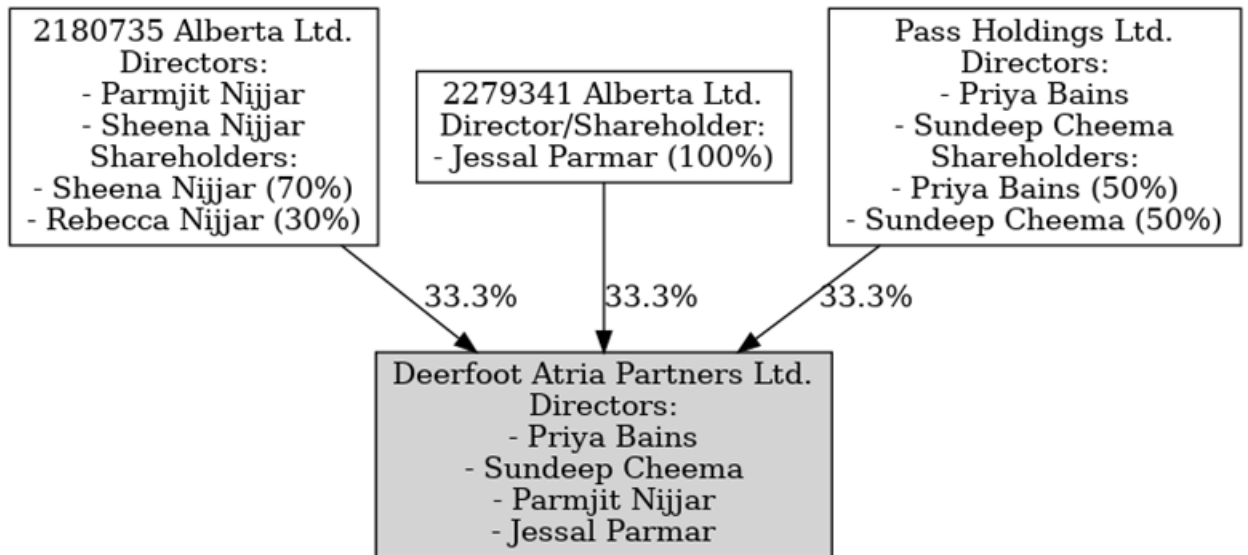
The Parties

1. The Plaintiff, Coast Automotive Group Inc. (“Coast Auto”), is a corporation incorporated pursuant to the laws of the Alberta. Coast is the parent of three subsidiary companies that are involved in the retail car business in Alberta and British Columbia, and are also Plaintiffs in this action:
 - a. The Plaintiff, Coast Auto Drayton Inc. (“Coast Drayton”), is a corporation incorporated pursuant to the laws of Alberta carrying on business as a Stellantis automotive dealership, in Drayton Valley, Alberta;

- b. 2461765 Alberta Ltd. (“246 AB Ltd.”) is a corporation incorporated pursuant to the laws of Alberta that owns the premises upon which Coast Drayton runs its Stellantis dealership; and
- c. Coast North Vancouver Auto Sales Inc. (“Coast North Van”) is a corporation incorporated pursuant to the laws of British Columbia carrying on business as a Stellantis automotive dealership in North Vancouver.

(collectively the “Coast Auto Group”)

- 2. The Plaintiff Sundeep Cheema is a businessman ordinarily resident in Alberta (“Cheema”). Cheema owns 50 percent of the shares of Coast Auto. The Plaintiff Deepak (Dean) Parmar is a businessman ordinarily resident in Alberta (“Parmar). Parmar owns 40 percent of the shares of Coast Auto. The Plaintiff Harjot Randhawa (“Randhawa”) is the President of Coast Auto Group. Cheema, Parmar and Randhawa will be collectively referred to as the “Individuals”.
- 3. The Plaintiff Deerfoot Atria Partners Ltd. (“Deerfoot Atria”) is a corporation incorporated pursuant to the laws of Alberta carrying on a commercial real estate business. Deerfoot Atria is owned by 2180735 Alberta Ltd., 2279341 Alberta Ltd., and Pass Holdings Ltd. The corporate structure is as follows:



a.

4. The Defendant, Bank of Montreal (“BMO”), is a Canadian investment bank and financial services company incorporated pursuant to the laws of Canada. At all relevant and material times the Coast Auto Group banked with BMO.

The Agreements

BMO

5. The Coast Auto Group and BMO have been in business together since June 2023, when the parties entered various contracts to govern their relationship. The relationship principally involved BMO loaning the Coast Auto Group money to operate its business. These loans were facilitated through several agreements (the “BMO Contracts”).
6. Pursuant to the BMO Contracts, BMO owed the Coast Auto Group certain duties, including but not limited to the duty to exercise their rights and discharge their obligations honestly and in good faith with reasonable care and consideration of the interests of the Coast Auto Group.

BDO

7. In August 2024 the Coast Auto Group at BMO’s direction hired BDO to provide consulting and business advisory services with a view to strengthening its operations and relationship with BMO. The reason for this was that 70 percent of all Stellantis Dealers in Canada were challenged due to conditions imposed by Stellantis and others, including BMO. Pursuant to an engagement letter, BDO was retained to, *inter alia*:
 - a. assist the Coast Auto Group in rehabilitating its relationship with BMO by acting as financial advisors;
 - b. provide an independent third-party view as to the realistic financial picture of the Coast Auto Group; and
 - c. position the Coast Auto Group to best portray its business to benefit relations with BMO as a going concern.

8. BDO provided the Coast Auto Group with a series of findings and recommendations to avoid BMO calling its loans via a memorandum dated September 23, 2024 (the “BDO Memorandum”), including:
 - a. developing an inventory monetization plan for aged vehicles;
 - b. taking immediate steps to improve liquidity, including monetizing inventory and reducing carrying costs; and
 - c. identifying the requirement for an equity injection to stabilize the capital of the Coast Auto Group.
9. Coast Auto Group began implementing the suggested changes recommended by BDO in a good faith effort to proactively address potential issues with the BMO Contracts.

Forbearance

10. In or around November 4, 2024 BMO took the position that Coast Auto Group was in breach of its obligations under the BMO Contracts (“Alleged Breaches”). As a result, Coast Auto Group immediately contacted BMO to engage in good faith discussions with respect to how to immediately address the Alleged Breaches (“Attempted Good Faith Discussions”).
11. As a result of the Attempted Good Faith Discussions, BMO demanded that Coast Auto Group immediately enter into a written forbearance agreement (“Forbearance Agreement”) under threat of foreclosure. In breach of its good faith obligations under the BMO Contracts, BMO refused to negotiate with Coast Auto Group or otherwise engage in the Attempted Good Faith Discussions without a signed Forbearance Agreement.
12. Accordingly, in order to avoid immediate litigation, Coast Auto Group was compelled to enter into a Forbearance Agreement as demanded by BMO. When making this demand, BMO represented, and Coast Auto Group relied upon to its detriment, that it was making the demand for a Forbearance Agreement in good faith. BMO denied a reasonable extension to allow Coast Auto Group to retain counsel. Consequently, the

Plaintiffs state that the Forbearance Agreement was entered into under economic duress.

13. As part of the Forbearance Agreement, BMO demanded that;
 - a. Deerfoot Atria , a separate company that is not a member of nor in any way affiliated with Coast Auto Group purportedly granted BMO a mortgage against property it owned in the amount of \$20 Million (the “Deerfoot Atria Mortgage”); and
 - b. Coast Auto Group’s majority shareholders Cheema and Parmar, were induced to sign what are purported to be personal guarantees and consent foreclosure orders in BMO’s favor.

