

COURT FILE NUMBER

2503 - 13640

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

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



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

DOCUMENT

APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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File no: 0148746.0131

NOTICE TO RESPONDENTS:

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Presiding Justice.

To do so, you must be in Court when the application is heard as shown below:

Date: July 25, 2025

Time: 10:00 a.m.

Where: Calgary Courts Centre

Before Whom: The Honourable Justice M. H. Bourque

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. The Applicant, Bank of Montreal ("**BMO**") brings this Application for, among other things:
 - (a) an Amended and Restated Initial Order ("**ARIO**") in a form that will be attached to the First Report of BDO Canada Limited in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**"), to be filed with the Court (the "**First Report**"),
 - (i) deeming service of the Application for the Amended and Restated Initial Order to be good and sufficient;
 - (ii) extending the stay of proceedings (the "**Stay Period**") that is anticipated to be granted at a hearing scheduled before the Honourable Justice Burns on July 16, 2025 pursuant to a proposed draft Order (if granted, the "**Initial Order**") up to and including October 19, 2025;
 - (iii) increasing the Administration Charge (as defined in the Initial Order) to the maximum amount of \$600,000;
 - (iv) increasing the Interim Lender's Charge (as defined in the Initial Order) to the maximum principal amount of \$2,500,000, plus interest, fees and costs;
 - (v) approving the Sales Agent Engagement Letter, as will be defined in the First Report;
 - (vi) granting a third-priority charge in favour of the Sales Agent, as will be defined in the First Report, to a maximum amount to be set out in the First Report (the "**Sales Agent Charge**");
 - (vii) approving a fourth-priority charge in favour of the directors and officers of the Coast Auto Group, as defined below, to a maximum amount to be set out in the First Report; and
 - (viii) further expanding the powers of the Monitor as will be discussed in the First Report;
 - (b) an Order approving a sale and investment solicitation process (the "**SISP**") that will be attached to the First Report, authorizing the Monitor and Sales Agent, with the assistance of the Coast Auto Group, to carry out the SISP; and

- (c) such further and other relief as BMO may request and this Honourable Court may grant.

Grounds for making this application:

I. DEFINED TERMS AND BACKGROUND INFORMATION

- 2. The facts in support of this Application are set out in the Affidavit of Shehryar Syed, sworn July 9, 2025 (the “**Syed Affidavit No. 1**”), the Pre-Filing Report of BDO Canada Limited in its capacity as proposed Monitor, filed July 10, 2025 (the “**Pre-Filing Report**”), and the First Report, to be filed.
- 3. All capitalized terms used in this Application and not otherwise defined herein shall have the meaning ascribed to them in the Syed Affidavit No. 1.

II. INITIAL ORDER

- 4. On July 16, 2025, BMO will be appearing before this Court to obtain the Initial Order wherein BMO will seek the following relief pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”):
 - (a) appointing BDO Canada Limited as Monitor of Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc., and 2461765 Alberta Ltd. (collectively, the “**Coast Auto Group**” or the “**Respondents**”);
 - (b) granting a stay of proceedings in favour of the Coast Auto Group up to and including July 26, 2025;
 - (c) approving an interim financing facility (the “**Interim Financing Facility**”) to be made available pursuant to an agreement (the “**Interim Financing Term Sheet**”) between the Monitor, for and on behalf of each Respondent, as borrower, and BMO, as interim lender;
 - (d) approving the following charges over the Coast Auto Group’s respective current and future Property, in the following order of priority:
 - (i) first, the Administration Charge in favour of counsel to BMO, the Monitor and counsel to the Monitor (the “**Professional Group**”), to a maximum amount of \$275,000; and

- (ii) second, the Interim Lender's Charge up to a maximum principal amount of \$350,000 plus interest and fees;
- (e) granting the Monitor certain enhanced powers, including but not limited to authorizing the Monitor to:
 - (i) execute the Interim Financing Term Sheet for and on behalf of each Respondent; and
 - (ii) engage the Sales Agent to assist with the SISP, and to terminate any sales agent that may have previously been engaged by the Coast Auto Group prior to the start of these CCAA proceedings.
- 5. The proposed form of Initial Order provides that the application for an extension of the Stay Period and for any ancillary relief shall be heard by this Court on July 25, 2025, or such other date as this Court may order.

