



OFFER TO PURCHASE FOR CASH

FOR ALL OF THE OUTSTANDING

5.625% SENIOR NOTES DUE MAY 25, 2021

**THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL
5:00 P.M. (EASTERN TIME) ON FEBRUARY 10, 2020
UNLESS EXTENDED BY AUTOCANADA**

**HOLDERS REQUIRING FURTHER ASSISTANCE MAY CONTACT AUTOCANADA'S
INFORMATION AGENT:**

LAUREL HILL ADVISORY GROUP

TOLL-FREE IN NORTH AMERICA: 1-877-452-7184

OUTSIDE NORTH AMERICA: 1-416-304-0211

E-MAIL: ASSISTANCE@LAURELHILL.COM.

OFFER TO PURCHASE

AUTOCANADA INC.

Offer to Purchase for Cash AutoCanada Inc.'s Outstanding 5.625% Senior Notes due May 25, 2021 (CUSIP No. 05277BAA8)

AutoCanada Inc. (“**AutoCanada**”) hereby offers to purchase for cash any and all of AutoCanada’s outstanding 5.625% Senior Notes due May 25, 2021 (the “**Notes**”) from each holder thereof (a “**Holder**”), upon the terms and subject to the conditions set forth in this offer to purchase (the “**Offer to Purchase**”) and in the accompanying Letter of Transmittal (the “**Letter of Transmittal**”). The offer to purchase the Notes on the terms and subject to the conditions set forth herein and in the Letter of Transmittal is referred to herein as the “**Offer**”. The Offer to Purchase and the Letter of Transmittal are referred to herein collectively as the “**Offer Documents**”.

Offer to Purchase

The Notes were issued on May 22, 2014 in an aggregate principal amount of \$150 million, all of which remain outstanding as of the date of the Offer to Purchase. AutoCanada is offering to purchase for cash any and all of the outstanding Notes from each holder thereof. **Holders tendering Notes pursuant to the Offer may not withdraw their Notes.** See the sections entitled “*Procedures for Tendering Notes*” and “*Irrevocability of Tenders*” herein.

Holders who validly tender their Notes **on or prior to the Expiration Time** (as defined herein) will receive, for such Notes, an amount in cash equal to \$1,016.50, plus accrued and unpaid interest from the last interest payment date to, but not including, the Payment Date (as defined herein), per \$1,000.00 principal amount of the Notes validly tendered and accepted by AutoCanada (the “**Offer Consideration**”).

All of the outstanding Notes are held in book-entry form through the facilities of CDS Clearing and Depository Services Inc. (“**CDS**”). Accordingly, Non-Registered Holders (as defined herein) may, through their respective Intermediaries (as defined herein), utilize CDS’ on-line tendering system (referred to herein as “**CDSX**”) to accept the Offer. Non-Registered Holders who utilize CDSX to accept the Offer by book-entry transfer of their holdings into the Depository’s (as defined herein) account with CDS will be deemed to have completed, executed and delivered a Letter of Transmittal and to have agreed to be bound by all of the terms and conditions of the Offer set forth in the Offer Documents. **Non-Registered Holders should promptly contact their Intermediary with whom they deal in respect of the Notes (such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) and obtain and follow the instructions of their respective Intermediary with respect to the applicable tender procedures and deadlines, which may be earlier than the deadlines that are set out in the Offer to Purchase.**

Payment of the Offer Consideration will be made on the Payment Date (as defined herein) to the Depository and is expected to occur on the next business day following completion of the Financing (as defined herein).

The Offer is subject to the satisfaction of the Conditions (as defined herein). For more information regarding the Conditions, see the section entitled “*Conditions to Consummation of the Offer*” herein.

THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL 5:00 P.M. (EASTERN TIME) ON FEBRUARY 10, 2020, UNLESS EXTENDED BY AUTOCANADA (SUCH TIME AND DATE AS THE SAME MAY BE EXTENDED, THE “**EXPIRATION TIME**”).

The Offer to Purchase contains important information that should be read before a decision is made with respect to the Offer. NONE OF AUTOCANADA, ITS BOARD OF DIRECTORS, THE DEALER MANAGER, THE INFORMATION AGENT, THE TRUSTEE OR THE DEPOSITARY (EACH AS DEFINED HEREIN) MAKES ANY RECOMMENDATION IN CONNECTION WITH THE OFFER. HOLDERS MUST MAKE THEIR OWN DECISION WITH REGARD TO TENDERING THEIR NOTES.

The following table summarizes the material pricing terms of the Offer:

Security Description	Outstanding Aggregate Principal Amount	Offer Consideration ⁽¹⁾
5.625% Senior Notes due 2021	\$150,000,000	\$1,016.50

- (1) Per \$1,000 principal amount of Notes validly tendered and accepted, excluding accrued but unpaid interest thereon. Holders will also receive accrued and unpaid interest up to, but not including, the Payment Date.

The Dealer Manager (the “**Dealer Manager**”) for the Offer is:

Scotia Capital Inc.

The “**Depository**” for the Offer is:

Computershare Trust Company of Canada, in its capacity as depository for the Offer

By Hand or by Courier

100 University Avenue, 8th Floor, North Tower
Toronto, ON M5J 2Y1

By Mail

P.O. Box 7021
31 Adelaide St E
Toronto, ON M5C 3H2
Attention: Corporate Actions

Toll Free: 1-800-564-6253 (Canada and U.S.)
Telephone: 1-514-982-7555 (outside North America)
Email: corporateactions@computershare.com

The “**Information Agent**” for the Offer is:

Laurel Hill Advisory Group
North America Toll Free: 1-877-452-7184
Outside North America: 1-416-304-0211
Email: assistance@laurelhill.com

January 28, 2020

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IMPORTANT INFORMATION

Holders should take note of the following dates in connection with the Offer:

Date	Calendar Date	Event
Commencement Date	January 28, 2020.	Commencement of the Offer subject to the applicable terms and conditions set forth herein.
Expiration Time	5:00 p.m. (Eastern Time) on February 10, 2020, unless extended or earlier terminated by AutoCanada in its sole and absolute discretion.	The last day and time for Holders to tender Notes pursuant to the Offer.
Acceptance Date	Subject to the satisfaction or waiver of the conditions to the Offer, a date promptly following the satisfaction of the Financing Condition.	Subject to the terms and conditions of the Offer, when AutoCanada accepts for purchase the Notes validly tendered.
Payment Date	A date on which AutoCanada makes the payment to the Depositary for all Notes accepted for purchase on the Acceptance Date, which is expected to occur on the next business day following completion of the Financing.	Payment of the Offer Consideration for all Notes validly tendered pursuant to the Offer and accepted by AutoCanada.
Outside Time	5:00 p.m. (Eastern Time) on June 10, 2020 (the “ Outside Time ”).	If the Financing has not been completed by the Outside Time, AutoCanada shall return the Notes to tendering Holders.

NOTES TENDERED ON OR PRIOR TO THE EXPIRATION TIME MAY NOT BE WITHDRAWN AT ANY TIME.

IF THE OFFER IS CONSUMMATED, HOLDERS WHO VALIDLY TENDER THEIR NOTES ON OR PRIOR TO THE EXPIRATION TIME WILL RECEIVE THE OFFER CONSIDERATION.

You are a beneficial owner of Notes (a “**Non-Registered Holder**”) if your Notes are registered either:

- (1) in the name of an intermediary (an “**Intermediary**”) with whom you deal in respect of the Notes, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (2) in the name of a clearing agency (such as CDS) of which the Intermediary is a direct or indirect participant.

All of the outstanding Notes are held in book-entry form through the facilities of CDS. Accordingly, Non-Registered Holders may, through their respective CDS participants, utilize CDSX to accept the Offer. Non-Registered Holders who utilize CDSX to accept the Offer by book-entry transfer of their holdings into the Depositary’s account with CDS will be deemed to have completed, executed and delivered a Letter of Transmittal and to have agreed to be bound by all of the terms and conditions of the Offer set forth in the Offer Documents.

Only Holders who tender their Notes on or prior to the Expiration Time will be eligible to receive the Offer Consideration. All other Holders will not be eligible to receive the Offer Consideration.

Subject to the terms and conditions of the Offer being satisfied or waived, AutoCanada will, promptly after the satisfaction of the Conditions, accept for purchase all Notes validly tendered on or before the Expiration Time (the “**Acceptance Date**”). AutoCanada will cause to be paid the Offer Consideration for Notes accepted for purchase at the Acceptance Date. The date of any such payment is referred to as the “**Payment Date**.” Also, on the Payment Date, AutoCanada will cause to be paid accrued and unpaid interest, if any, from the last interest payment date to, but not including, the Payment Date, on the Notes accepted for purchase at the Acceptance Date. The Payment Date is expected to occur on the next business day following completion of the Financing.

All Notes accepted for payment pursuant to the Offer will cease to accrue interest on the Payment Date unless AutoCanada defaults on the payment of amounts payable pursuant to the Offer. All Notes not tendered and accepted for payment shall continue to accrue interest.

AutoCanada will pay for the Notes that it has accepted for purchase on the Payment Date by depositing the aggregate Offer Consideration in immediately available funds with the Depository for transmittal to tendering Holders through CDS in accordance with CDS’ procedures.

AutoCanada’s acceptance for purchase, and obligation to pay for, any Notes validly tendered pursuant to the Offer is subject to the satisfaction of, and conditioned upon, the Conditions, each of which are defined and described in more detail herein. See the section entitled “*Conditions to Consummation of the Offer*” herein.

All references to \$ herein mean Canadian dollars unless otherwise provided.

AUTOCANADA INC.

AutoCanada Inc., a corporation incorporated under the laws of Canada, is a leading North American multi-location automobile dealership group, currently operating 50 dealerships across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia and 13 dealerships in the U.S. state of Illinois.

The common shares of AutoCanada are listed on the Toronto Stock Exchange, trading under the symbol “ACQ”. Information regarding AutoCanada’s business and operations is available electronically under AutoCanada’s profile on SEDAR at www.sedar.com.

FINANCIAL INFORMATION

The audited consolidated financial statements of AutoCanada and the notes thereto for the years ended December 31, 2018 and 2017 (the “**Annual Financial Statements**”) and the unaudited condensed interim consolidated financial statements of AutoCanada and the notes thereto for the three and nine months ended September 30, 2019 and 2018 (together with the Annual Financial Statements, the “**Financial Statements**”) are available electronically under AutoCanada’s profile on SEDAR at www.sedar.com.

NOTICE TO HOLDERS

You should rely only upon the information contained in the Offer Documents. None of AutoCanada, the Dealer Manager, the Information Agent, the Depositary or the Trustee has authorized any other person to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it.

The Offer to Purchase is based on information provided by AutoCanada and other sources AutoCanada believes are reliable. AutoCanada has summarized certain documents and other information in a manner believed to be accurate, but it refers you to the actual documents for a more complete understanding of what is discussed in the Offer to Purchase. In making a decision as to whether or not to participate in the Offer, you must rely on your own examination of AutoCanada’s business and the terms of the Offer as well as the indenture dated May 22, 2014 among AutoCanada, certain guarantor subsidiaries and Computershare Trust Company of Canada (the “**Trustee**”), as successor trustee to Valiant Trust Company, relating to the Notes (the “**Indenture**”) and the Notes, including the merits and risks involved.

You should contact the Dealer Manager, the Information Agent or the Depositary with any questions about the Offer. The contact information for the Dealer Manager, the Information Agent and the Depositary appears on the back cover page of the Offer to Purchase. You may also consult your Intermediary for assistance.

Subject to the terms of the Offer set forth in the Offer Documents, AutoCanada reserves the right, in its sole and absolute discretion, at any time to (i) terminate the Offer, (ii) waive, in whole or in part, any and all of the Conditions, (iii) extend the Offer, or (iv) amend the Offer in any respect. If AutoCanada terminates, extends or amends the Offer, it will give Holders of the Notes notice of such termination, extension or amendment by issuing a press release and by posting such press release under AutoCanada’s profile on SEDAR at www.sedar.com and on AutoCanada’s website at www.autocan.ca. In the event that the Offer is terminated, withdrawn or otherwise not completed, (i) the Offer Consideration will not be paid or be payable to Holders of the Notes who have validly tendered their Notes pursuant to such Offer; (ii) all Notes tendered pursuant to the Offer will be promptly returned to the tendering Holders via a credit to the appropriate account at CDS; and (iii) the Indenture and the Notes will remain in effect in their current form.

The Offer to Purchase and the related documents do not constitute offers to purchase Notes in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities laws. With the exception of information incorporated by reference herein after the date hereof, neither the delivery of the Offer to Purchase nor any purchase of Notes hereunder shall under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change

in the information set forth herein or in any attachments hereto or in the affairs of AutoCanada or any of its subsidiaries or affiliates since the date hereof.

THE OFFER TO PURCHASE HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY OF ANY PROVINCE OR TERRITORY OF CANADA OR ANY OTHER SECURITIES REGULATORY AUTHORITY NOR HAS THE SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY OF ANY PROVINCE OR TERRITORY OF CANADA OR ANY OTHER SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE OFFER NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THE OFFER TO PURCHASE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO HOLDERS IN THE UNITED STATES

AutoCanada is a foreign private issuer and permitted to prepare the Offer to Purchase and related documents in accordance with Canadian disclosure requirements, which are different from those in the United States. Holders in the United States should be aware that the financial statements and financial information of AutoCanada are prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from U.S. generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable in all respects to financial statements and information of U.S. companies.

Holders should be aware that, during the period of the Offer described in the Offer to Purchase, AutoCanada or its affiliates, directly or indirectly, may bid for or make purchases of the securities described herein, as permitted by applicable laws or regulations of Canada or its provinces or territories.

The Offer to Purchase described herein is being made for the securities of a Canadian company that does not have securities registered under Section 12 of the U.S. Securities Exchange Act of 1934, as amended.

The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS OR WILL HAVE APPROVED OR DISAPPROVED OF THE SECURITIES DESCRIBED IN THE OFFER TO PURCHASE, OR HAS OR WILL HAVE DETERMINED IF THE OFFER TO PURCHASE OR ANY RELATED DOCUMENTS ARE TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Holders should be aware that the Offer may have tax consequences both in Canada and the United States. The tax consequence in the United States or other jurisdictions outside of Canada for holders who are resident in, or citizens of, the United States are not described in this document and such holders should seek their own tax advice.

FORWARD-LOOKING INFORMATION

The Offer to Purchase contains certain forward-looking information that is based upon AutoCanada’s current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as “plan”, “expect”, “project”, “intend”, “believe”, “seek”, “anticipate”, “continue”, “estimate”, “may”, “will”, “potential”, “proposed”, “predict” and other similar words, or statements that certain events or conditions “may” or “will” occur, are intended to identify forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that may cause actual results or events to differ materially from those anticipated in the forward-looking information, including risks that AutoCanada will not satisfy each of the conditions to the Offer, including completion of the Financing. Such forward-looking information in the Offer to Purchase speaks only as of the date of the Offer to Purchase.

Forward-looking information in the Offer to Purchase includes, but is not limited to, statements with respect to the Offer and matters related thereto, including the expected timing of completion of the Financing. Although AutoCanada believes that the expectations reflected by the forward-looking statements presented in the Offer to Purchase are reasonable, the forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Because actual results or outcomes could differ materially from those expressed in any forward-looking information, readers should not place undue reliance on such forward-looking information. Except as may be required by law, AutoCanada assumes no obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise.

PART I – THE OFFER

OFFER SUMMARY

The following summary highlights selected information as it pertains to the Offer and may not contain all of the information that is important to you. For a more complete understanding of the Offer, you should read this entire document and any other documents to which you are referred. Capitalized terms have the meanings assigned to them elsewhere in the Offer to Purchase.

The Issuer	AutoCanada Inc.
The Notes	5.625% Senior Notes due May 25, 2021.
Purpose of the Offer	AutoCanada is making the Offer to acquire all of the outstanding Notes.
The Offer	Upon the terms and subject to the Conditions set forth in the Offer Documents, AutoCanada is offering to purchase for cash all of the outstanding Notes.
The Financing Condition	The Offer will be conditional on the Financing having been consummated and the New Credit Facility (as defined herein) having become effective on or prior to the Outside Time.
Offer Consideration	\$1,016.50 for each \$1,000.00 principal amount of Notes validly tendered on or prior to the Expiration Time and accepted for payment pursuant to the Offer.
Interest	Holders who validly tender their Notes will also receive accrued and unpaid interest up to, but not including, the Payment Date.
Expiration Time	The Offer will be open for acceptance until 5:00 p.m. (Eastern Time) on February 10, 2020, unless extended or earlier terminated by AutoCanada in its sole and absolute discretion.
Acceptance Date	The Acceptance Date will be the date on which the Conditions are satisfied.
Payment Date	The Payment Date is expected to occur on the next business day following completion of the Financing.
Conditions to the Offer	The Offer is conditioned upon satisfaction of the Conditions, which AutoCanada may waive in its sole and absolute discretion.
Effect of the Offer	Any Notes not validly tendered prior to the Expiration Time and purchased pursuant to the Offer will remain outstanding. As a result of the consummation of the Offer, the aggregate principal amount of the Notes that remain outstanding is expected to be significantly reduced, which may adversely affect the liquidity of the Notes that remain outstanding after consummation of the Offer.
Source of Funds	AutoCanada intends to purchase the Notes pursuant to the Offer and pay related transaction fees and expenses with the net proceeds of the Financing, together with funds available pursuant to the New Credit Facility. For more information, see the section entitled “ <i>Purpose of the Offer</i> ” and “ <i>Source of Funds</i> ” herein.

How to Tender Notes	If you wish to accept the Offer, you must comply with the procedures for tendering Notes described under the section entitled “ <i>Procedures for Tendering Notes</i> ” herein. For further information, contact the Depositary or the Information Agent at the addresses, e-mails or telephone numbers set forth on the back cover page of the Offer to Purchase or consult your Intermediary for assistance.
Irrevocability of Tenders	<p>Once Notes are delivered to the Depositary, the tender of such Notes shall be irrevocable, subject to a material change in accordance with the terms hereof.</p> <p>Holders, by validly tendering their Notes on or prior to the Expiration Time, thereby agree that the Notes tendered may not be withdrawn at any time.</p> <p>See the section entitled “<i>Irrevocability of Tenders</i>” herein.</p>
Certain Income Tax Considerations	For a discussion of certain Canadian federal income tax considerations applicable to Holders in respect of the Offer, see the section entitled “ <i>Certain Canadian Federal Income Tax Considerations</i> ”. Holders are advised to consult their own tax advisors regarding the tax consequences related to the Offer.
Certain Significant Considerations	See the section entitled “ <i>Certain Significant Considerations</i> ” herein for a discussion of certain additional factors that you should consider in evaluating the Offer.
The Financing	On January 28, 2020, AutoCanada announced a private offering of \$125 million aggregate principal amount of 5-year senior unsecured notes. In addition, AutoCanada announced that, concurrent with the closing of the offering of senior unsecured notes, it plans to amend its existing credit facility and enter into the New Credit Facility. AutoCanada plans to use the net proceeds of the offering of senior unsecured notes, together with additional borrowings under the New Credit Facility, to fund the consideration payable pursuant to the Offer.
Brokerage Commissions	No brokerage fees or commissions are payable by tendering Holders to AutoCanada, the Information Agent or the Depositary. Holders who tender their Notes through a custodian bank, the Depositary or an Intermediary should consult such institution as to whether it charges any service fees.
Dealer Manager	Scotia Capital Inc.
Depositary	Computershare Trust Company of Canada, in its capacity as depositary for the Offer.
Information Agent	Laurel Hill Advisory Group.
Trustee	Computershare Trust Company of Canada, in its capacity as trustee under the Indenture.

PURPOSE OF THE OFFER

The purpose of the Offer is to acquire all of the outstanding Notes.

On January 28, 2020, AutoCanada announced a private offering of \$125 million aggregate principal amount of 5-year senior unsecured notes (the “**Financing**”). In addition, AutoCanada announced that, concurrent with the closing of the Financing, it plans to amend its existing \$930 million credit facility to extend the term and to provide for a \$175 million revolving credit facility, a \$750 million wholesale flooring facility and a \$25 million wholesale leasing facility, for total facilities of \$950 million (the “**New Credit Facility**”).

AutoCanada plans to use the net proceeds of the Financing, together with additional borrowings under the New Credit Facility, to fund the purchase of the Notes pursuant to the Offer.

Following the consummation of the Offer, AutoCanada intends to deliver a Notice of Redemption to any remaining holders of the outstanding Notes, which shall provide for the redemption by AutoCanada of any and all outstanding aggregate principal amount of Notes, to the extent AutoCanada has not purchased such amount of Notes in the Offer.

None of AutoCanada, the Dealer Manager, the Information Agent, the Depositary or the Trustee is making any recommendation to Holders as to whether to tender or refrain from tendering all or any portion of their Notes. You must decide whether to tender all or any portion of your Notes.

THE OFFER

You should carefully consider the risks and uncertainties described below and other information included in the Offer to Purchase before you decide to tender your Notes in the Offer.

The Offer

AutoCanada hereby offers, upon the terms and subject to the Conditions set forth in the Offer Documents (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), to purchase for cash all of the outstanding Notes that are validly tendered to the Depositary on or prior to the Expiration Time, for the consideration described below.

If the Notes are accepted for payment pursuant to the Offer, Holders who validly tender their Notes on or prior to the Expiration Time will receive, for such Notes, consideration equal to the Offer Consideration.

Holders that validly tender their Notes on or prior to the Expiration Time will receive the accrued and unpaid interest up to, but not including, the Payment Date. AutoCanada will calculate the accrued and unpaid interest and its calculations will be final and binding, absent manifest error.

For the avoidance of doubt, the Offer Consideration will be paid only if AutoCanada elects to accept for purchase the Notes on the other terms and conditions set forth herein.

Notes tendered on or prior to the Expiration Time pursuant to the Offer may not be withdrawn at any time. If tendered Notes are not purchased pursuant to the Offer for any reason, they will be returned, without expense, to the tendering Holder by crediting the account maintained at CDS from which such Notes were delivered, promptly following the Expiration Time or termination of the Offer, as applicable.

You will not be required to pay brokerage commissions or fees to AutoCanada, the Information Agent or the Depositary or transfer taxes with respect to the Offer. Holders who tender their Notes through a custodian bank, the Depositary, or an Intermediary should consult such institution as to whether it charges any service fees.

If the Conditions to the Offer are satisfied or waived by AutoCanada (in its sole and absolute discretion) and the Notes are accepted for purchase by AutoCanada pursuant to the Offer, payment for the Notes will be made on the

Payment Date. Holders who validly tender their Notes prior to the Expiration Time will receive the Offer Consideration and may not withdraw their Notes.

Expiration Time; Extensions; Termination

The Offer will be open for acceptance until 5:00 p.m. (Eastern Time) on February 10, 2020, unless AutoCanada extends the Expiration Time in its sole and absolute discretion. In the event that AutoCanada extends the Offer, the term “Expiration Time” with respect to such extended Offer shall mean the time and date on which the Offer, as so extended, shall cease to be open for acceptance.

Notwithstanding any other provisions of the Offer, to the extent AutoCanada is legally permitted to do so, AutoCanada expressly reserves the right, at any time or from time to time, regardless of whether or not any of the events set forth in “*Conditions to Consummation of the Offer*” shall have occurred, to (i) terminate the Offer and not accept for payment or purchase the tendered Notes, (ii) waive, in whole or in part, any and all of the Conditions to the Offer, (iii) extend the Offer, or (iv) amend any of the terms of the Offer, in each case by giving written notice thereof to the Depositary and the Trustee. Any extension, amendment or termination of the Offer will be followed as promptly as practicable by a press release, which will, in the case of an extension, be issued no later than 9:00 a.m. (Eastern Time) on the next business day after the previously scheduled Expiration Time and which will be posted under AutoCanada’s profile on SEDAR at www.sedar.com and on AutoCanada’s website at www.autocan.ca. AutoCanada will have no obligation to publish, advertise or otherwise communicate any such event in connection with the Offer other than by issuing a press release.

During any extension of the Offer, all Notes previously tendered and not accepted for purchase, will remain subject to the Offer and may, subject to the terms and conditions of the Offer, be accepted for purchase by AutoCanada; provided that Notes validly tendered on or prior to the Expiration Time may not be withdrawn, and the Holders of such tendered Notes will be deemed to have waived any rights they may have under the Indenture or otherwise to withdraw their Notes. Any amendment or modification of the Offer will apply to all Notes tendered pursuant to the Offer.

If AutoCanada makes a material change to the terms of the Offer or waives a material condition of the Offer, it will give written notice of such amendment or such waiver to the Depositary or the Trustee, as applicable, and will, if necessary, disseminate additional offer documents and extend the Offer, for a period that AutoCanada deems to be adequate, and may permit Holders who have already tendered their Notes to withdraw their Notes.

In the event that the Offer is terminated, withdrawn or otherwise not completed, the Offer Consideration will not be paid or become payable to the Holders of the Notes. All Notes validly tendered and not accepted for payment will be returned to the tendering Holders as promptly as practicable following the Expiration Time or termination of the Offer, as applicable, via a credit to the appropriate account at CDS.

No Appraisal or Similar Rights

Neither the Indenture nor applicable law gives the Holders any appraisal or similar rights to request a court or other person to value their outstanding Notes in connection with the Offer.

SOURCE OF FUNDS

AutoCanada intends to consummate the Offer and pay related transaction fees and expenses with the net proceeds of the Financing, together with funds available pursuant to the New Credit Facility. If the Offer is fully subscribed by Holders of all of the outstanding Notes tendered at or prior to the Expiration Time, the Company will require approximately \$152,475,000 to consummate the Offer, excluding accrued but unpaid interest thereon. Holders will also receive accrued and unpaid interest up to, but not including, the Payment Date.

CONDITIONS TO CONSUMMATION OF THE OFFER

Notwithstanding any other provision of the Offer, AutoCanada's acceptance for purchase, and obligation to pay for, any Notes validly tendered pursuant to the Offer on or prior to the Expiration Time is conditioned upon the following having occurred, been satisfied or having been waived by AutoCanada:

- (a) the Financing having been consummated and the New Credit Facility having become effective on or prior to the Outside Time (the "**Financing Condition**"); and
- (b) the following not having occurred, or if AutoCanada shall have become aware of any of the following or if any of the following exists, AutoCanada shall not have become aware of a material worsening thereof:
 - any statute, rule, regulation, judgment, order, stay, decree, executive order or injunction is promulgated, proposed, entered, enforced, enacted, issued or deemed applicable to the Offer by any governmental authority or court, or regulatory or administrative agency or instrumentality, or any third person, which directly or indirectly (i) would or might prohibit, or make illegal the acceptance for purchase, payment for or purchase of some or all of the outstanding Notes or the consummation of the Offer, (ii) would or might result in a delay in or restrict the ability of AutoCanada or render AutoCanada unable to accept for purchase, pay for or purchase some or all of the outstanding Notes, (iii) would or might impose or confirm material limitations on the scope, validity or effectiveness of the ability of AutoCanada to acquire or hold or to exercise full rights of ownership of the Notes, or (iv) is, or in the sole judgment of AutoCanada is likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of AutoCanada and its subsidiaries or affiliates, taken as a whole;
 - (i) any general suspension of, or limitation on prices for, trading in securities or financial markets in the United States or Canada, or any setting of minimum prices for trading on such markets, (ii) any banking moratorium or suspension of payments declared by regulatory authorities in the United States or Canada, (iii) any major disruption of settlements of securities or clearance services in the United States or Canada, (iv) any attack on, outbreak or escalation of hostilities or act of terrorism involving or directed at the United States or Canada or their representatives, any declaration of war by the U.S. Congress or Parliament of Canada or any other national or international calamity or emergency if, in the sole judgment of AutoCanada, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with the Offer, (v) a material impairment in the trading market for debt securities that could, in the sole judgment of AutoCanada, affect the Offer, (vi) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, on (or other event that, in the reasonable judgment of AutoCanada, might affect) the extension of credit by banks or other lending institutions, or (vii) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
 - any threatened or pending action, proceeding or counterclaim brought before any governmental, regulatory or administrative agency or authority, court, legislative body, commission (i) challenging the purchase by AutoCanada of the Notes, challenging the ability or authority of AutoCanada to make or consummate the Offer or otherwise seeking to restrain or prohibit the consummation of the Offer or otherwise seeking to obtain any damages or other remedies as a result thereof, (ii) otherwise materially adversely affecting AutoCanada's ability to successfully complete the Offer, or (iii) that is, or in the sole judgment of AutoCanada is likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of AutoCanada and its subsidiaries or affiliates, taken as a whole;
 - neither the Trustee nor any third party shall have objected in any respect to, or taken action or failed to take action that could, in the reasonable judgment of AutoCanada, adversely affect the consummation of the Offer or shall have taken any action that challenges the validity or

effectiveness of the procedures used by AutoCanada in the making of the Offer or the acceptance of, or payment for, the Notes;

- any change in U.S., Canadian or international financial, political or economic conditions or currency exchange rates or exchange controls that, in the reasonable judgment of AutoCanada, would be likely to impair materially the contemplated benefits of the Offer; or
- any change in laws or any event or circumstance affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of AutoCanada or its subsidiaries or affiliates that, in the sole judgment of AutoCanada, would or might (i) prohibit, prevent, restrict or delay the consummation of the Offer, (ii) make it impractical or inadvisable to proceed with the Offer, (iii) be materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of AutoCanada and its subsidiaries or affiliates, taken as a whole, or (iv) adversely affect the contemplated benefits of the Offer to AutoCanada

(collectively, the “**Conditions**”).

The Conditions are for the sole benefit of AutoCanada. Except as provided below, AutoCanada has the right to waive, in whole or in part, at any time and from time to time, in its sole and absolute discretion, any of the Conditions with respect to the Notes and to consummate the Offer. No Holder who validly tenders Notes for purchase will have the ability to prevent AutoCanada from waiving a condition or will have the ability to withdraw Notes tendered if AutoCanada waives any of the Conditions. AutoCanada also has the right to determine, in its sole and absolute discretion, whether or not any of the Conditions were satisfied and to terminate, amend or extend the Offer if any Condition was not satisfied. AutoCanada’s decision as to whether or not a Condition was satisfied will be final and binding, and no Holder will have any right to disagree with its conclusions. The failure by AutoCanada at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

CERTAIN SIGNIFICANT CONSIDERATIONS

The following considerations, in addition to the other information described elsewhere in the Offer to Purchase, should be carefully considered by each Holder before deciding whether to participate in the Offer.

Effect of the Offer on the Liquidity of the Notes

Depending on, among other things, the amount of any Notes that remain outstanding after the consummation of the Offer, the liquidity, market value and price volatility of such Notes may be adversely affected by the consummation of the Offer. To the extent that fewer than all of the outstanding Notes are tendered and accepted in the Offer, the trading market for the remaining Notes will likely become more limited. A debt security with a smaller outstanding principal amount available for trading (a smaller “float”) may command a lower price than would a comparable debt security with a greater float. Therefore, market prices for any Notes not tendered by Holders and not purchased by AutoCanada that remain outstanding following the consummation of the Offer may be adversely affected to the extent that the principal amount of Notes purchased pursuant to the Offer reduces the float. The reduced float may also make market prices more volatile. Consequently, the liquidity, market value and price volatility of Notes that remain outstanding following consummation of the Offer may be adversely affected. The Notes are not listed on any national or regional securities exchange or reported on a national quotation system. The extent of the market for the Notes following consummation of the Offer will depend upon, among other things, the remaining outstanding principal amount of Notes after consummation of the Offer, the number of beneficial owners remaining at such time and the interest in maintaining a market in the Notes on the part of securities firms and other factors. Holders of Notes not tendered pursuant to the Offer may attempt to obtain quotations for their Notes from their brokers; however, there can be no assurance that any trading market will exist for the Notes following consummation of the Offer.

Future Redemption, Repurchase or Defeasance of Notes

Following the consummation of the Offer, AutoCanada intends to deliver a Notice of Redemption to any remaining holders of the outstanding Notes, which shall provide for the redemption by AutoCanada of any and all outstanding aggregate principal amount of Notes, to the extent AutoCanada has not purchased such amount of Notes in the Offer.

AutoCanada reserves the right, in its sole and absolute discretion, from time to time after the Expiration Time, to purchase any Notes that are not tendered or accepted pursuant to the Offer through redemptions, open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise in accordance with the Indenture. Pursuant to the terms of the Indenture, AutoCanada may at any time and from time to time redeem all or part of the Notes at the redemption price determined pursuant to the Indenture. In addition, AutoCanada reserves the right to make an election for legal defeasance of the Notes in accordance with the terms set forth in the Indenture. Any such purchase, redemption or defeasance will be upon terms that may or may not differ materially from the terms of the Offer.

There can be no assurance as to the redemption of the Notes or which, if any, of the above alternatives (or combinations thereof) AutoCanada will choose to pursue in the future.

Tax Matters

See the section entitled “*Certain Canadian Federal Income Tax Considerations*” for a discussion of certain Canadian federal income tax consequences of the Offer. Holders are advised to consult their own tax advisors regarding the tax consequences related to the Offer.

PROCEDURES FOR TENDERING NOTES

How to Tender Notes

The tender of Notes pursuant to the Offer and in accordance with the procedures described below will constitute a tender of the Notes by such Holder with respect to such Notes. Holders who tender their Notes on or before the Expiration Time will receive the Offer Consideration and accrued and unpaid interest on their Notes up to, but not including, the Payment Date.

All of the Notes were issued in book-entry form, and all of the Notes are currently represented by one or more global certificates held for the account of CDS. Notes must be tendered by the following procedures for book-entry transfer established by CDS. The Depository will establish an account with respect to the Notes with CDS for purposes of the Offer within two business days after the date of the Offer to Purchase. Using CDS procedures, Holders may, through their respective CDS participants, utilize CDSX to tender Notes and cause CDS to make a book-entry transfer of a Holder’s Notes into the Depository’s account in accordance with CDS procedures for such transfer. Timely book-entry delivery of Notes pursuant to the Offer requires receipt by the Depository at its office set forth on the back cover of the Offer to Purchase of a book-entry confirmation of the transfer of the Notes into the Depository’s CDS account for the Offer on or prior to the Expiration Time.

Holders who, through their respective CDS participants, utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depository’s account with CDS shall be deemed to have completed, executed and delivered a Letter of Transmittal (which includes a waiver by such Holders of any right they may have under the Indenture or otherwise to withdraw their tender from and after the Expiration Time) and to agree to be bound by the terms and subject to the Conditions set forth in the Offer Documents and, therefore, such actions are considered a valid tender under the Offer.

Payment for the Notes will be made only against deposit of the tendered Notes with the Depository in CDS. Receipt of payment by the Depository will be deemed to constitute receipt of payment by Holders depositing Notes. Under no circumstances will interest be paid by AutoCanada or the Depository by reason of any delay by the Depository, CDS or any other person in making payment to any person.

Determination of Validity. AutoCanada will not be required to pay for Notes tendered pursuant to the Offer unless those Notes are validly tendered through CDSX. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Notes pursuant to the procedures described above will be determined by AutoCanada, in AutoCanada's sole and absolute discretion (which determination shall be final and binding). AutoCanada expressly reserves the absolute right in its sole and absolute discretion, subject to applicable law, to reject any or all tenders of any Notes determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Notes may, in the opinion of AutoCanada's counsel, be unlawful. AutoCanada also reserves the absolute right, in its sole and absolute discretion, to waive or amend any of the Conditions of the Offer or any defect or irregularity in any tender with respect to the tender of Notes of any particular Holder, whether or not similar defects or irregularities are waived in the case of other Holders. AutoCanada's interpretation of the terms and conditions of the Offer shall be final and binding. No tender of Notes will be deemed to have been validly made until all defects or irregularities have been cured or expressly waived. None of AutoCanada, CDS, the Depositary, the Trustee, the Dealer Manager, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. If AutoCanada determines you have not validly tendered your Notes and it determines not to waive such defective tender, your Notes will be promptly returned to you following the Offer via a credit to the appropriate CDS account. If AutoCanada waives its right to reject a defective tender of Notes, the Holder will be entitled to the Offer Consideration.

No Guaranteed Delivery. There are no guaranteed delivery procedures provided for by AutoCanada in conjunction with the Offer under the terms of the Offer Documents. Holders must timely tender their Notes in accordance with the book-entry delivery procedures set forth herein.

Tendering Holders will be deemed to have agreed to be bound by all of the terms and conditions of the Offer Documents.

In order to participate in the Offer, you must validly tender your Notes to the Depositary using the procedures for book-entry transfer established by CDS as described above. It is your responsibility to validly tender your Notes. AutoCanada has the right to waive any defects in the tender of the Notes. However, AutoCanada is not required to waive defects and is not required to notify you of defects in your tender.

If you have any questions or need help in tendering your Notes, please contact the Depositary or the Information Agent, whose respective addresses, e-mails and telephone numbers are listed on the back cover page of the Offer to Purchase. You may also consult your Intermediary for assistance.

Power of Attorney. The tender of the Notes irrevocably constitutes, appoints and authorizes any director or officer of AutoCanada, and any other person designated by AutoCanada in writing, as the true and lawful agents, attorneys and attorneys-in-fact of the Holders with respect to the Notes tendered pursuant to the Offer.