(“Bad Faith Demands”)

14. BMO further represented and induced the Plaintiffs explicitly or in the alternative implicitly, to enter into the Forbearance Agreement by promising Coast Auto Group that if it completed the implementation of the BDO recommendations it would consider the Alleged Breaches to have been cured.
15. The Coast Auto Group reasonably relied upon the representations and inducements of BMO to sign the Forbearance Agreement and implemented the recommendations outlined in the BDO Memorandum and made legitimate changes to its business to appease BMO.
16. BMO further misrepresented and induced the Coast Auto Group to proceed with a manager-led sales process of all or part of the business and engage a sales agent to assist in that process. In June 2025, the Coast Auto Group engaged the Tim Lamb Group as a sales agent to assist with this process in further reliance on the representation and inducements of BMO.

Breach of Forbearance and CCAA

17. Despite accomplishing every ask made of it, in July 2025 BMO proceeded with a creditor led CCAA process of the Coast Auto Group (“Enforcement”).
18. At all relevant and materials times BMO was apprised of the financial health of the Coast Auto Group and was aware that BMO agreed to forbear from enforcing its security while it provided the Coast Auto Group with time to steady its operations. Instead of affording the requisite time the Coast Auto Group bargained for, BMO pursued the CCAA process. There is no default on the part of any party that would allow BMO to ignore the Forbearance Agreement, but despite this condition precedent not being satisfied, BMO proceeded with the initial order and the Enforcement.

Bad Faith Demands

19. Despite BMO making the Bad Faith Demands none of the Bad Faith Demands were valid. Specifically;
 - a. The purported guarantee of Deerfoot Atria was not signed by a party with appropriate signing authority, nor did Deerfoot Atria receive any valid or any consideration for the purported guarantee and the purported guarantee is therefore invalid at law;
 - b. The purported personal guarantees of Cheema and Parmar fail to comply with the statutory terms of the *Guarantees Acknowledgment Act*, RSA 2000, c G-11; and
 - c. For such further and other reasons as will be shown at the trial of this action.

Breach of Duties Owed

Misrepresentation

20. As set out herein BMO made material misrepresentations and inducements which the Plaintiffs reasonably relied upon to their detriment when BMO proceeded with Enforcement, including, *inter alia*;

- a. Demanding that the Plaintiffs enter into the Forbearance Agreement and then subsequently proceeding with Enforcement notwithstanding that the Plaintiffs reasonably met the demands of the Forbearance Agreement, representations and inducements; and
- b. Making the Bad Faith Demands.

Misrepresentation and Defamation

21. Further during the CCAA BMO made misrepresentations and defamatory statements which caused loss damage and reputation harm to the Individuals, including damages arising from defamatory statements as these statements were defamatory, referred to the Individuals, and were communicated to someone other than the Individuals. The particulars of these defamatory statements include:

- a. A statement made in the Syed Affidavit that: “The company failed to engage a sales agent or initiate a sales process in June 2025. The \$500,000 was never extended to the company. It was only in July, after counsel to BMO met with senior management of Coast Auto Group and its counsel to advise that BMO was initiating a CCAA proceeding, that the Coast Auto Group engaged a sale agent.” Syed, on behalf of BMO, swore an affidavit containing material false statements, including: that Coast Auto failed to secure a sales agent until after July 2025 (when in fact one had been secured in June 2025), and that Coast’s management failed to implement BDO’s recommendations (when records show they did). These false statements defamed Plaintiff Randhawa, portraying him as incompetent and dishonest. As a result of these sworn falsehoods, Randhawa’s reputation has been irreparably damaged in the automotive industry in Alberta. He can no longer reasonably pursue executive opportunities and will suffer lost career trajectory, reputational harm, and relocation costs. The defamatory statements were intended to discredit him and strip him of professional credibility.
- b. Syed Affidavit: “The company has experienced poor financial performance since at least 2023 as a result of, among other things, mismanagement of inventory, an

excess of less desirable used vehicle inventory, significant employee turnover, increased cost of capital, and longstanding unremedied operational issues.” This statement directly pertains to the performance of the Individuals and their role in management. The statement is materially false.

- c. Syed Affidavit: “To my knowledge, and based on my discussions with BDO, management did not implement the recommendations in the FA Memorandum. Operational issues continued to exacerbate the company’s liquidity situation and losses continued to mount.” This statement directly pertains to the performance of the Individuals and their role in management. The statement is materially false.

Breach of Contract

22. Pursuant to the BMO Contracts and the Forbearance Agreement, BMO was required to exercise their rights and discharge their obligations honestly and in good faith with reasonable care and consideration of the interests of the Coast Auto Group. In breach of this duty, BMO

- a. capriciously pursued a creditor led process with complete disregard to its obligations to act in good faith, knowing full well that such a move would be disastrous for the Coast Auto Group;
- b. made the Bad Faith Demands;
- c. induced Coast Auto Group to enter into the Forbearance Agreement;
- d. refused to act in good faith and engage in the Attempted Good Faith Discussions; and
- e. Such further and other breaches as will be proven at the trial of this action.

Improvident Realization

23. In the alternative, if the Deerfoot Atria Mortgage and guarantees of Cheema and Parmar are valid, which is denied, then BMO was oversecured, and the Coast Auto

Group collateral, yet proceeded with a fire-sale realization. The manner in which BMO proceeded to realize on collateral belonging to the Coast Auto Group was not reasonable in the circumstances, and such failure has resulted in a lower recovery than would have otherwise been recovered had BMO worked with the Coast Auto Group.

24. Having failed to discharge its duties and realize the greatest available rate for the collateral, BMO is now trying to make good that shortfall of their own creation by the enforcement of unenforceable guarantees entered by Cheema and Parmar, and the Deerfoot Atria Mortgage.

Constructive Trust

25. BMO owes duties to the Coast Auto Group as parties participating in the CCAA process, including a duty to act in the best interest of all parties engaged. In breach of these duties, BMO has disregarded everyone else's interest but their own, and engaged in wrongful conduct to their own pecuniary benefit. Because of their wrongful conduct, all such funds realized by BMO are imposed with a constructive trust for the benefit of the Coast Auto Group. The Coast Auto Group seeks an accounting, tracing, and disgorgement of all such funds imposed with a constructive trust.

Wrongful Registration of Deerfoot Atria Mortgage

26. The Deerfoot Atria Mortgage was wrongfully registered at land titles. This has caused substantial loss and damage to Deerfoot Atria Mortgage. Further the wrongful registration on title constitutes a slander of title as against Deerfoot Atria. BMO therefore published false information that negatively affects another Deerfoot Atria's legal ownership of real property and erroneously cast doubt on the title or ownership of the property, potentially causing financial loss to Deerfoot Atria.

Damages

27. As a result of the Breaches as set out herein the Plaintiffs have suffered loss and damages including, *inter alia*;
- a. Coast Auto Group

- i. Costs associated with CCAA, loss of business, loss of profits, loss of opportunity, loss of value of assets, loss of future profits, bad faith and punitive damages.
- b. Cheema and Parmar
 - i. costs associated with the wrongful personal guarantees.
- c. Individuals
 - i. Past, present and future loss of future wages, loss of opportunity, loss of advancement, loss of reputation, past and future loss of business opportunities, bad faith and punitive damages.
- d. Deerfoot Atria
 - i. damage to title, damages arising from slander of title, losses relating to ability to renew mortgage, bad faith and punitive damages.

Remedy sought:

28. The Plaintiffs seek an Order from this Honourable Court granting:

- a. judgment against the Defendant in the amount of \$25,000,000.00 to the various Plaintiffs or such other amount as shall be proven at trial.
- b. a tracing and accounting of all money received by the Defendant because of their breaches of duties owed to the Plaintiffs and resulting disgorgement of all money improperly received;
- c. an interim and permanent injunction to restrain and prohibit the continuing breaches of the duties owed by the Defendant as described herein;
- d. an Order directing that the Deerfoot Atria Mortgage be removed from land titles;
- e. solicitor and his own client (full-indemnity) costs, inclusive of all disbursements incurred to prosecute the action;

- f. pre and post-judgment interest pursuant to the *Judgment Interest Act*, RSA 2000, c J-1, as amended; and
- g. such further and other relief as this Honourable Court deems just and equitable in the circumstances.