III. AMENDED AND RESTATED INITIAL ORDER

A. Extended Stay Period

- 6. The Stay Period pursuant to the Initial Order expires on July 26, 2025, and BMO seeks to extend the Stay Period up to and including October 19, 2025 (the "**Extended Stay Period**").
- 7. The updated 13-week cash flow forecast will be prepared by the Monitor, with the assistance of the Coast Auto Group, and will be attached to the First Report (the "**Cash Flow Forecast**") to demonstrate that the Coast Auto Group has sufficient cash to operate during the Extended Stay Period, subject to the Court authorizing the borrowings under the Interim Financing Term Sheet.
- 8. The Extended Stay Period is reasonable in light of the Cash Flow Forecast and provides the Coast Auto Group and the Monitor with time to stabilize the businesses and to pursue a going-concern sale of the businesses.
- 9. BMO, the Monitor and the Coast Auto Group have acted and continue to act in good faith and with due diligence.

10. No creditors will suffer material prejudice as a result of the extension of the stay of proceedings for the Extended Stay Period.

B. Increase in Priority Charges

11. The Administration Charge and the Interim Lender's Charge in the Initial Order were limited to those amounts reasonably necessary for the Coast Auto Group's ordinary course operations and the professional fees incurred prior to and during the initial ten-day Stay Period.
12. BMO seeks to increase the Administration Charge from \$275,000 to \$600,000 to reflect the additional work to be undertaken during these CCAA proceedings, and to more accurately reflect projected professional fees considering the complexity of these CCAA proceedings, the work completed to date, and the expected professional work to be undertaken.
13. BMO also seeks to increase the Interim Lender's Charge from \$350,000 (plus interest, costs and fees) to \$2,500,000 (plus interest, costs and fees) to reflect the increase in borrowings permitted under the Interim Financing Term Sheet from the initial advance of \$350,000 to a total amount of \$2,500,000 throughout the Extended Stay Period. The increase of the Interim Lender's Charge is required to secure the Interim Financing Facility which will allow the Coast Auto Group to continue to operate throughout the Extended Stay Period.

C. Sales Agent Engagement Letter and Charge

14. Following the granting of the Initial Order and prior to the granting of the Amended and Restated Initial Order, the Monitor is expected to solicit offers from and select and engage a Sales Agent to assist it with running the SISP.
15. The proposed Sales Agent Charge will secure the fees and expenses charged by the Sales Agent to implement and manage the SISP during the CCAA proceedings.
16. The Sales Agent Charge is to be a third-ranking charge, behind the Administration Charge and the Interim Lender's Charge.

D. D&O Charge

17. The directors and officers of the Coast Auto Group have requested a charge (the “**D&O Charge**”) as will be described in the First Report.
18. The D&O Charge is required to ensure that the directors and officers of the Coast Auto Group will continue to serve in such capacity and have assurance that they are appropriately indemnified for liabilities which may be incurred by the Coast Auto Group during these proceedings and for which they may be personally liable.
19. The continued involvement of the directors and officers is integral to minimize disruption to the business during these proceedings.
20. The directors and officers have expressed their need for certainty with respect to potential liability if they continue in their current capacities in the context of these CCAA proceedings.

E. Additional Enhanced Monitor’s Powers

21. Following its appointment, the Monitor will review the books and records and work with management of the Coast Auto Group. BMO will be seeking further enhanced powers, which will be described in detail in the First Report, for the Monitor to be able to effectively:
 - (a) manage the operations of the Coast Auto Group’s businesses; and
 - (b) market, sell, convey, transfer, lease or assign the Property or any part or parts of the Property out of the ordinary course of business, including through the SISP.
22. Providing these enhanced powers to the Monitor provides the most cost-efficient and effective way to conduct these CCAA proceedings to maximize value for the stakeholders.

F. Approval of the SISP

23. Upon its appointment, the Monitor will, in consultation with the Sales Agent, design a SISP.
24. BMO anticipates it will seek approval of the SISP at the July 25, 2025 hearing and authorization for the Monitor and Sales Agent to conduct the SISP.
25. The SISP will be attached to the First Report.

Material or evidence to be relied on:

26. Affidavit of Shehryar Syed, sworn July 9, 2025;
27. Brief of Law of BMO, to be filed;
28. Pre-Filing Report of the proposed Monitor, filed July 10, 2025;
29. First Report of the Monitor, to be filed; and
30. Such further and other materials and evidence as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

31. *Companies' Creditor Arrangement Act*, R.S.C. 1985, c. C-36, including ss. 2, 3, 9, 11, 11.02, 11.2, 11.52, 23 and 36.
32. *Alberta Rules of Court*, Alta. Reg. 124/2010, including Part 3, Division 2, Subdivision 1.
33. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

34. N/A

How the application is proposed to be heard or considered:

35. Via Webex before the Honourable Justice M. H. Bourque on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered