

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

DIXIE CHRYSLER LTD.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

SUPPLEMENTAL RESPONDING AFFIDAVIT OF HUGH BRENNAN

I, Hugh Brennan, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
SAY AS FOLLOWS:

1. I am the President and sole director of Dixie Chrysler Ltd. ("**Dixie Chrysler**") and, as such, have personal knowledge of the matters to which I hereinafter depose except where I have otherwise indicated and in which case I verily believe the facts deposed to be true.
2. This affidavit is supplemental to the responding affidavit I swore on March 17, 2025 in these proceedings, a copy of which is attached hereto as Exhibit "A" (excluding exhibits) (the "**First Brennan Affidavit**"). I file this supplemental affidavit in response to the application of the Royal Bank of Canada ("**RBC**" or the "**Bank**") seeking the appointment of Zeifman Partners Inc. ("**Zeifman**") as receiver (the "**Receiver**") over the property of Dixie Chrysler and the Bank's recent request of the Court for an urgent attendance to revisit the Bank's application.

3. Capitalized terms not otherwise defined herein shall have the same meaning as set out in the First Brennan Affidavit.

Background

4. The background in this matter, including Dixie Chrysler's history, its relationship with RBC and the onset of its financial difficulties, is more fulsomely detailed in the First Brennan Affidavit. As such, I will not repeat all of that background information herein but only those relevant facts preceding the Bank's application to appoint the Receiver.
5. Although Dixie Chrysler had achieved RBC's highest retail service levels throughout 2024 (with the exception of only one month), the year was a difficult one for the dealership given excessive inventory levels carried over from 2023 which took largely the entire year of 2024 to get under control. In addition to paying substantially higher interest under Dixie Chrysler's floor plan facilities with RBC on account of slow-moving units that had been sent to Dixie Chrysler by Chrysler during the period I was seriously ill and away from the dealership, the situation was further exacerbated by the Bank's practice of curtailing Dixie Chrysler's inventory.
6. The practice of curtailing in the context of automotive financing involves a dealership having to repay a percentage of the loan amounts related to older units so as to bring the loan amount in line with the decrease in value of those units. In a case such as Dixie Chrysler's where the dealership was stuck with high-priced and oddly equipped vehicles that were financed by RBC but were not selling, that resulted in a substantial increase in curtailment payments in excess of \$200,000 per month as these units sat on the dealership's lot.
7. By way of context, curtailment payments to RBC totaled \$396,410.85 in 2022. That increased substantially during 2023 to \$1,509,260.47 when the slow-moving units were sent to Dixie Chrysler. The total amount of curtailment payments increased substantially yet again in 2024 to \$2,350,426.22. Attached hereto as Exhibit "B" is a copy of a summary of the RBC curtailment payments for each of 2022, 2023 and 2024.

8. Although Chrysler did implement rebate and incentive programs to relieve the backlog of Dixie Chrysler's older inventory, it only did so by September/October 2024.
9. Nevertheless, throughout the year my interactions and correspondence with Dixie Chrysler's RBC account manager had been positive and supportive. Although the excess inventory situation was one that the Bank wanted to monitor closely, I was never left with the impression that the Bank was concerned with Dixie Chrysler's creditworthiness and it was never conveyed to me that the Bank was concerned about its financial exposure under the credit facilities made available by it to Dixie Chrysler.
10. Further in that regard, on or about January 10, 2025, I spoke to James Sliter, Vice President – Automotive Finance for the Greater Toronto Region with RBC, regarding Dixie Chrysler's credit needs under its existing floor plan facilities with RBC. We agreed upon a credit limit on the floor plan facilities of \$11,000,000 which was substantially lower than the \$17,000,000 in credit that Dixie Chrysler had in place at that time.
11. Given Dixie Chrysler's long-standing relationship with RBC, I believed that agreeing to a lower credit limit on the floor plan facilities demonstrated a good faith effort to work with the Bank to address any lingering concerns it may have had arising out of the financial difficulties that Dixie Chrysler had experienced in 2024.
12. I was very surprised to find out later that day that, in addition to the agreed upon credit limit on the floor plan facilities of \$11,000,000, RBC had advised Stellantis that *any* automobile purchases by Dixie Chrysler from Stellantis were subject to RBC's prior approval going forward.
13. I still believed that the Bank was supportive of the dealership and wished to maintain the relationship, however, effectively preventing Dixie Chrysler from purchasing any vehicles from Stellantis was certainly going to have a negative effect on the dealership's financial performance.
14. When I reached out to Mr. Sliter that same day – January 10, 2025 – I was advised that Dixie Chrysler's relationship with the Bank would be handled by its special loans group

going forward and that the Bank would provide Dixie Chrysler with a “90 day letter” which would provide the dealership with time to find another lender.

15. At that point it became clear to me that reaching an agreement on capping the floor plan facilities and the Bank’s notice to Stellantis that no further inventory could be purchased going forward by Dixie Chrysler without RBC’s prior consent were precursors to the Bank’s decision to terminate its relationship with Dixie Chrysler.
16. As set out in the First Brennan Affidavit, notwithstanding Mr. Sliter’s statement that Dixie Chrysler would receive a “90 day letter” and the corresponding time to find another lender, RBC was not prepared to grant Dixie Chrysler the full 90 day period although it was prepared to hold off on issuing formal demands under the BIA if Zeifman was engaged to review and monitor Dixie Chrysler’s financial affairs.
17. Notwithstanding Dixie Chrysler’s agreement to that arrangement and it reaching an agreement with Zeifman that a cash flow forecast would be prepared and delivered to Zeifman by the close of business on February 11, 2025, the Demand was issued along with notice of RBC’s intention to enforce its security under the BIA.

Dixie Chrysler’s Efforts to Find a Potential Purchaser

18. Dixie Chrysler was served with RBC’s application to appoint the Receiver on March 3, 2025 and on that same date, it engaged with its financial and legal advisors to consider its next steps. Given my extensive experience in the automotive dealership industry, it was determined at that time that the best option, being the option most likely to see RBC’s indebtedness repaid, in full, was a sale transaction for Dixie Chrysler’s business.
19. I was aware of and had contacts with brokers who specialize in the buying and selling of dealerships and was also aware of at least two parties who had already expressed an interest in potentially acquiring the Dixie Chrysler dealership.
20. Three parties – referred to as Interested Party #1, Interested Party #2 and Interested Party #3 (together, the “**Interested Parties**”) in the First Brennan Affidavit – all expressed serious interest in pursuing the acquisition of the dealership. An additional fourth party

expressed a serious interest and executed a non-disclosure agreement (“**NDA**”) to allow them to conduct preliminary due diligence on Dixie Chrysler in advance of submitting a letter of intent (“**LOI**”).

21. Although timelines were very limited given the impending receivership application returnable on March 18, 2025, I spent the two weeks following receipt of the Bank’s receivership application contacting numerous parties, including the Interested Parties, about a potential acquisition of Dixie Chrysler’s assets.
22. One of those parties, Interested Party #3, was represented by Dealer Direct Canada (“**Dealer Direct**”), a broker with decades of experience specializing in the buying and selling of automotive dealerships. I was advised by Paul Stern, Dealer Direct’s President and Chief Executive Officer, that their client, Interested Party #3, was very well capitalized and aggressively looking to acquire a dealership.
23. On March 17, 2025, Dealer Direct presented Dixie Chrysler with a non-binding letter of intent for the acquisition of Dixie Chrysler’s assets with a proposed closing date of May 30, 2025 (the “**Original Interested Party #3 LOI**”).
24. I am advised by Danny Nunes, Dixie Chrysler’s counsel with carriage of the receivership matter, that a copy of the Original Interested Party #3 LOI was sent to RBC’s legal counsel on March 17, 2025, the day before the return of the receivership application.