NOTICE TO THE DEFENDANT

You only have a short time to do something to defend yourself against this claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of King's Bench at Calgary, Alberta, and serving your statement of defence or a demand for notice on the plaintiff's' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiffs against you.

Appendix “E”

Interim Lender’s and Secured Lender’s Payout Statement as of November 26, 2025

Coast Automotive Payout Statement

As of November 26, 2025

(\$ CAD)

	Rate	Limit	Perdiem	Principal	Interest
Coast North Vancouver Auto Sales Inc.					
ODL -	P+0.25		\$ 25.40	\$ -	\$ 197,255.91
Letter of Credit -BMT06949090S				\$ 10,000.00	\$ -
FAC. B- New Flooring -375574090002	P+2.50		\$ 708.22	\$ 3,719,447.56	\$ 18,466.46
FAC. C- Used Flooring -375574090003	P+2.50		\$ 87.26	\$ 458,278.42	\$ 2,599.52
FAC. D- DLNR-375574090001	P+2.50		\$ 344.78	\$ 1,810,714.40	\$ 53,877.44
FAC. E - DLNR -37557490004	P+2.50		\$ 1,722.59	\$ 9,046,674.46	\$ 237,791.22
FAC F.-DIP-375574090005	P+4.50		\$ 323.67	\$ 1,320,000.00	\$ 26,376.68
Corp MC -5264-5500-0033-6317	F 18.40	\$ 25,000.00	\$ 8.51	\$ 16,888.38	
Subtotal				\$ 16,382,003.22	\$ 536,367.23
Coast Auto Draton Inc.					
ODL	P+0.25		\$ 5.08	\$ -	\$ 39,423.75
FAC. B- New Flooring -375573990002	P+2.50		\$ 544.93	\$ 2,861,862.44	\$ 15,459.70
FAC. C- Used Flooring -375573990003	P+2.50		\$ 44.58	\$ 234,104.55	\$ 1,706.96
FAC. D- DLNR-375573990001	P+2.50		\$ 272.02	\$ 1,428,571.52	\$ 42,506.86
FAC. E - DLNR -375573990004	P+2.50		\$ 853.97	\$ 4,484,870.62	\$ 117,884.53
Fac. F- DIP -375573990005	P+4.50		\$ 225.59	\$ 920,000.00	\$ 20,285.78
Corp MC-5264-5500-0033-4882	F 18.40	\$ 25,000.00	\$ 8.63	\$ 17,118.79	
Subtotal				\$ 9,946,527.92	\$ 237,267.58
2461765 Alberta Ltd.					
FAC A. DLNR -37557350001	P+2.50		\$ 652.34	\$ 3,425,933.36	\$ 101,937.94
Subtotal				\$ 3,425,933.36	\$ 101,937.94
Total			\$ 5,827.56	\$ 29,754,464.50	\$ 875,572.75
Principal & Interest Total					\$ 30,630,037.25

Appendix “F”

Transcript

Action No.: 2403-13640
E-File Name: EVK25COAST
Appeal No.: _____

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985,
c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
COAST AUTOMOTIVE GROUP INC., COAST NORTH VANCOUVER AUTO
SALES INC., COAST AUTO DRAYTON INC., AND 2461765 ALBERTA LTD.

P R O C E E D I N G S

Edmonton, Alberta
October 16, 2025

Transcript Management Services
Suite 1901-N, 601 – 5th Street SW
Calgary, Alberta T2P 5P7
Phone: (403) 297-7392
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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Edmonton, Alberta

2

3 October 16, 2025 Afternoon Session

4

5 The Honourable Justice D.R. Mah Court of King's Bench of Alberta

6 (remote appearance)

7

8 K.J. Bourassa (remote appearance) For BDO Canada Limited

9 A. Shalviri (remote appearance) For BDO Canada Limited

10 J. Reid (remote appearance) For the Bank of Montreal

11 T.A. Henschel (remote appearance) For Coast Automotive Group Inc., Coast North
12 Vancouver Auto Sales Inc., Coast Auto Drayton
13 Inc., 2461765 Alberta Ltd., Deerfoot Atria
14 Partners Ltd., S. Cheema, D. Parmer, J.
15 Randhawa

16 K. Simonett (remote appearance) For 1559054 BC Ltd.

17 A. Semenko Court Clerk

18

19

20 THE COURT: Good afternoon, everyone. I'm Justice Mah. And
21 I'm here to deal with the matter involving Coast Automotive Group. So, Ms. Bourassa, are
22 you taking the lead this afternoon?

23

24 MS. BOURASSA: I am, Justice. Thank you. And I have seen your
25 routine the last couple of days and will stick to the program. I will do some introductions,
26 speak to service, and then my friend, Mr. Henschel, appeared and advised that he would be
27 seeking an adjournment, so I think you may want to deal with that first. We are -- we are
28 opposing that.

29

30 THE COURT: Okay.

31

32 **Submissions by Ms. Bourassa**

33

34 MS. BOURASSA: So starting with introductions, Mr. Reid is here.
35 He is counsel to Bank of Montreal, who is the senior secured lender in this matter. Mr.
36 Henschel, as I indicated, is here, and he is counsel to certain directors and officers of the
37 Coast Group. I saw Mr. Body from CRA on the line, and you also have Ms. Fellowes who
38 has indicated she's observing. She acts for a creditor to Coast Automotive Group Inc.,
39 which is not one of the operating companies whose assets are being sold today. And then
40 also Mr. Simonett is on the line. He is counsel to what is referred to as the North Van
41 purchaser in our materials. And then joining me from Blakes is my colleague, Mr. Shalviri,

1 and also Mr. Lonergan of the Monitor is present today, and he is accompanied by another
2 of his colleagues who has been working on this file, Mr. Dobush.

3
4 So with that, and given the request for an adjournment, I think speaking to service is
5 important as a first step. There is an Affidavit of Service that has been submitted for filing.
6 It's an affidavit of Lisa Roy (phonetic) sworn October 14th.

7
8 Last Wednesday, October 8th, all parties on the service list, which would include the
9 directors and officers personally, as well as their former counsel who had been present at
10 the last two applications in these proceedings, were served with all of the materials for
11 today's hearing.

12
13 On Thursday, the two parties who have fax numbers, one was CRA, they were served last
14 Thursday, the other party who is requiring service by fax is the Town of Drayton Valley.
15 Unfortunately, there was something happening with their fax machine, and we were not
16 able to contact them to get an alternate means to serve them until Tuesday of this week,
17 with the long weekend. I can advise, though, that they have a registration against title to
18 the lands in Drayton Valley that are proposed to be conveyed to the Drayton Valley
19 purchaser and that registration is not being impacted, but I can also advise, and as the -- the
20 Affidavit of Service advises that my assistant, Ms. Roy, made contact with an individual
21 at the Town and received an email address where she was able to serve the materials.

22
23 And then, lastly, on Tuesday, we provided our bench brief to the service list and to the
24 Court.

25
26 The last thing is, and I did notice that there is a member of the media present, the notice to
27 the media was given on October 8th and confirmation of receipt of that notice was received
28 by our firm on October 9th, and so we would submit that service is in order.

29
30 And what you should have before you, Justice, is an application, a second monitor's report,
31 a confidential supplement to the second report, a fee affidavit of Mr. Lonergan, and our
32 bench brief.

33
34 THE COURT: I have all of that, and I have reviewed it.

35
36 MS. BOURASSA: So starting off, if I may, on the adjournment
37 request. I -- I made note of the fact that Mr. Henschel's clients were properly served, as
38 well as their former counsel. I would note to the Court that since the filing in July, since
39 preparations for that filing commenced, this is the fourth set of counsel that the directors
40 and officers have had, but I can advise that they were represented by counsel at both the
41 initial order application and the amended and restated initial order application, and it was

1 at that second application where the sale process order was granted such that our view is
2 they have known all along that this application would be forthcoming, and that it had to be
3 forthcoming -- or some application had to be forthcoming before October 19th as that is
4 when the stay of proceedings expires.

5
6 We would also note that in our view they were not impacted or affected by the relief being
7 sought today, and I would further note, and obviously, this will be part of my submissions
8 in respect of the sale approval, that there was a sale process that was approved by the Court,
9 that sale process has been undertaken by the Monitor acting in good faith and as an Officer
10 of this Court, and the sales that have been brought forward are the highest and best in all
11 of the circumstances.

12
13 And so those are -- those are our views on their ability to come forward at this late time
14 and suggest that they should have an adjournment.

15
16 Additionally, I want to note that there is obviously a cost to any adjournment. We have
17 prepared all of our materials, prepared and -- and come forward today. There is relief that
18 would have to be granted today because of the stay expiring. I also note that the interim
19 financing expires over the course of this weekend, and we have been advised by the interim
20 lender that they are only prepared to extend the maturity of the interim financing if the
21 relief that is being sought today is granted by the Court.

22
23 And so there is --

24
25 THE COURT: Thank you.

26
27 MS. BOURASSA: -- certain prejudice to an adjournment, but there
28 is, as -- as I have said, no prejudice to the directors and officers with respect to matters
29 proceeding today, particularly in the circumstances that there is no relief being sought in
30 respect of them, and they were properly served and had been represented by counsel
31 throughout these proceedings.

32
33 THE COURT: Okay. I will hear from Mr. Henschel in just a
34 moment, but I just wanted to ask you on this point, Ms. Bourassa, are you saying that there
35 is -- that will be no impact on the directors and officers, is that primarily because it's
36 anticipated, and -- and I think probably accepted, that there is going to be a shortfall to -- to
37 BMO, so any possible liability that they have is -- is not affected in any way by today?

38
39 MS. BOURASSA: That's -- that's correct, and the Monitor's report
40 does note that there is anticipated to be a shortfall to BMO, and that is also part of our
41 materials relating to the distribution, and so there is not going to be any recoveries beyond

1 BMO in the proceedings, and so therefore -- and -- and there are no orders being sought
2 that impact the directors directly.

3

4 THE COURT: Okay. And no one has contacted -- counsel for
5 BMO might have to answer this question, but no one -- no one has contacted BMO about
6 redemption? Like, that's just -- that's just not within the realm of -- of contemplation at the
7 moment.

8

9 MR. REID: Nobody -- nobody has reached out to -- to us or
10 my client, Sir.

11

12 THE COURT: Okay. And the last possible impact that -- that I
13 can think of would be with regard to employment, so are any of these represented directors
14 and officers today employed by Coast -- Coast Group, and what's happening with their
15 employment?

16

17 MS. BOURASSA: At present, and -- and I do not know with
18 certainty whether they are employed, perhaps Mr. Henschel could speak to that, but one of
19 the things I will walk you through as I speak to the sale approval, assuming we proceed
20 today, is that both of the agreements of purchase and sale contemplate that within a period
21 of time prior to closing the purchasers will provide a list of employees who they intend to
22 offer employment to. I -- I would anticipate that -- it is very uncommon that that would
23 include former directors and officers, so I'm -- I'm not proposing to suggest that if they are
24 employed, they may have continued employment. I suspect that's quite contemporary to
25 what is likely to occur.

26

27 MR. LONERGAN: So Ms. -- Ms. Bourassa, they were not active in
28 the business, both directors were not active in the business, so we didn't have to terminate
29 them. Additionally, we did get the enhanced powers, so we are the (INDISCERNIBLE)
30 Monitor running the business, so they are not affected in terms of employment.

31

32 THE COURT: All right. Thank you, Mr. Lonergan. Mr.
33 Henschel, why should I grant an adjournment?

34

35 **Submissions by Mr. Henschel (Adjournment)**

36

37 MR. HENSCHEL: Thank you, Kelly, and thank you, Justice Mah.
38 As my friend mentioned, we were recently retained, and we're counsel to eight entities
39 impacted by these proceedings, including the debtors, the Coast Automotive Group, and
40 its members -- member companies, their principals, and the purported guarantors. The main
41 reason why we are seeking an adjournment today is for -- for two reasons. We have been

1 instructed to bring a statement of claim forward seeking redress for conduct both before
2 and during this process, and also, that's going to take the form of a statement of claim and
3 also an application.
4

5 Basically, and I appreciate there is some information asymmetries here, but this process
6 but initiated by the bank, as I understand it, and they are granted enhanced powers, and as
7 a result, our clients were essentially shut out of management, operations, and all
8 information flow. And now they are faced with this relief being granted, which we suggest
9 would prejudice their rights to review what's transpired in that action, and it will also
10 crystallize various facts and could insulate actions from -- from various parties in these
11 proceedings about amounts owed and various conduct that we would be seeking redress
12 for.
13

14 So the -- the ask of me has been to appear today and request of you a brief adjournment of
15 a few weeks to allow our client to finalize their materials and potentially work out some of
16 those issues with the Monitor. Alternatively, I hear what my friend, Ms. Bourassa, is saying
17 that some of this relief has to be granted, and in the case -- you know, we're -- we're not
18 objecting to the stay, and in the case that, you know, an adjournment of that length would
19 be unduly prejudicial, we would ask that the ancillary -- ancillary relief sought at
20 paragraphs 1(c)(2) to 1(c)(5) of the application be adjourned sine die as there is no urgency
21 to adjudication of things like the Monitor's conduct, fees, or distribution of the proceeds.
22

23 Sir, those are my submissions for the adjournment. I would be happy to answer any
24 questions that you might have to the extent I am able.
25

26 THE COURT:

27 Okay. I anticipate, Mr. Henschel, that -- that Ms.
28 Bourassa is going to respond, and there may be some other counsel present here who would
29 like to address some of what you have said. What I understand you had said is that you
30 represent a number of entities, including individuals who are the guarantors, and,
31 essentially, you have -- you have received instructions to commence an action for, I'll just
32 term it as improper receivership, and you would be looking at the bank for -- for instituting
33 these proceedings, and then would look -- be looking at the receiver for its conduct of
34 the -- of the receivership. Am I right about that?

35 MR. HENSCHEL:

36 Yes, Sir. As I understand the cause of action, we
37 are looking for improvident realization, breach of covenants, and seeking redress for bad
38 faith. And that would be part of the statement of claim. And with respect to the application,
39 Sir, it's really about obtaining information, as I understand it, because -- and -- and in
40 speaking with Mr. Mann (phonetic) about this file, my understandings is that in most cases
41 our clients would be entitled to some of the information, but they haven't received any, and
that is something for which they are asking us to seek redress from the Court to try and get

1 some of this information about what's been -- been happening with the business and the
2 process and all that.

3

4 THE COURT: Okay. Well, I'll make two comments and -- and
5 Ms. Bourassa might have to help me with the first one, but my understanding would be
6 that -- that the -- Monitor has for the most part presented these reports, and these reports,
7 aside from what might be subject to a sealing order, are part of a public court file, so that's
8 the first thing. The second thing is if you were to commence action, you, of course, are
9 subject to and -- and entitled to the normal discovery process, so I am -- I am sort of trying
10 to -- to figure out what information deficit that your -- your clients may be suffering now.
11 Are you saying that they need this information to figure out whether they have a cause of
12 action or to figure out whether they have damages or -- or what?

13

14 MR. HENSCHEL: So thank -- thank you for the question. With
15 respect to the -- the application and the sort of information, it's about the sales process
16 transparency, our clients are seeking an application for unredacted disclosure of
17 communications, data room uploads, disclosure agreements, bid logs, letters of intent, bid
18 comparison matrices, Monitor memorandum to BMO, that kind of documentation, that's
19 what's set out in the application, but as a civil litigator, Sir, I do agree with you that the
20 principles of Discovery may achieve some of the information request.

21

22 THE COURT: Okay. And -- and I guess, Mr. Henschel, just to
23 sort of cut to the -- to the chase here, are your clients ultimately seeking the retention of
24 these two dealerships, or are they seeking damages?

25

26 MR. HENSCHEL: My understanding is it's damages at this point in
27 time, Sir, but the pleadings have not been filed yet. They're nearing that stage.

28

29 THE COURT: Okay. Ms. Bourassa first, and then I'll ask any
30 other counsel to respond to what Mr. Henschel has said.

31

32 **Submissions by Ms. Bourassa (Adjournment)(Response)**

33

34 MS. BOURASSA: Justice, I would start by saying that this is the
35 first request for information that has come forward, and -- and I'm not suggesting that the
36 shopping list that was just rhymed-off by my friend would have all been provided, but if it
37 there is a concern about an information disconnect, then the first step is not to show up at
38 an application seeking an adjournment. The first step is to ask for the information.

39

40 Secondly, the expanded powers and the other relief that were granted in the initial order
41 and the amended and restated initial order were granted on notice to these parties, and as I

1 mentioned earlier, they were represented by counsel at those hearings. It sounds like some
2 of what my friend is suggesting is, frankly, an end run on those court orders where the time
3 to appeal those orders has long since passed. Also, with respect to the -- some of the other
4 matters raised, those are contained in the -- in the SISP order, and again that was granted
5 on -- on notice to them and with their being represented by counsel at the hearing, and they
6 made no objection to it at the time.

7
8 As -- as we know what we will have to go through in order to convince you to grant the
9 sale approval order is to prove to you, and the evidence I would say is on the record in the
10 Monitor's second report, that this sale process was conducted in a fair and reasonable
11 manner, and that there has been no improvident realization. This was a -- this was a court-
12 approved sale process, and the Monitor conducted the sale process in accordance with the
13 court approval and has brought forward, as I indicated earlier, the highest and best offers
14 in the circumstances.

15
16 As far as the distribution to Bank of Montreal, there are two forms of distribution that are
17 sought. The one is in respect of the interim financing. The other is in respect of the pre-filing
18 debt. The reason that, frankly, it -- it is in -- in my mind, it is in -- in the best interests of
19 the guarantors that those distributions be made because there is an interest clock that is
20 ticking at the moment and will continue to tick so long as payments are not made to Bank
21 of Montreal which would, therefore, simply increase any potential liability they have under
22 their guarantees.

23
24 THE COURT: Anyone else wish to weigh in on the question of
25 the adjournment?

26
27 **Submissions by Ms. Reid (Adjournment)(Response)**

28
29 MR. REID: I would -- I would, Sir. We -- James Reid for
30 Bank of Montreal, the interim financier, as well as senior secured creditor. We oppose the
31 adjournment. Similar to Ms. Bourassa and Mr. Lonergan's offices, we haven't received any
32 information requests from Mr. Henschel's office or from his client. I note that the affidavit
33 that was filed in support of these materials, it's an affidavit of Shehryar Syed which is sworn
34 on July 9th, there has been no request for cross-examinations or any further documentation
35 requests. I will also note that this proceeding did not come out of nowhere. The -- Mr.
36 Henschel's clients, as well as his former counsel, was aware of the proposed proceeding
37 through a CCAA to realize on these assets, and its counsel was in attendance and did object
38 to these proceedings.

39
40 So I just echo, I think, what Ms. Bourassa says in that there has been no information
41 requests, and this is the first we are hearing of this adjournment request as well as this

1 potential claim, I don't know if it's against the Bank of Montreal or -- or who, but this is
2 the first we are hearing of it.

3
4 **Ruling (Adjournment)**

5
6 THE COURT: Okay. Any other counsel wish to deal with the
7 adjournment request? All right. I will give a ruling on the request for an adjournment.

8
9 Today's application is for approval of two transactions that will basically sell the respective
10 car dealerships to a couple of different purchasers. The transactions arise from an initial
11 order under the CCAA, as well as an amended and restated initial order which included a
12 sales and investment solicitation process which was well-defined and contained specific
13 deadlines.

14
15 I'm advised by Ms. Bourassa that at least the directors and officers have been represented
16 by counsel throughout at the initial order stage and at the ARIIO stage and would have been
17 well-aware of this pending application because of the outside date that's identified in
18 the -- in the SISP timetable, and by the fact that the interim financing is set to expire very
19 shortly. So I have that in mind.

20
21 The other thing I have in mind is that, and I appreciate that Mr. Henschel is new on the file,
22 but as far as the other counsel and other interested parties who are assembled here today
23 are concerned, this is a bit of a bolt out of the blue. As Mr. Reid and Ms. Bourassa have
24 advised me, there has been no previous request for -- for information. There has been
25 representation by counsel and no inkling thus far that such legal actions were contemplated,
26 so it is a bit of a last-minute request on the eve of the transaction being approved, and on
27 the eve of the interim financing being about to expire. So that's my first point.

28
29 My second point is that the cause of action is, I will say, somewhat unformed at this
30 moment. I have an idea of what Mr. Henschel is getting at. Improvident realization whether
31 in receivership or even under the CCAA context, to me, theoretically, is a cause of action.
32 An action for breach of good faith on the part of the bank, I suppose, theoretically, it's a
33 cause of action. But beyond the mere assertion of a cause of action, I don't have any
34 particulars on which I can comfortably made an adjudication today. Certainly, no affidavit
35 before me.

36
37 Counsel, at least some of you, might be aware of a decision I did last year in a long run
38 expiration. I think, Ms. Bourassa, you were there, and that dealt with an application for a
39 reverse vesting order where there was a creditor alleging fraud who was trying to basically
40 upset the transaction, and that creditor had actually brought the action to a fairly advanced
41 stage in that not only had pleadings been exchanged and so forth, but discoveries had taken

1 place and so on and so forth, and what the -- what that claimant was trying to do was assert
2 this broad allegation right in the middle of a request for a reverse vesting order, and I said
3 at that time in reliance on case law, particularly the decision of Chief Justice Morawetz in
4 the *Laurentian University* case is that, first of all, there are policy objectives behind the
5 CCAA, and those policy objectives are important in Canada, and they are to reduce the
6 social and economic toll that is taken by large business failure, and in pursuing the
7 restructuring process under the CCAA -- and I realize that this is not a restructuring, but I
8 think the principles remain the same -- it should be done in a cost-efficient manner.
9

10 The onus is on the claimant to bring some sort of case before the Court to show that it is a
11 case, and in that particular instance, I said the threshold for -- that had to be meant was the
12 balance of probabilities, not prima facie case, not a serious issue to be tried, but actual
13 proof on a balance of probabilities. Here, I don't even have a prima facie case. I think that
14 mere assertion of causes of action without any evidentiary foundation would not meet even
15 the slightest of thresholds that would permit me to upset a court-ordered, court-supervised
16 proceeding which has brought us to this day.
17

18 The third important thing that I want to I think underscore is that what Mr. Henschel has
19 told me is that what his clients seek are damages at the end of the day. So they are not
20 seeking to wrest control of these two car dealerships back from the receiver and the Bank
21 of Montreal and the purchaser so they can somehow carry on. What they are seeking is
22 damages, and if anything, the culmination of these transactions will define, will help define,
23 what the damages are because we will have actual purchase prices and so forth.
24

25 So for all of those reasons, I'm not -- I'm not saying one thing or another about the merits
26 of the proposed cause of action, I'm just saying that coming to court today suggesting that
27 there is a statement of claim in the offing against the Bank of Montreal and -- and the
28 Monitor, to me, is insufficient to grant the adjournment and -- and basically dislodge
29 everything that has happened thus far, so, Mr. Henschel, I am dismissing your application
30 for the adjournment.
31

32 And, Ms. Bourassa, I think you can continue.
33

34 **Submissions by Ms. Bourassa**

35
36 MS. BOURASSA: Thank you. So it's clear that you have had an
37 opportunity to read the materials, Justice. Just a little bit of background. Coast is in the
38 business of owning and operating two Stellantis dealerships. One is located in Drayton
39 Valley, Alberta, the other is located in Vancouver, BC. The North Van dealership is located
40 on leased premises. The Drayton Valley location is on lands that are owned by a numbered
41 company, 2461765 Alberta Ltd., who is also a debtor company in these proceedings.

1
2 As you are aware on July 16th, the Bank of Montreal applied for a CCAA initial order in
3 respect of the four Coast entities, and BDO was appointed as Monitor. On July 25th, the
4 amended and restated initial order was granted, and that order expanded the powers of the
5 Monitor to give the Monitor enhanced powers to effectively operate and run the businesses,
6 given this is a debtor in possession -- proceeding without the debtors actually in possession.
7 The Court on that date also approved a sale process order and approved a SISP that, as you
8 have heard in our submissions already, has been undertaken over the last several months
9 culminating in today's application.

10
11 Since July 25th, among other things, the Monitor and the sales agent, which is Dealer
12 Solutions North America Inc., whose engagement was approved as part of the sale of the
13 SISP approval order, they have conducted the SISP. There is some background on the
14 court-approved sale process at -- starting at page 12 of the Monitor's second report, and in
15 particular, I just wanted to flag for you that over 15,000 parties were contacted. 32 non-
16 disclosure agreements were signed. Expressions of interest were received from seven
17 parties, six of whom were invited to bid, and there were three bids that were received in
18 respect of these two sets of assets.

19
20 What I would propose to do is go through, and I'm really in your hands, I -- I would go
21 through each of the two sale transactions because those are two different forms of order
22 that we are seeking, and then I would follow that by the request for the restricted access
23 order and then the ancillary relief. If that is acceptable to you, I can pause in between if
24 you want to deal with each separately or however you prefer.

25
26 THE COURT: I would prefer in this case, Ms. Bourassa, for you
27 to just go through all of it.

28
29 MS. BOURASSA: Okay.

30
31 THE COURT: And if I have any questions, I'll -- I'll stop you
32 and ask questions along the way, and then I intend to give a -- give a ruling on the record
33 on all of it, and then if we get there, we can discuss what the orders look like.

34
35 MS. BOURASSA: Certainly. So with respect to the Drayton Valley
36 proposed transaction, the bid that was received from the Drayton Valley purchasers was
37 the only bid that was received for those assets. It was designated by the Monitor as the
38 successful bid. It provides for substantially all of the assets and business operations as of
39 the Drayton Valley vendors to be conveyed to the purchasers. One thing of interest, and
40 this is applicable to both of these purchase agreements, is that there is an adjustment
41 mechanism because these are car dealerships, and so the inventory is constantly changing,

1 and so the price adjustment mechanism is simply to deal with inventory that has been sold
2 prior to closing, and the Monitor is satisfied that this is appropriate because if the inventory
3 has been sold, the estate has received the recovery from that inventory, so a reduction in
4 the purchase price it's essentially net, and I think, in fact, it's a bit favourable to the estate.
5

6 There are no contracts that are included in the Drayton Valley purchase agreement as
7 critical contracts that would require an assignment, and so there is no relief being sought
8 on that. I -- I will flag that there is the specter of that relief in our materials with respect to
9 the North Van transaction, but we are actually not going to be proceeding with that aspect
10 of the relief. I'll explain that more when I -- when I get to it.
11

12 And then the last relevant or -- or particularly important point is that, as I mentioned earlier,
13 under the agreement any employees that the purchasers wish to employ going forward
14 have to be provided in a list to the Monitor 14 days before closing, offers will be made,
15 and any employees remaining will be in the estate, and there will be no obligations in
16 respect of employees who are not employed by the purchasers or offered employment by
17 the purchasers that will flow to the purchasers.
18

19 We had provided a bench brief, and in that bench brief we referenced, in particular, Section
20 36 of the *CCAA* and the *Soundair* test, but I think it might make the most sense to go
21 through the facts on the North Van bid before I move on to the law.
22

23 With respect to the North Van dealership assets, there was a bid that was received by the
24 bid deadline. It was not an acceptable bid, and then over the course of the weekend, it was
25 a Friday bid deadline, and on Monday, the North Van purchaser submitted its bid. The
26 Monitor reviewed that bid, and even though it came in a day after the bid deadline, was of
27 the view that this was a viable bid and the best bid in the circumstances, and the Monitor
28 characterized it as a successful bid under the sale process.
29

30 It is similar in all respects to the Drayton Valley transaction that I just described with a
31 couple of changes. So, first of all, there is no real property being conveyed in respect of the
32 North Vancouver dealership. The North Vancouver dealership, as I mentioned, operates on
33 leased premises. And then that takes me to the second point which I had previewed in my
34 earlier submissions, in our materials we speak about certain critical contracts that were
35 enumerated under the North Van APA, and we were going to be seeking a consent -- we
36 were going to be seeking an order assigning those agreements. Since filing our court
37 materials, together with the counter parties to those agreements and the North Van
38 purchaser, we have come to terms such that we don't require that relief, and there was a
39 revised form of order that was provided to the service list earlier today as well as to your
40 office through the commercial coordinator.
41

1 The other difference in respect of the North Van transaction is the North Van dealership
2 has both unionized and non-unionized employees, so the process with respect to the non-
3 unionized employees is no different than Drayton Valley. With respect to the unionized
4 employees, the purchaser will be continuing their employment and pursuant to the terms
5 of the collective bargaining agreement in place and according to applicable law. So there
6 are no -- there is no relief per se in that regard.

7
8 So then as I mentioned, we reference in our materials both Section 36 of the CCAA and the
9 *Soundair* test, which I know we were discussing before you yesterday, and it is our view
10 that the factors that are enumerated by the Court have been met. The factors, as you know,
11 are whether sufficient effort has been made to obtain the best price; whether the interests
12 of all parties have been considered; the efficacy and integrity of the process by which offers
13 are obtained; and whether there has been unfairness in working out of the process.

14
15 In terms of our submissions on that, we would note that there was a process that was
16 approved by the Court back in July. The Monitor has conducted the process in accordance
17 with that order, and the market has been canvassed significantly, including, as I mentioned,
18 over 15,000 potential interested parties being contacted in respect of the opportunity. The
19 Monitor has received the bids that have come in, and the ones that are being brought
20 forward for approval and is of the view that these are the highest and best values that are
21 achievable in all of the circumstances, and that there has been no unfairness in the process.

22
23 And so subject to any questions, I didn't have any other submissions on the two sale
24 approval orders.

25
26 THE COURT: Yeah. I don't have any questions on the
27 transactions themselves.

28
29 MS. BOURASSA: Okay. So I'll move on to the sealing order since
30 in my mind that relates obviously most directly to the transactions. You will have received
31 the confidential supplement, and as you are aware from your review of that, it contains
32 confidential information which, in the Monitor's view, would be highly detrimental to
33 the -- any continued negotiation. And, in particular, if the two bids that have been brought
34 forward for any reason do not close, it would be highly prejudicial to any ongoing or further
35 efforts to market these assets for sale.

36
37 We have cited in our brief the *Sierra Club* test as well as *Sherman Estate* which are
38 recognized as the two leading cases on this point. And, in particular, I would note that the
39 form of order being sought is the most limited in the circumstances and, in particular, we
40 are only asking for the confidential supplement to be sealed until the conclusion of the
41 CCAA proceedings.

1
2 Next is the distribution to BMO. As you have heard, BMO is the interim lender, and it's
3 also the pre-filing senior secured lender. The Monitor has obtained an independent opinion
4 from counsel that speaks to the enforceability of the BMO security, subject of course to the
5 typical customary assumptions and qualifications, and the Monitor has also opined in its
6 materials that BMO is likely to suffer a shortfall even following the monetization and
7 closing of these sales, and so, therefore, it's the Monitor's view that it is appropriate, and as
8 I noted earlier, there are various reasons for which it is appropriate to make the distributions
9 to BMO, subject obviously to necessary holdbacks as determined by the Monitor to
10 complete the proceedings, and that is -- one of those reasons is the fact that there is an
11 interest clock that is ticking, and the longer we delay in repaying any amounts that are
12 available to be repaid to BMO that interest clock continues to -- to tick.
13

14 As far as the fees and activities of the Monitor, the activities of the Monitor have been set
15 out in the second report, as well as in the prior reports filed in these proceedings, and the
16 Monitor has also sworn an affidavit with respect to the fees that have been incurred by the
17 Monitor and by Blakes as its counsel. We have cited to the target decision of Justice
18 Morawetz in our brief -- in our brief, and in that case, the Court determined that there are
19 good policy and practical reasons to approve Monitor's reports and activities, including
20 allowing the Monitor to bring its activities before the Court; allowing an opportunity for
21 stakeholders concerns to be addressed; enabling the Court to satisfy itself that the Monitor's
22 activities have been conducted in prudent and diligent manners; providing protection for
23 the Monitor not otherwise provided under the CCAA; and protecting creditors from delay
24 that may be caused by re-litigation of steps or any potential indemnity claims against the
25 Monitor. The *Winalta* decision of this Court also spoke to the appropriate focus on an
26 application to approve fees, and that's whether the fees are fair and reasonable in the
27 circumstances, which we submit that they are.
28

29 The last relief that we are seeking is with respect to the extension of the stay of proceedings.
30 As indicated, the stay currently expires on Monday, and as you have seen from the
31 materials before the Court, the Monitor requires additional time to -- assuming approval is
32 granted today, to close those two transactions. You would have seen that there is a target
33 date of November 12th for the one transaction, and I believe it's a target date of December
34 1st for the other transaction. We are looking for an extension of the stay through to
35 December 12th, and the Monitor has provided a cash flow in its report that shows that there
36 are significant funds or will be significant -- sufficient was the word I was looking for,
37 sorry -- sufficient funds to ensure that any obligations that are incurred during that period
38 can be satisfied.
39

40 So subject to any questions, those are -- those are my submissions.
41

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Decision

THE COURT:

Okay. Thank you, Ms. Bourassa. I'll ask if there are any other counsel who wish to speak to the merits of any aspect of the application. Okay. If not, I'll move, then, to my reasons.

Ms. Bourassa, I have got a lot on the go today, so I'm going to take a minute to go through it myself. I always put reasons on the record for transparency and accountability purposes.

This is an application by the Monitor, BDO Dunwoody, in its capacity as the court-appointed Monitor for the Coast Automotive Group. The application is for two sale approval and vesting orders. The first one in respect of the Drayton Valley dealership, and the other in respect of the North Vancouver dealership. There is also a sealing order sought in respect of the confidential supplement, and an order for ancillary relief, which includes extending the stay to December 12th, 2025; approval of professional fees, including legal fees; approval of the Monitor's activities to date; and approval of the distribution to the Bank of Montreal, who is the interim lender as well as the senior secured creditor.

I have reviewed the Monitor's second report, and the affidavit of Mr. Syed, which was filed back on July 9th, 2025. The assets here consist of two car dealerships, as I said in North Vancouver and Drayton Valley, and the CCAA initial order and the amended and revised order are obtained at the instance of Bank of Montreal contained a SISP process. Now, I'll just mention here that in the context of the CCAA, this is not a restructuring process. Rather it's -- it involves the sale of the two dealerships so that they continue -- can continue as going concerns and a subsequent wind-down of the operations of the debtor companies.

The court-ordered SISP program has yielded the two opportunities, I'll say, that are before the Court, and I'm going to deal with the sale approval of both transactions at the same time. The legal test to be satisfied is of course, as related to me by Ms. Bourassa, found in Section 36(3) of the statute supplemented by the *Soundair* factors applicable to sale approval in the receivership context. Without exhaustively reciting all of the factors, I will simply take note of the following.

First, that the offers were produced following a court-ordered SISP process. Secondly, that in the Monitor's opinion, these offers represent the highest and best price in each case and would maximize value for all stakeholders. The approval would enable the continuation of the dealerships as going concerns, including maintaining commercial relationships, the customer base, and operating continuity, and that is in contrast to a liquidation or bankruptcy scenario. As was adverted to in counsel's submissions, there is also continuity of at least some of the existing employees and, in particular, the -- the unionized employees

1 at the North Vancouver dealership. There is support from the Monitor for the transaction.
2 Also, the main secured creditor, BMO, and the main supplier Stellantis, all support the
3 transaction. Originally, the Monitor was also seeking assignment of certain what it called
4 critical contracts under Section 11.3 of the CCAA, but apparently, that's been ironed out,
5 and so that relief is no longer required.

6
7 The upshot of all of that is that I approve the -- the two transactions.

8
9 Now, I'll move on to the question of the sealing order. Counsel correctly identified *Sierra*
10 *Club* and *Sherman Estate* as the governing authorities. It's also recognized in Alberta that
11 commercial interests, particularly in the context of the court-supervised insolvency
12 proceedings, are an important interest deserving of protection, and the risk here is obvious
13 that if these transactions do not close, then disclosure of the information in the confidential
14 supplement will adversely affect the value of the assets to the detriment of all stakeholders.
15 As Ms. Bourassa told me, the form of order appears to be the least intrusive being limited
16 in scope and limited in time, and the process for giving notice to the media has been
17 complied with.

18
19 I find that the three branches on the test are met, and I grant the sealing order.

20
21 I'll next move to the question of the distribution, and one thing I should have said to Mr.
22 Henschel is that by -- if I were to honour his request not to distribute funds and rather just
23 keep them in abeyance, it would be, in my view, akin to pre-judgment attachment even
24 before an action has been started, and as I said, the merits of the proposed action have not
25 been advanced such that I could entertain such an application.

26
27 The Monitor advises that the net proceeds from the two transactions will -- or should go to
28 the Bank of Montreal less only a reasonable holdback for residual obligations. BMO
29 occupies two roles here: first, as the main secured creditor and, secondly, as the
30 interim -- interim financier for which it has a priming charge. I should mention that the
31 Monitor has received an independent legal opinion regarding the validity of BMO's
32 security, and it is expected that there will be a significant shortfall on the loan and,
33 therefore, a distribution will not prejudice anyone and will stop some interest costs from
34 accruing. Therefore, the factors in the (INDISCERNIBLE) case are satisfied, and I do
35 approve the distribution.

36
37 Now, I'm going to talk about the stay extension, which is being sought to December 12th
38 of 2025. The extension is requested under the authority of Section 11.02(2) of the CCAA,
39 and I'll just go through them. The prejudice to the creditors and other stakeholders appears
40 to be nonexistent due to the fact of the shortfall, and the other major factor is that the
41 transactions, if approved today, will allow the dealerships upon closing to continue in

1 business, so I can't see -- and the stay is necessary to close the transactions, so I can't see
2 any material prejudice to anyone. The most recent cash flow statement does indicate that
3 there is sufficient cash flow until the end of -- until the proposed end date. I talked about
4 necessity already, and there is also the need to wind up the operations of these entities. The
5 Monitor says that the company has acted in good faith and with due diligence, and aside
6 from assertions that were made today, there is -- there is really no indication otherwise. So
7 I prove the extension to December 12th of 2025.