The Receivership Application

25. As set out in the First Brennan Affidavit, Dixie Chrysler’s position on the return of the receivership application was that it would be more beneficial for all stakeholders, including RBC, if Dixie Chrysler was provided a period of 90 days within which to continue pursuing a potential sale transaction with one of the Interested Parties or such other party that might express an interest, on terms satisfactory to RBC.
26. During the 90 day period, the dealership would continue to operate and Dixie Chrysler would provide Zeifman with the necessary financial reporting to allow it to review and monitor Dixie Chrysler’s financial affairs and report to the Bank. Finally, in the event that

a transaction satisfactory to the Bank was not agreed upon prior to the expiry of the 90 day period, the Court could appoint the Receiver at that time.

27. Ultimately the Court reserved its decision on the Bank's application.

Letters of Intent to Purchase Dixie Chrysler's Assets

28. Although they had not submitted an LOI prior to the return of the receivership application, Interested Party #1 had advised that it would submit an LOI in short order which was subsequently received on March 20, 2025 (the "**Interested Party #1 LOI**").
29. Both the Interested Party #1 LOI and the Original Interested Party #3 LOI contained exclusivity provisions that, upon signing either document, would have limited Dixie Chrysler from speaking to any other parties about a potential acquisition of the dealership for a number of weeks. Although exclusivity provisions are standard in such LOIs, I was able to negotiate with both Interested Party #1 and Dealer Direct, on behalf of Interested Party #3, to limit the period of exclusivity to two weeks such that upon signing back one of the LOIs, if a binding LOI could not be reached with that party within those two weeks, Dixie Chrysler could pivot to other interested parties.
30. During the period when the terms of the Interested Party #1 LOI and the Original Interested Party #3 LOI were being negotiated, both Interested Party #1 and Interested Party #3 executed NDAs to begin the process of conducting due diligence on the acquisition of the dealership and both parties were provided financial information from Dixie Chrysler's accountants, TZR.
31. Ultimately, the Interested Party #1 LOI was executed by Dixie Chrysler on March 24, 2025 and a deposit was paid, in trust, to Dixie Chrysler's legal counsel. Dixie Chrysler had many prior dealings with Interested Party #1 and they had experience with pre-owned dealerships as well as autobody and mechanical shops, which largely overlaps with Dixie Chrysler's business.
32. Interested Party #1's accountants and legal counsel engaged with their counterparts on Dixie Chrysler's side in conducting further due diligence.

33. Upon the expiry of the exclusivity period under the Interested Party #1 LOI, the parties were ultimately unable to reach an agreement on the terms of a binding LOI given differing views as to the value attributable to Dixie Chrysler's non-vehicle inventory. Although Interested Party #1 was prepared to pay a sizable amount on account of those assets, the amount in question represented a discount on Dixie Chrysler's calculation as to their value.
34. Dealer Direct's client, Interested Party #3, expressed aggressive interest in revisiting the Original Interested Party #3 LOI and the parties quickly engaged in discussions. Those discussions included the minimum amount of floor plan facility financing that would likely be needed to complete the transaction in addition to the cash component of the purchase price (over and above the floor plan financing) that would have to be attributable to the non-vehicle inventory.
35. The parties further negotiated the terms of the Original Interested Party #3 LOI and agreed to terms on a final form of non-binding LOI, which was executed on April 21, 2025 (the **"Final Interested Party #3 LOI"**).
36. A sizable deposit in the amount of \$500,000 was paid, in trust, to counsel for Interested Party #3, which payment was confirmed by Dixie Chrysler's legal counsel in accordance with the terms of the Final Interested Party #3 LOI.
37. I am advised by Dixie Chrysler's counsel, Danny Nunes of Capstone Legal, that a copy of the Final Interested Party #3 LOI has been provided to the Bank's counsel.
38. As of the date of this affidavit, I believe Interested Party #3 has largely completed their due diligence and the parties have largely agreed to the financial terms of a binding LOI.
39. I am advised by Annette White, Dixie Chrysler's controller, that based on RBC's Overdrive portal which displays, among other things, amounts owing under Dixie Chrysler's floor plan facilities with the Bank (new, used, leased and daily rental facilities), that as of April 27, 2025 Dixie Chrysler's aggregate indebtedness under the floor plan facilities is approximately \$8,531,000 (excluding interest and fees). This amount also includes the Unremitted Funds or "SOT" amount referenced in the affidavit of Barry Mutis sworn

February 28, 2025 in support of the Bank's application to appoint the Receiver (the "**Mutis Affidavit**").

40. This represents a substantial reduction in the principal amount outstanding under the floor plan facilities as set out in the Mutis Affidavit. As at February 10, 2025, the Mutis Affidavit states that the principal amount of Dixie Chrysler's indebtedness under the floor plan facilities was approximately \$10,456,000.
41. I have been advised by Mr. Stern that Interested Party #3 has ample financing available to repay the Bank's indebtedness, in full, including the cash component attributable to Dixie Chrysler's non-vehicle inventory.
42. As at the date of this Affidavit, the due diligence period under the Final Interested Party #3 LOI is set to expire on May 5, 2025 by which time the parties will have to agree to the terms of a binding LOI, including the pertinent financial terms, before moving on to finalize definitive documentation in respect of the transaction which, according to the terms of the Final Interested Party #3 LOI, must be completed within 30 days of execution of the Final Interested Party #3 LOI, being May 21, 2025.

The Zeifman Protocol

43. Shortly after the return of the receivership application, on March 24, 2025 counsel for RBC advised Dixie Chrysler's counsel that RBC had registered a financing statement under the *Personal Property Security Act* (Ontario) ("**PPSA**") against all vehicles financed by RBC through Dixie Chrysler's floor plan facilities with the Bank, while the Bank awaited the Court's decision on the receivership application.
44. Furthermore, the Bank's counsel advised that Zeifman would work with Dixie Chrysler to finalize a protocol for the release of the PPSA registrations upon the sale of each vehicle in exchange for the gross proceeds of sale.
45. Later that same day, Zeifman sent a protocol – termed a "controlled disbursement process" – that provided, among other things: (i) no vehicle subject to an RBC PPSA registration may be sold without advance notice and approval by Zeifman and ensuring sufficient

cleared funds are provided to obtain the discharge; (ii) Dixie Chrysler must submit sale details for any proposed vehicle sales at least 48 hours in advance of closing any sale transaction; (iii) upon receiving the sale details, Zeifman will calculate and communicate the exact amount required to be disbursed to RBC failing which the PPSA registration will not be discharged; (iv) the aforementioned amount will reflect the gross proceeds of sale, exclusive of taxes, until the Bank's debt has been repaid in full; and (v) no title will be transferred by Dixie Chrysler unless and until the exact calculated discharge amount is paid in full (the "**Zeifman Protocol**"). A copy of the Zeifman Protocol is attached hereto as Exhibit "C".

46. Contrary to what had been communicated by the Bank's legal counsel, namely that Zeifman would work with Dixie Chrysler to finalize the protocol for the release of the PPSA registrations, the Zeifman Protocol was delivered in its final form with no input from or consultation with Dixie Chrysler.
47. The Zeifman Protocol had the effect of not only greatly prejudicing Dixie Chrysler's ability to continue operating given the restrictions it placed on sales and the potential chilling effect it would have on Dixie Chrysler's sales staff in light of the uncertainty arising from its implementation, but it also had the effect of essentially strangling Dixie Chrysler's ability to secure any funds from the sale of vehicles.
48. In the ordinary course, Dixie Chrysler would purchase a vehicle from Stellantis for a certain amount plus applicable taxes and that amount would be financed under its floor plan facilities with RBC. Dixie Chrysler would, in turn, sell that same car at a higher price (without taking into consideration any additional warranties or add-ons). The amount (including taxes) that was originally financed by the Bank would be repaid while Dixie Chrysler would keep the profit and remit any necessary amounts, for instance taxes to the Canada Revenue Agency ("**CRA**"), attributable to that profit amount.
49. Notwithstanding that the Receiver had not been appointed and that the Court had reserved its decision, Dixie Chrysler's operations would be severely hampered by the implementation of the Zeifman Protocol which was clearly foreseeable by the Bank if not intended.

50. Dixie Chrysler brought the matter of the Zeifman Protocol to the Court's attention and an urgent case conference was scheduled between the parties on March 26, 2025 before the Honourable Madam Justice Shaw who had heard the Bank's receivership application. Attached hereto as Exhibit "D" is a copy of the letter of Dixie Chrysler's counsel, Mr. Nunes, to the Honourable Madam Justice Shaw dated March 25, 2025 requesting the urgent case conference.
51. I am advised by Mr. Nunes that no form of injunctive relief could be granted at the return of the case conference given that there was not a full evidentiary record before Her Honour and that if Dixie Chrysler wanted to seek some form of injunctive relief relating to the Zeifman Protocol and its implementation, it would have to canvas availability with the Court to do so.
52. I am further advised by Mr. Nunes that the parties were summoned to re-attend before the Honourable Madam Justice Shaw shortly after the case conference concluded on March 26, 2025. Upon re-attending, Her Honour advised that the Honourable Justice Trimble was prepared to meet with the parties, in person, on March 27, 2025 to see if a resolution could be reached. While Dixie Chrysler's counsel was prepared to attend, RBC's counsel advised that the Bank was not likely to agree to any sort of interim resolution of any kind. Attached hereto as Exhibit "E" is a copy of the case conference endorsement of the Honourable Madam Justice Shaw dated March 26, 2025.
53. Given the cost and uncertainty inherent in any motion for injunctive relief, it was determined that the best path forward and use of Dixie Chrysler's limited resources was to try and operate within the terms of the Zeifman Protocol in conjunction with Dixie Chrysler's continuing efforts to find a potential purchaser for the dealership as detailed above.
54. While Dixie Chrysler has tried its level best to operate within the terms of the Zeifman Protocol, it has made it increasingly difficult to operate the dealership and has given rise to additional problems. Aside from the uncertainty that it has engendered among Dixie Chrysler's sales staff and employees as a whole, while the Zeifman Protocol stated that the amount needed in order for any PPSA discharge to be effected would be exclusive of taxes,

the Bank has actually taken funds and applied them to its debt that would otherwise be remitted on account of HST by Dixie Chrysler to CRA.

55. As noted above, in the ordinary course, when Dixie Chrysler sells a vehicle, the amount (including taxes) that was originally financed by the Bank would be repaid while Dixie Chrysler would keep the profit and remit any necessary amounts, for instance taxes to CRA, attributable to that profit amount. However, under the Zeifman Protocol, the Bank is taking not only the profit amount and putting it towards Dixie Chrysler's indebtedness, it has also taken the tax attributable to that profit amount and has applied those funds to its debt.
56. I am advised by Mr. Nunes that as a director of Dixie Chrysler, I am personally liable for any HST that is not remitted by Dixie Chrysler, including unremitted HST amounts arising from the sale of vehicles. As such, not only is the Zeifman Protocol effectively strangling Dixie Chrysler's access to working capital by taking any profit from the sale of vehicles, the Bank's actions may very well also give rise to personal liability for me as a director on account of HST that is not being remitted by Dixie Chrysler but instead is being taken by the Bank and used to pay down its debt.
57. Furthermore, in certain instances, the Bank has also debited Dixie Chrysler's accounts and drawn on its operating line with the Bank *prior* to Dixie Chrysler actually selling a vehicle. I am advised by Ms. White, Dixie Chrysler's controller, that she has sent the information for proposed vehicle sales to Zeifman for approval but prior to an agreement being executed with the customer and the vehicle being delivered and/or cash transferred by the customer in respect of the transaction, RBC has pre-emptively debited Dixie Chrysler's account for the proceeds and on at least one occasion, in doing so it caused Dixie Chrysler's account with the Bank to be overdrawn.

Conclusion

58. Dixie Chrysler's position remains that an ongoing sale transaction is best for the dealership's stakeholders and the Final Dealer Direct LOI represents a path forward that

will see RBC's indebtedness repaid, in full, while preserving employment for many, along with a business that has serviced the Brampton area for 40 years.

59. Despite the fact that Dixie Chrysler has been unable to secure new inventory going on a few months and the Zeifman Protocol has made it increasingly difficult to sell even those vehicles that it has in its current inventory while the Bank has taken the proceeds of sales to pay down the Bank's debt, Dixie Chrysler has still negotiated the terms of an LOI, the Final Interested Party #3 LOI, that contemplate repayment of the Bank's debt, in full.
60. I believe that if given sufficient time and given the almost wholesale agreement on pertinent financial terms between Interested Party #3 and Dixie Chrysler, a definitive agreement can be reached which, again, should see the Bank's indebtedness repaid, in full.
61. I swear this supplemental affidavit in response to RBC's application to appoint the Receiver and its recent request of the Court for an urgent attendance to revisit the Bank's application and for no other or improper purpose.

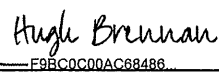
SWORN remotely by Hugh Brennan at the City of Toronto, Ontario, before me at the City of Toronto, in the Province of Ontario, on this 28th day of April, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits

DANNY NUNES

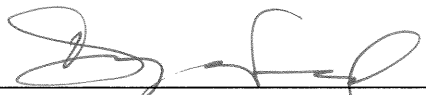
Signed by:



F8BC0C00AC88486...

Hugh Brennan

This is Exhibit "A" referred to in the Affidavit of Hugh Brennan
sworn before me this 28th day of April, 2025.



Commissioner for Taking Affidavits
DANNY NUNES

Court File No. CV-25-00001143

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

DIXIE CHRYSLER LTD.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

RESPONDING AFFIDAVIT OF HUGH BRENNAN

I, Hugh Brennan, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
SAY AS FOLLOWS:

1. I am the President and sole director of Dixie Chrysler Ltd. ("**Dixie Chrysler**") and, as such, have personal knowledge of the matters to which I hereinafter depose except where I have otherwise indicated and in which case I verily believe the facts deposed to be true.
2. I file this affidavit in response to the application of Royal Bank of Canada ("**RBC**" or the "**Bank**"), including the affidavit of Barry Mutis sworn February 28, 2025 (the "**Mutis Affidavit**"), seeking the appointment of Zeifman Partners Inc. ("**Zeifmans**") as receiver (the "**Receiver**") over the property of Dixie Chrysler.

From 2013 to 2023, Dixie Chrysler remained a strong automotive dealer and performed very well financially throughout the aforementioned period.

The Onset of Dixie Chrysler's Financial Difficulties

9. My father, who had returned to Dixie Chrysler in an advisory role after the 2008 financial crisis and remained a part owner of the dealership, passed away in August 2022 after a recurrence of liver cancer and being diagnosed with melanoma. Even prior to my dad's passing, my own health had begun to deteriorate and it began to do so rapidly during the fall and winter of 2022 but no cause was diagnosed until February 2023 when I was admitted to North York General Hospital, was intubated and spent approximately three weeks in the hospital's intensive care unit. After being sent home under the hospital's remote patient monitoring program, it was confirmed that I had adult onset Pompe Disease A, a rare genetic disorder which causes muscle weakness and other problems.
10. In June 2023, I commenced bi-weekly infusion treatments on account of my medical condition, treatments which I continue to the present day. I was discharged from the hospital's care in July 2023, however given my condition, I was unable to come back to work at Dixie Chrysler on a full-time basis until October 2023.
11. During the period that I was away from the dealership, Chrysler invoiced and shipped to Dixie Chrysler numerous high-priced and oddly equipped vehicles that were financed by RBC. With interest rates increasing, the interest payable by Dixie Chrysler under its floor plan facility with RBC increased from \$118,000 in 2021 to \$818,000 in 2023 on account of millions of dollars in slow-moving units that had been shipped to the dealership by Chrysler.
12. In early 2024, it became clear that Dixie Chrysler had a serious inventory problem and the aforementioned slow-moving units needed to be moved as soon as possible. As efforts were made to sell older units in Dixie Chrysler's inventory, RBC's practice of curtailing Dixie Chrysler's inventory (meaning that it required Dixie Chrysler to repay a percentage of the loan amounts related to older units so as to bring the loan amount in line with the

decrease in value of those units) began to create significant issues for Dixie Chrysler's financial affairs as the curtailments sometimes amounted to over \$200,000 per month.

13. By the spring of 2024, Dixie Chrysler was forced to sell older inventory at substantial losses to offset the curtailment amounts and to preserve cash for its operations. However, as set out below, by the fall of 2024, this simply became untenable for Dixie Chrysler from a financial perspective.
14. During the spring of 2024, Dixie Chrysler's account manager at RBC asked that the dealership keep an eye on its loan facility covenants given that the dealership's inventory was very high, however, there was no indication that RBC was worried about Dixie Chrysler's financial affairs and that the high inventory was nothing more than an aberration that would soon be rectified.
15. Exacerbating the inventory issues that it was dealing with in early 2024, Dixie Chrysler, along with thousands of other automotive dealerships across North America, were impacted by the CDK Global ransomware attack during the summer of 2024 which crippled the proprietary software utilized by dealerships across the continent for everything from scheduling to sales and orders.
16. In August 2024, I raised my concerns with Dixie Chrysler's account manager at RBC regarding the curtailments that were being required by the Bank as I could foresee that those sizable payments were going to cause problems for Dixie Chrysler's cash flows given the ongoing difficulties being experienced by the dealership in moving some of its older inventory. Nevertheless, I was never advised by Dixie Chrysler's account manager with RBC that the Bank had serious concerns about Dixie Chrysler's financial affairs or that it had any concerns regarding the Bank's ongoing lender relationship with Dixie Chrysler.
17. By September/October 2024, the curtailment payments continued but not having ordered much in the way of new inventory, which inventory would have been easier to move, Dixie Chrysler began to suffer substantial losses as it continued to struggle to move its older inventory. In October 2024, Chrysler finally put rebates and incentives on its 2024 product which lowered prices and finally relieved the backlog of Dixie Chrysler's older inventory.

18. In November 2024, I attended a lunch meeting along with Dixie Chrysler's controller, its RBC account manager and James Sliter, Vice-President – Automotive Finance for the Greater Toronto Region with RBC. At that meeting we discussed Dixie Chrysler's performance during 2024 as RBC has certain retail service levels (Gold, Silver, Bronze) and Dixie Chrysler had achieved the highest level every month of the year to that point with the exception of one month where it attained the second highest level. I did not leave the meeting with the impression that RBC was looking to exit its long-standing relationship with Dixie Chrysler.
19. On or about January 10, 2025, I spoke to James Sliter, Vice President – Automotive Finance for the Greater Toronto Region with RBC, regarding Dixie Chrysler's credit needs under its existing floor plan facility with RBC. We agreed upon a credit limit on the floor plan facility of \$11,000,000 which was substantially lower than the \$17,000,000 in credit that Dixie Chrysler had in place at that time. However, later that day, I was copied on an email from Rathees Anthires, Dealer Services Manager – Automotive Finance with RBC, to Stellantis Canada ("**Stellantis**"), the owner of the Chrysler brand and the party from whom Dixie Chrysler purchased its inventory, advising Stellantis that *any* automobile purchases by Dixie Chrysler from Stellantis were subject to RBC's prior approval going forward.
20. I immediately reached out to Mr. Sliter as I thought Dixie Chrysler's agreement with the Bank was that its floor plan facility would be capped at \$11,000,000 but the dealership would still be able to acquire new inventory. However, based on the email correspondence from Mr. Anthires, it appeared that Dixie Chrysler would not be permitted to acquire any new inventory.
21. I was still of the belief based on Dixie Chrysler's long-standing relationship with RBC that, while 2024 had been a very difficult year for the dealership financially, the Bank was still supportive of the dealership and wished to maintain their relationship. As a result, I was very surprised and disappointed when on January 10, 2025, I was advised by Mr. Sliter that Dixie Chrysler's relationship with the Bank would be handled by its special loans group

going forward and that the Bank would provide Dixie Chrysler with a “90 day letter” which would provide the dealership with time to find another lender.

22. Notwithstanding Mr. Sliter’s statement that Dixie Chrysler would receive a “90 day letter” and the corresponding time to find another lender, I was advised by Mr. Mutis that RBC was not prepared to grant Dixie Chrysler an extended period of time to explore refinancing options. However, the Bank was prepared to hold off on issuing a formal demand under the *Bankruptcy and Insolvency Act* (“**BIA**”) if Zeifmans was engaged by RBC, at Dixie Chrysler’s expense, to review and monitor Dixie Chrysler’s financial affairs.
23. I agreed to Zeifmans’ engagement by RBC pursuant to the terms of an engagement letter dated January 20, 2025. Attached hereto as Exhibit “A” is a copy of the Zeifmans engagement letter with RBC.
24. In accordance with the engagement letter, information requested by Zeifmans was provided by both Dixie Chrysler and its accounting firm, Truster Zweig Raithatha LLP (“**TZR**”). Given Dixie Chrysler’s long-standing relationship with RBC and its familiarity with its business, I believed that cooperating with Zeifmans in its review and monitoring of Dixie Chrysler’s financial affairs and being transparent with the Bank would provide Dixie Chrysler with the time necessary to provide it with options, whether in the form of a refinancing transaction or a sale/investment transaction, that would see RBC’s indebtedness repaid in a timeframe acceptable to the Bank.
25. Representatives from Zeifmans attended at the dealership on or about January 28, 2025 to conduct a walk through and site study of Dixie Chrysler’s facility. They requested that a cash flow forecast be prepared by Dixie Chrysler and it was agreed that it would be done by the close of business on February 11, 2025.
26. I spoke to a representative of Zeifmans on February 10, 2025 inquiring as to the status of the cash flow forecast and I advised that, as agreed upon, the cash flow forecast would be provided to Zeifmans the following day, February 11, 2025.
27. Needless to say I was very surprised when a formal demand for repayment of RBC’s indebtedness (the “**Demand**”), along with notice of RBC’s intention to enforce its security

under the BIA, was issued to Dixie Chrysler that same day, less than two weeks after agreeing to have Zeifmans review and monitor its financial affairs and before the cash flow forecast could be sent.

28. During the interim period between agreeing to the Zeifmans engagement and the date that the Demand was issued, I had received no indication from RBC or Zeifmans that there were any concerns arising out of its review of the information provided to it by Dixie Chrysler or TZR. I am advised by Brian Lusthaus, a partner with TZR, that no concerns were brought to his attention as well.

Dixie Chrysler's Efforts to Find a Potential Purchaser

29. Contrary to the Mutis Affidavit which states that RBC's counsel was advised on January 28, 2025 that Dixie Chrysler had consulted Albert Gelman Inc. ("AGI"), following the expiry of the 10 day period under the BIA notice included with the Demand, the Demand was only dated February 11, 2025 and it was on that date that AGI was first consulted.
30. Dixie Chrysler formally engaged AGI shortly thereafter to consider its options going forward in light of the Demand, including whether it would be feasible to refinance the RBC debt, whether a sale/investment transaction was the better path forward and the likely timing should either option be pursued by Dixie Chrysler.
31. On March 3, 2025, Dixie Chrysler was served with RBC's application record seeking the appointment of the Receiver. On that same date, I attended a call with TZR, AGI and Danny Nunes, insolvency counsel with Capstone Legal who was subsequently retained by Dixie Chrysler, to discuss Dixie Chrysler's options going forward in light of the receivership application.
32. It was determined at that time that the option most likely to yield the result of repayment of RBC's indebtedness was a sale transaction for Dixie Chrysler's business. Given my extensive experience in the automotive dealership industry, I was aware of and had contacts with brokers who specialize in the buying and selling of dealerships. I was also aware of at least two parties who had already expressed an interest in potentially acquiring the Dixie Chrysler dealership.

33. Over the coming days, I engaged in discussions with the two parties who had already expressed an interest in acquiring the dealership. The first party ("**Interested Party #1**") has experience with pre-owned dealerships as well as autobody and mechanical shops which largely overlaps with Dixie Chrysler's business. Although they do not have experience in owning a dealership franchise, I made inquiries of Chrysler's regional and national representatives regarding the process by which they could be approved to purchase the dealership.
34. The second party that expressed an interest in acquiring the dealership ("**Interested Party #2**") is headed up by an individual who previously worked for me for a number of years as a manager at Dixie Chrysler and, as such, is very familiar with the business. He is also very familiar to Chrysler as he is already the owner of four car dealerships in Ontario, one of which is a Chrysler dealership.
35. I am advised by Danny Nunes that he had a call with RBC's counsel on March 10, 2025 at which time he advised counsel that while discussions were in an admittedly preliminary stage, both Interested Party #1 and Interested Party #2 had expressed a serious interest in purchasing the Dixie Chrysler dealership and that discussions with both parties would continue over the coming days, as well as potentially other interested parties and brokers specializing in the buying and selling of automotive dealerships.
36. I am advised by Mr. Nunes that he advised RBC's counsel that Dixie Chrysler was making good faith efforts to continue discussions with those parties who expressed a serious interest in purchasing the dealership with an eye towards repaying RBC's indebtedness in as timely a manner as possible. Further in that regard, Mr. Nunes advised that further updates would be provided to RBC as discussions progressed with interested parties.
37. On March 11, 2025, I had a further meeting with Interested Party #1 who advised that they were seriously interested in pursuing the acquisition of the dealership but asked that I stay on for a period to assist with the ownership transition. Given that my relationship with Chrysler would likely assist in moving along any approvals needed for Interested Party #1 to acquire the dealership, I would be prepared to stay on for a period.

38. Discussions with Interested Party #1 progressed fairly rapidly during the week of March 10, 2025 with the party and its accountants reaching out to myself and TZR to review financial information as part of their due diligence on the dealership.
39. On March 14, 2025, I had a further discussion with a broker who represents the owner of a local used automotive dealership in Brampton (“**Interested Party #3**” and together with Interested Party #1 and Interested Party #2, the “**Interested Parties**”). I was advised that Interested Party #3 is very well capitalized and is looking to acquire a dealership on a fairly aggressive timeline. After speaking with the broker representing Interested Party #3, I introduced the broker to TZR to assist in moving forward Interested Party #3’s due diligence process.
40. An update on discussions with the Interested Parties was provided via email by Mr. Nunes to RBC’s counsel on March 14, 2025.
41. On March 17, 2025, the broker representing Interested Party #3 provided Dixie Chrysler with a non-binding letter of intent for the acquisition of Dixie Chrysler’s assets with a proposed closing date of May 30, 2025.

Conclusion


42. Appointing a Receiver at this juncture, when the Interested Parties have all expressed serious interest in pursuing the opportunity to acquire Dixie Chrysler’s business but have not yet had the opportunity to conduct the necessary due diligence, would only be destructive to the value of Dixie Chrysler’s business, to the detriment of its creditors, and unnecessarily jeopardize the employment of Dixie Chrysler’s many employees.
43. In the circumstances, it would be more beneficial for all stakeholders if Dixie Chrysler were provided a period of 90 days within which to continue pursuing a potential sale transaction with one of the Interested Parties, or such other party that may express an interest, on terms satisfactory to RBC. During the aforementioned 90 day period, the dealership would continue to operate and Dixie Chrysler would provide Zeifmans with the necessary financial reporting to allow it to review and monitor Dixie Chrysler’s financial affairs and report to the Bank. In the event that a transaction satisfactory to the Bank is not

agreed upon prior to the expiry of the 90 day period, the Court may appoint the Receiver at that time.

44. To the extent that the Bank is concerned that its security position may deteriorate over the 90 day period, Zeifmans will be monitoring Dixie Chrysler's financial affairs and reporting to the Bank and the Bank may seek relief from the Court in that regard if there is deterioration of the Bank's security position.
45. However, as noted above, for Dixie Chrysler to purchase new inventory it is required to secure RBC's prior approval. In the circumstances, that has effectively meant that Dixie Chrysler has not been able to source any new inventory. Clearly if the only inventory that Dixie Chrysler has to sell is older inventory, that will negatively impact sales which will limit repayment of RBC's indebtedness as well as the dealership's overall financial position which, in turn, may negatively impact the prospects of a sale transaction, including but not limited to a transaction with any of the Interested Parties.
46. However, pursuant to the terms of the franchise agreement between Dixie Chrysler and Chrysler, Chrysler agrees to buy back any current model year vehicle that is new and unused. As such, to the extent that any 2025 models are purchased by Dixie Chrysler, under the floor plan credit facility limits previously agreed to with the Bank, the Bank should have no exposure or deterioration in its security position given that either the 2025 models will be sold and the proceeds put towards decreasing Dixie Chrysler's indebtedness to the Bank or, if a Receiver is ultimately appointed, the Receiver can simply return the 2025 models, again decreasing the indebtedness owed to the Bank.
47. Providing Dixie Chrysler with sufficient time to canvas interested parties with a serious interest in purchasing the dealership while Zeifmans monitors its financial affairs will not result in any deterioration in the Bank's security position and may result in the Bank's security position improving in the event of a going concern sale transaction. Further in that regard, the potential for a going concern sale transaction represents an opportunity to preserve the jobs of Dixie Chrysler's many employees and a long-established business in the Brampton community.


48. I swear this affidavit in response to RBC's application seeking Zeifmans' appointment as Receiver and for no other or improper purpose.

SWORN remotely by Hugh Brennan at the City of Toronto, Ontario, before me at the City of Toronto, in the Province of Ontario, on this 17th day of March, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



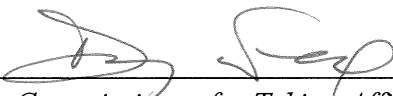
Commissioner for Taking Affidavits

Danny M. Nunes
(LSO #53802D)

Signed by:


F9BC0C00AC68486...
Hugh Brennan

This is Exhibit "B" referred to in the Affidavit of Hugh Brennan
sworn before me this 28th day of April, 2025.



Commissioner for Taking Affidavits
DANNY NUNES

RBC Curtailments - 2022

Monthly	New Curtailments	Used Curtailments	Monthly Totals
Jan 1 - Jan 31 2022	\$ -	\$ -	\$ -
Feb 1 - Feb 28 2022	\$ -	\$ -	\$ -
Mar 1 - Mar 31 2022	\$ -	\$ -	\$ -
April 1 - April 30 2022	\$ -	\$ -	\$ -
May 1 - May 31 2022	\$ 11,741.27	\$ -	\$ 11,741.27
June 1 - June 30 2022	\$ 11,741.27	\$ -	\$ 11,741.27
July 1 - July 31 2022	\$ 42,210.70	\$ -	\$ 42,210.70
Aug 1 - Aug 31 2022	\$ 5,951.26	\$ -	\$ 5,951.26
Sept 1 - Sept 30 2022	\$ 5,951.26	\$ -	\$ 5,951.26
Oct 1 - Oct 31 2022	\$ 142,948.39	\$ 4,250.00	\$ 147,198.39
Nov 1 - Nov 30 2022	\$ 98,274.06	\$ 9,900.00	\$ 108,174.06
Dec 1 - Dec 31 2022	\$ 49,692.64	\$ 13,750.00	\$ 63,442.64
Total	\$ 368,510.85	\$ 27,900.00	\$ 396,410.85

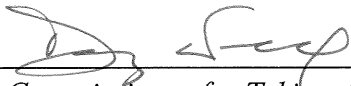
RBC Curtailments - 2023

Monthly	New Curtailments	Used Curtailments	Monthly Totals
Jan 1 - Jan 31 2023	\$ 40,356.36	\$ 14,250.00	\$ 54,606.36
Feb 1 - Feb 28 2023	\$ 198,086.73	\$ 14,250.00	\$ 212,336.73
Mar 1 - Mar 31 2023	\$ 39,487.50	\$ 23,350.00	\$ 62,837.50
April 1 - April 30 2023	\$ 305,972.93	\$ 36,100.00	\$ 342,072.93
May 1 - May 31 2023	\$ 21,753.18	\$ 15,250.00	\$ 37,003.18
June 1 - June 30 2023	\$ 106,159.54	\$ 12,250.00	\$ 118,409.54
July 1 - July 31 2023	\$ 204,009.74	\$ 21,100.00	\$ 225,109.74
Aug 1 - Aug 31 2023	\$ 58,105.61	\$ 9,300.00	\$ 67,405.61
Sept 01 - Sept 30 2023	\$ 131,373.15	\$ 37,200.00	\$ 168,573.15
Oct 1 - Oct 31 2023	\$ 35,613.64	\$ 8,500.00	\$ 44,113.64
Nov 1 - Nov 30 2023	\$ 42,647.21	\$ 8,500.00	\$ 51,147.21
Dec 1 - Dec 31 2023	\$ 51,394.88	\$ 74,250.00	\$ 125,644.88
Total	\$ 1,234,960.47	\$ 274,300.00	\$ 1,509,260.47

RBC Curtailments - 2024

Monthly	New Curtailments	Used Curtailments	Monthly Totals
Jan 1 2024 - Jan 31 2024	\$ 175,204.12	\$ 33,800.00	\$ 209,004.12
Feb 1 2024 - Feb 29 2024	\$ 78,823.48	\$ 77,650.00	\$ 156,473.48
Mar 1 2024 - Mar 31 2024	\$ 215,512.58	\$ 25,750.00	\$ 241,262.58
April 1 2024 - April 30 2024	\$ 156,110.31	\$ 53,000.00	\$ 209,110.31
May 1 2024 - May 31 2024	\$ 89,486.39	\$ 99,550.00	\$ 189,036.39
June 1 2024 - June 30 2024	\$ 195,107.72	\$ 62,050.00	\$ 257,157.72
July 1 2024 - July 31 2024	\$ 67,615.24	\$ 27,300.00	\$ 94,915.24
Aug 1 2024 - Aug 31 2024	\$ 88,088.92	\$ 23,100.00	\$ 111,188.92
Sept 01 2024 - Sept 30 2024	\$ 169,914.93	\$ 97,575.00	\$ 267,489.93
Oct 1 2024 - Oct 31 2024	\$ 106,955.38	\$ 115,825.00	\$ 222,780.38
Nov 1 2024 - Nov 30 2024	\$ 162,781.22	\$ 21,725.00	\$ 184,506.22
Dec 1 2024 - Dec 31 2024	\$ 188,900.93	\$ 18,600.00	\$ 207,500.93
Total	\$ 1,694,501.22	\$ 655,925.00	\$ 2,350,426.22

This is Exhibit "C" referred to in the Affidavit of Hugh Brennan
sworn before me this 28th day of April, 2025.



Commissioner for Taking Affidavits
DANNY NUNES



March 24, 2025

Attn: Hugh Brennan

Dixie Chrysler Ltd.
8050 Dixie Road,
Brampton, ON, L6T 4W6



Dear Sir/Madam:

Re: Notice Regarding Sale Protocol and Title Release for Floor planned Vehicles under PPSA Registration

Zeifman Partners Inc. ("Zeifman") in our capacity as consultant as set out in Engagement Letter dated January 20, 2025, provide the following protocol in respect of vehicle sales of RBC Floor Planned automotive vehicles.

As you are aware, RBC has registered specific PPSA registrations against floor planned vehicles. The purpose of this letter is to confirm our understanding of the terms of sales protocol and Title Release process for PPSA Discharge of Vehicles under PPSA Registration being sold by Dixie Chrysler Ltd. ("**Debtor**") in respect to the vehicles encumbered in regards to the indebtedness to Royal Bank of Canada ("**RBC**") pursuant to Credit Agreements under Floor Plan Financing dated November 26, 2016 and as amended by, without limitation, credit agreements dated July 23, 2014, August 13, 2015, August 27, 2015, September 6, 2017, October 10, 2015, June 28, 2019, July 14, 2020, December 8, 2022 and April 22, 2023 (collectively, as same may have been further amended, extended, replaced, restated or supplemented from time to time, the "**Credit Agreement**").

As security for the Debtor's obligations to RBC, the Debtor provided security in favour of RBC (collectively, the "**Security**"), including, without limitation,

1. a General Security Agreement dated January 24, 2014, executed by the Debtor to RBC (the "**GSA**");
2. security pursuant to section 427 of the Bank Act dated February 15, 2014, as executed by the Debtor to RBC;
3. a Security Agreement (Inventory) dated January 24, 2014, as executed by the Debtor to RBC;

Zeifman Partners Inc.
2011 Sandwich Court, Suite 100
Toronto, ON M6A 1K7

Zeifman Partners Inc.
2011 Sandwich Court, Suite 100
Toronto, ON M6A 1K7





4. a Security Agreement (Leased Unit) dated January 24, 2014, as executed by the Debtor to RBC; and
5. a Master Lease Agreement granted by the Debtor to Ally Credit Canada Limited, a precursor entity from which RBC was assigned certain security and security registrations, dated September 23, 2011;

To ensure sales proceeds are properly applied to reduce RBC's advances in respect of each vehicle including interest and costs, RBC is implementing a controlled disbursement process.

Process & Control Measures

1. PPSA Registration Confirmation

- RBC have registered under the Personal Property Security Act (PPSA) against each vehicle (127 No.s) currently financed under the floorplan per attached Appendix "A".
- A consolidated PPSA listing is attached per Appendix "B".

2. Sales Approval Required Before Title Transfer

- No vehicle subject to the PPSA registration may be sold without advance notice and approval from Zeifman's office and ensuring sufficient cleared funds to obtain a discharge of the applicable PPSA registration on the vehicle.
- The debtor must submit sale details (VIN, buyer name, sale price, and intended sale date) **at least 48 Hours in advance** of closing of the transaction.

3. Redemption Amount & Payoff Direction

- Upon receipt of details of the sale particulars, our office will calculate and communicate the exact amount required to be disbursed to RBC, in order to discharge the PPSA registration for that vehicle.
- This amount will reflect the gross proceeds of the vehicle exclusive of taxes until all amounts owed to the bank are indefeasibly repaid in full. .

4. Proceeds Handling and Title Release

- No title will be transferred by the Debtor unless and until the exact calculated discharge amount is paid in full or adequate arrangements satisfactory to RBC and Zeifman are in place.



- Payment must be confirmed via wire or bank draft before PPSA discharge instructions are issued.
- Zeifman's office will provide a payoff letter along with the PPSA discharge and title release once payment is confirmed.

We encourage you to integrate this protocol into your internal sales process and ensure all relevant staff are advised accordingly.

Yours truly,

ZEIFMAN PARTNERS INC.

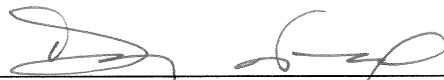
per:

A handwritten signature in black ink, appearing to be "Allan Rutman", written over a horizontal line.

Allan Rutman, Partner, MBA, CPA, CA

63896971.2

This is Exhibit "D" referred to in the Affidavit of Hugh Brennan
sworn before me this 28th day of April, 2025.

A handwritten signature in black ink, appearing to read "Danny Nunes", written over a horizontal line.

Commissioner for Taking Affidavits

DANNY NUNES



Capstone Legal
1370 Hurontario Street
Mississauga, ON L5G 3H4
www.capstonelegal.ca

Danny M. Nunes
dn@capstonelegal.ca
T (416) 414-3311

March 25, 2025

DELIVERED BY EMAIL

The Honourable Madam Justice Shaw
Ontario Superior Court of Justice
7755 Hurontario Street
Brampton, ON L6W 4T1

Dear Your Honour:

**Re: Royal Bank of Canada ("RBC") v. Dixie Chrysler Ltd. ("Dixie Chrysler") (Court
File No. CV-25-00001143-0000)**

We act as counsel for Dixie Chrysler in the above-captioned matter and write to Your Honour regarding a matter of some urgency.

RBC's application for the appointment of Zeifman Partners Inc. ("**Zeifman**") as receiver (the "**Receiver**") over the property of Dixie Chrysler was heard by Your Honour on March 18, 2025. At the return of the application, Dixie Chrysler requested that it be granted a period of 90 days within which to continue pursuing a potential sale transaction of the company's dealership. After hearing submissions from counsel for both parties, Your Honour reserved.

On March 24, 2025, we received correspondence from RBC's counsel (copied hereto) advising that on that same date, RBC had registered its security interest in those vehicles purchased by Dixie Chrysler with RBC financing under the *Personal Property Security Act* (Ontario) (the "**PPSA**"). We were advised that Zeifman would work with Dixie Chrysler to finalize a protocol for the release of the PPSA registrations upon the sale of the aforementioned vehicles in exchange for the gross proceeds of sale.

We subsequently received correspondence from Zeifman (a copy of which is enclosed) advising that RBC was implementing a "controlled disbursement process". Pursuant to this process, among other things: (i) no vehicles subject to RBC's PPSA registrations may be sold without advance notice and approval by Zeifman; (ii) Dixie Chrysler must submit sale details to Zeifman *at least*

48 hours in advance of closing any sale transactions; (iii) Zeifman will communicate the exact amount required to be disbursed to RBC in order for the PSSA registration to be discharged; and (iv) title to the vehicle will not be transferred until the discharge amount is paid in full to the satisfaction of RBC and Zeifman. In closing, Dixie Chrysler is advised to integrate the protocol into its internal sales processes and ensure that all relevant staff are advised accordingly.

Under the existing credit facilities made available to Dixie Chrysler by RBC, upon the sale of a vehicle, Dixie Chrysler has to remit a portion of the sale proceeds to RBC in repayment of its indebtedness and it retains the remainder. RBC's "controlled disbursement process" represents a unilateral change to the existing credit facilities. Contrary to the statement that Zeifman would work with Dixie Chrysler to finalize a protocol, the aforementioned process has been impressed upon the company with no discussion or notice. The result of the process is that Dixie Chrysler will be effectively cut off from its main supply of working capital which is needed in order to fund the company's operations, including payroll, rent and other expenses.

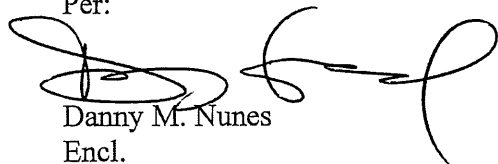
In asking for the 90 day period to pursue a potential sale transaction of the company's dealership, Dixie Chrysler advised the Court that it was prepared to abide by the terms of the existing credit facilities, including the requirements to remit funds to RBC upon the sale of RBC-financed vehicles. That remains the company's position.

If RBC's "controlled disbursement process" is implemented, it will effectively bring Dixie Chrysler's operations to a halt and the company will no longer have the cash flow needed to fund its operations. Before Your Honour will have had an opportunity to render a decision, for all intents and purposes, the decision will have been pre-determined since Your Honour's decision on the request for the Receiver's appointment versus the request for the 90 day period will be rendered moot. There will be no business to operate during the 90 day period.

We are bringing this matter to Your Honour's attention as it has clear implications for Your Honour's decision as to whether the Receiver will be appointed or an extension period granted. In light of this development, we request that a case conference before Your Honour be scheduled urgently to speak to this matter.

Sincerely,
CAPSTONE LEGAL

Per:



Danny M. Nunes
Encl.

cc: Sanjeev Mitra/Shawn Parsons, Counsel for Royal Bank of Canada (via email)



March 24, 2025

Attn: Hugh Brennan

Dixie Chrysler Ltd.
8050 Dixie Road,
Brampton, ON, L6T 4W6

Ideas
with
impact

Dear Sir/Madam:

Re: Notice Regarding Sale Protocol and Title Release for Floor planned Vehicles under PPSA Registration

Zeifman Partners Inc. ("Zeifman") in our capacity as consultant as set out in Engagement Letter dated January 20, 2025, provide the following protocol in respect of vehicle sales of RBC Floor Planned automotive vehicles.

As you are aware, RBC has registered specific PPSA registrations against floor planned vehicles. The purpose of this letter is to confirm our understanding of the terms of sales protocol and Title Release process for PPSA Discharge of Vehicles under PPSA Registration being sold by Dixie Chrysler Ltd. ("**Debtor**") in respect to the vehicles encumbered in regards to the indebtedness to Royal Bank of Canada ("**RBC**") pursuant to Credit Agreements under Floor Plan Financing dated November 26, 2016 and as amended by, without limitation, credit agreements dated July 23, 2014, August 13, 2015, August 27, 2015, September 6, 2017, October 10, 2015, June 28, 2019, July 14, 2020, December 8, 2022 and April 22, 2023 (collectively, as same may have been further amended, extended, replaced, restated or supplemented from time to time, the "**Credit Agreement**").

As security for the Debtor's obligations to RBC, the Debtor provided security in favour of RBC (collectively, the "**Security**"), including, without limitation,

1. a General Security Agreement dated January 24, 2014, executed by the Debtor to RBC (the "**GSA**");
2. security pursuant to section 427 of the Bank Act dated February 15, 2014, as executed by the Debtor to RBC;
3. a Security Agreement (Inventory) dated January 24, 2014, as executed by the Debtor to RBC;

Zeifman Partners Inc.
201 Bridgeport Avenue
Toronto, ON M6H 1Y7

Zeifman Partners Inc.
201 Bridgeport Avenue
Toronto, ON M6H 1Y7

A member of
Nexia
International



4. a Security Agreement (Leased Unit) dated January 24, 2014, as executed by the Debtor to RBC; and
5. a Master Lease Agreement granted by the Debtor to Ally Credit Canada Limited, a precursor entity from which RBC was assigned certain security and security registrations, dated September 23, 2011;

To ensure sales proceeds are properly applied to reduce RBC's advances in respect of each vehicle including interest and costs, RBC is implementing a controlled disbursement process.

Process & Control Measures

1. PPSA Registration Confirmation

- o RBC have registered under the Personal Property Security Act (PPSA) against each vehicle (127 No.s) currently financed under the floorplan per attached Appendix "A".
- o A consolidated PPSA listing is attached per Appendix "B".

2. Sales Approval Required Before Title Transfer

- o No vehicle subject to the PPSA registration may be sold without advance notice and approval from Zeifman's office and ensuring sufficient cleared funds to obtain a discharge of the applicable PPSA registration on the vehicle.
- o The debtor must submit sale details (VIN, buyer name, sale price, and intended sale date) **at least 48 Hours in advance** of closing of the transaction.

3. Redemption Amount & Payoff Direction

- o Upon receipt of details of the sale particulars, our office will calculate and communicate the exact amount required to be disbursed to RBC, in order to discharge the PPSA registration for that vehicle.
- o This amount will reflect the gross proceeds of the vehicle exclusive of taxes until all amounts owed to the bank are indefeasibly repaid in full. .

4. Proceeds Handling and Title Release

- o No title will be transferred by the Debtor unless and until the exact calculated discharge amount is paid in full or adequate arrangements satisfactory to RBC and Zeifman are in place.

Zeifmans

- o Payment must be confirmed via wire or bank draft before PPSA discharge instructions are issued.
- o Zeifman's office will provide a payoff letter along with the PPSA discharge and title release once payment is confirmed.

We encourage you to integrate this protocol into your internal sales process and ensure all relevant staff are advised accordingly.

Yours truly,

ZEIFMAN PARTNERS INC.


per:

A handwritten signature in black ink, appearing to be 'AR', is written over a horizontal line.

Allan Rutman, Partner, MBA, CPA, CA

63896971.2

This is Exhibit "E" referred to in the Affidavit of Hugh Brennan
sworn before me this 28th day of April, 2025.



Commissioner for Taking Affidavits
DANNY NUNES

SUPERIOR COURT OF JUSTICE – ONTARIO

7755 Hurontario Street, Brampton ON L6W 4T6

RE: ROYAL BANK OF CANADA, **Applicant**

AND:

DIXIE CHRYSLER LTD., **Respondent**

BEFORE: Justice L. Shaw

COUNSEL: MITRA, SANJ, for the **Applicant**
Email: smitra@airdberlis.com

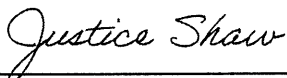
PARSONS, SHAUN, Co- Counsel for the **Applicant**
Email: sparsons@airdberlis.com

NUNES, DANNY, for the **Respondent**
Email: dn@capstonelegal.ca

HEARD: March 26, 2025, by video conference

1. At the request of counsel for the respondent, a case conference was held today. The respondent is seeking injunctive relief to prevent the applicant from taking certain steps regarding the sale of vehicles and a “controlled disbursement process” regarding the proceeds of sale. The injunction is being sought pending the release of my decision regarding the appointment of a receiver that I heard on March 18, 2025. I have not yet rendered my decision.
2. While I hope to release a decision in the near future, the respondent is concerned that if an injunction is not granted pending that release, the respondent may be required to cease operations which may render my decision moot.

3. I am not prepared to grant an injunction on the basis of a letter from counsel. A full evidentiary record is needed. A case conference is not the forum in which such orders are made.
4. Mr. Nunes is to contact the trial coordinator at scjtrialofficebrampton@ontario.ca to request a date for an injunction. In that letter, he should address the relief being sought, when material will be filed and the anticipated length of the motion.
5. The trial office will then respond to set a date.
6. I confirm that I offered the assistance of a conference with another judge for tomorrow but Mr. Mitra did not think his client was in a position to canvass any sort of interim resolution of any kind, which is unfortunate.



L. Shaw J.

ROYAL BANK OF CANADA	and Applicant	DIXIE CHRYSLER LTD.	Respondent
		ONTARIO SUPERIOR COURT OF JUSTICE PROCEEDINGS COMMENCED AT BRAMPTON	
		SUPPLEMENTAL RESPONDING AFFIDAVIT OF HUGH BRENNAN (sworn April 28, 2025)	
		CAPSTONE LEGAL 1370 Hurontario Street Mississauga, ON L5G 3H4 Danny M. Nunes (LSO No. 53802D) Tel.: (416) 414-3311 Email: dn@capstonelegal.ca Lawyers for Dixie Chrysler Ltd.	