8
9 I'm dealing with the -- the activity and fee approval last, and I'm going to kind of break it
10 out into -- into the fees and activities, and the reason I'm doing that is because of the
11 developments that unfolded during the adjournment application.

12
13 So, first of all, with regard to the fees, I have Mr. Lonergan's affidavit, and the various
14 exhibits were before me showing the accounts that have been rendered. The fees are
15 presented in a manner which is consistent with the Court's preferred method of presentation
16 in line with the *Winalta* case, which was cited to me by Ms. Bourassa. Of course, the Court
17 does not engage in a line-by-line exercise of assessment as if it were an assessment under
18 the *Rules of Court*, but rather an overall assessment of reasonableness having regard to a
19 number of factors. So, firstly, what's at stake; the nature and extent of the work; the
20 outcome that's been achieved; and, generally, the Court's knowledge of the cost of such
21 professional services in the market.

22
23 One thing I did want to remark upon is the life cycle of this proceeding. I see that the initial
24 order was granted on July 16th of 2025. There was a timeline set out in the SISP order that
25 was part of the amended and restated initial order, and that timeline was met, and it's
26 culminated in the transactions being presented to the Court today, all of which to say is that
27 the process has been quite efficient. We are only three months down the road, and I am
28 being told by the Monitor's second report that, upon closing, the Monitor will be in wind-
29 up mode for these companies, so it has been done in a very efficient manner.

30
31 All of which is to say that the fees appear reasonable, that the steps taken and costs incurred
32 appear to be reasonable, and, therefore, I approve the fees.

33
34 Now, Mr. Henschel's appearance today has been a bit of a fly in the ointment. Mr. Henschel
35 made the submission, which I recognize that if I were to approve the Monitor's activities,
36 then I might be immunizing the Monitor from any possible legal action down the road
37 before the legal action has already been started. So, first of all, I wanted to say that based
38 on my review of the Monitor's second report and Ms. Bourassa's submissions, I would have
39 otherwise been satisfied that all steps that were taken were necessary, properly taken, and
40 justified within the Monitor's mandate. I remain sensitive to the fact that allegations have
41 been made against both the secured creditor and the Monitor. As I said, I express no opinion

1 whatsoever on the merits of those allegations. The question that remains for me is whether
2 I should simply cut them off right now by approving the Monitor's activities or whether I
3 should give Mr. Henschel and his clients the opportunity to present them to the Court.
4

5 Now, I was faced with this very same situation in a different case, and although my decision
6 is not reported, I will refer all of you to this particular receivership, and it is the receivership
7 of the *Ventures North Financial Group*, and there is a decision by Justice Burns, the name
8 of the case is *North v. Davison*, and you will find it at 2024 ABKB 242.
9

10 Now, I was faced with a situation where an action had actually been commenced by two
11 directors and officers of the entity that was in receivership. The statement of claim alleged
12 improper conduct on the part of the secured creditor, which happened to be a family trust,
13 or, more accurately, the individual who was in charge of the family trust, and the receiver
14 and a number of associated entities. Now, without expressly deciding the point, it occurred
15 to me that when the receiver had come forward to ask for sale approval, and at the same
16 time approval of activities to date, that if I were to approve the activities to date, I might in
17 effect be providing the receiver with an absolute defence before the action could be dealt
18 with on the merits, and I felt that I shouldn't be doing that. Now, the point is undecided,
19 and I am not deciding it right now. I am just saying that there is an argument to be made
20 that if I approve the activities, then I provide immunity, and it's -- to me that is an open
21 question. I should say that the outcome of this *North v. Davison* case was that the action
22 was struck out against the receiver and the secured creditor.
23

24 At any rate, I don't want to foreclose Mr. Henschel's opportunity to at least file a statement
25 of claim, so what I am going to do is adjourn this aspect of the application until the next
26 time the matter is in court or -- or until Ms. Bourassa feels a need to bring the application,
27 and she can have a discussion with Mr. Henschel about if and when this statement of claim
28 is coming forward. If the statement of claim has not come forward by the next time the
29 matter is back in court, whether it's by a separate application to approve the activities or
30 it's wrapped up with some other application in this proceeding, then the Court at that point
31 may say, Mr. Henschel, you have waited too long, you know, whatever allegations that
32 your clients have, they have sat on them too long, and that's the end of it.
33

34 So I'm just giving you a chance to think about what you want to do and whether or not it's
35 advisable to file the statement of claim. If you proceed to file it, I guess what I'm saying, is
36 you need to do it with -- you need to do it with alacrity, otherwise, this CCAA proceeding
37 is just going to go ahead in its -- in its normal course.
38

39 So to that extent, Ms. Bourassa, I guess I'm deviating from the form of order that you have
40 presented and simply adjourning that aspect, I guess, sine die until the next time it's in
41 court.

1
2 Okay. Ms. Bourassa, is there anything else about the orders that you wanted to draw to my
3 attention?
4

5 MS. BOURASSA: No. I was just going to say I understand, and we
6 can submit a new order. I -- I would just flag, of course, that there is presently a stay of
7 proceedings, and if Mr. Henschel wishes to file a statement of claim, he's going to need to
8 lift the stay of proceedings --
9

10 THE COURT: That's all --
11

12 MS. BOURASSA: -- in order to do that.
13

14 THE COURT: -- that's all part and parcel of it.
15

16 MS. BOURASSA: Yeah.
17

18 THE COURT: Okay.
19

20 MS. BOURASSA: No, nothing -- nothing further here.
21

22 THE COURT: Okay. So just to be clear, then, you're going to
23 submit a new order for the ancillary relief but everything else I can sign?
24

25 MS. BOURASSA: That's correct.
26

27 THE COURT: Okay. Now, Ms. Bourassa, you have been with
28 me all week, so you know the discussion I have at the end about how to get this -- how to
29 get these orders signed. You have sent them to me in Word form, so what I propose is
30 do -- and I think there is likely a degree of urgency here from -- from the Monitor's
31 perspective.
32

33 MS. BOURASSA: It -- there -- you know, obviously with respect to
34 the -- the sales, it's not like Ms. Meyers' matter the other day where they were looking to
35 close the next day, but -- but, absolutely, there is some -- some need for urgency.
36

37 THE COURT: Okay. So what I will do is I will sign, I think, it's
38 three of the orders that --
39

40 MS. BOURASSA: That's -- that's correct.
41

1 THE COURT: -- you gave me? Three -- three out of four.

2

3 MS. BOURASSA: M-hm.

4

5 THE COURT: You will send me a revised fourth order, and I
6 will sign them and send them to -- to Mr. Burke (phonetic), and he will forward them on
7 to you. You will have to file them.

8

9 MS. BOURASSA: Yes.

10

11 THE COURT: Okay. I think that's everything for today,
12 counsel. So we're adjourned. Thank you, Mr. Clerk.

13

14 THE COURT CLERK: Thank you, everyone.

15

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18 PROCEEDINGS ADJOURNED

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1 **Certificate of Record**

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I, Anthony Semenko, certify that this recording is the record made of the evidence in the proceedings in the Court of King's Bench held in courtroom 516 at Edmonton, Alberta, on the 16th day of October, 2025, and that I, Anthony Semenko, was the court official in charge of the sound-recording machine during the proceedings.

1 **Certificate of Transcript**

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I, Cindy Teruya, certify that

(a) I transcribed the record, which was recorded by a sound-recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record, and

(b) The Certificate of Record for these proceedings was included orally on the record and is transcribed in the transcript.

Cindy Teruya, Transcriber
Order Number: TDS-1095569
Dated: November 6, 2025