IRREVOCABILITY OF TENDERS

Notes tendered on or prior to the Expiration Time may not be withdrawn at any time. **Once Notes are delivered to the Depositary, the delivery of such Notes shall be irrevocable, subject to a material change in accordance with the terms hereof.**

ACCEPTANCE OF OUTSTANDING NOTES FOR PURCHASE AND PAYMENT FOR NOTES

If the Conditions to the Offer are satisfied, and if AutoCanada waives all of the Conditions that have not been satisfied subject to the terms and conditions of the Offer and applicable laws, AutoCanada intends to accept for purchase and will pay for all Notes validly tendered pursuant to the Offer, upon and promptly following the satisfaction of the Financing Condition. AutoCanada will accept Notes for purchase by written notice to the Depositary notifying the Depositary of its acceptance.

Any principal amount of Notes tendered but not purchased pursuant to the Offer will be returned, without expense, to the tendering Holder as promptly as practicable following the earlier of the Expiration Time and the date

on which the Offer is terminated, as applicable, by crediting such Notes to the tendering Holder's account maintained with CDS.

All amounts payable under the Offer will be paid in Canadian dollars.

AutoCanada will pay for the Notes that it has accepted for purchase by depositing the aggregate Offer Consideration in immediately available funds on the Payment Date with the Depository for transmittal to tendering Holders through CDS in accordance with CDS' procedures. Under no circumstances will interest be paid by AutoCanada or the Depository by reason of any delay by the Depository, CDS or any other person in making payment to any person.

The Depository will act as the agent of Holders who have tendered Notes in acceptance of the Offer for the purposes of receiving payment from AutoCanada and transmitting such payment to such persons through CDS, and receipt of payment by the Depository will be deemed to constitute receipt of payment by persons tendering Notes under the Offer.

AutoCanada reserves the right to transfer and assign, in whole at any time and in part from time to time, to one and more of its affiliates, the right to purchase Notes tendered pursuant to the Offer, but any such transfer and assignment will not relieve AutoCanada of its obligations under the Offer with respect to such Notes or prejudice the rights of tendering Holders of such Notes to receive the Offer Consideration.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally applicable in connection with the sale of Notes pursuant to the Offer by a beneficial owner of Notes (including entitlement to all payments thereunder) who, at all relevant times, for purposes of the application of the *Income Tax Act* (Canada) and the *Income Tax Regulations* (collectively, the "**Tax Act**") deals at arm's length with and is not affiliated with AutoCanada and holds the Notes as capital property (a "**Holder**"). The Notes will generally be considered to be capital property to a Holder for this purpose provided they have not been acquired and have not been held in the course of carrying on a business or as part of an adventure and concern in the nature of trade.

This summary is not applicable to a Holder (i) an interest in which is a "tax shelter investment", (ii) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to financial institutions, a "financial institution", (iii) that reports its "Canadian tax results" in a currency other than Canadian currency, or (iv) that enters into a "derivative forward agreement" or "synthetic disposition arrangement" in respect of the Notes, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Tax Amendments**") and assumes that all Proposed Tax Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Tax Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdictions, which may differ from those described herein.

This summary is not exhaustive of all Canadian federal income tax consequences that may be relevant to a particular Holder. This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors having regard to their own circumstances.

Residents of Canada

The following portion of the summary is applicable to a Holder that, at all relevant times and for the purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a “**Canadian Holder**”). Certain Canadian Holders that might not otherwise be considered to hold their Notes as capital property may, in certain circumstances, be entitled to have their Notes, and all other “Canadian securities” (as defined in the Tax Act) owned in the taxation year of the election and all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

Sale of Notes Pursuant to Offer

A Canadian Holder will generally be required to include in computing such Canadian Holder’s income for the taxation year in which AutoCanada purchases the Notes the amount paid to the Canadian Holder in respect of accrued interest, except to the extent that such interest has otherwise been included in such Canadian Holder’s income for a preceding taxation year.

Any portion of the Offer Consideration that is considered to be a penalty or bonus payable by AutoCanada to a Canadian Holder of a Note because the Note is repaid on the purchase of the Note before the maturity thereof generally will be deemed to be interest received at that time by the Canadian Holder and generally will be required to be included in computing the Canadian Holder’s income as described above, to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of the repayment of, the interest that, but for the purchase, would have been paid or payable by AutoCanada on the Note for a taxation year of AutoCanada ending after the purchase.

In addition, the purchase of the Note by AutoCanada will result in the disposition of the Note by the Canadian Holder. Generally, on a disposition of a Note, a Canadian Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the Canadian Holder’s income as interest (as discussed above) and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Note to the Canadian Holder immediately before such disposition. Where a Canadian Holder or a person affiliated with such Canadian Holder for purposes of the Tax Act acquires Notes that are identical to the Notes being disposed of by the Canadian Holder under the Offer (the “**Substituted Notes**”) during the period that begins 30 days before and ends 30 days after the disposition and at the end of that period owns such Substituted Notes, the Canadian Holder’s loss from the disposition is generally deemed to be nil. In general, the amount of any such loss (i) may be recognized at the time the Substituted Notes are no longer owned by the Canadian Holder or a person affiliated with the Canadian Holder, in the case of a disposition by a Canadian Holder that is a corporation, partnership or trust, or (ii) will be added to the adjusted cost base of the Substituted Notes, in the case of a disposition by any other Canadian Holder.

Generally, a Canadian Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Canadian Holder in the year and a Canadian Holder is required to deduct one-half of the amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the Canadian Holder in that taxation year. Subject to and in accordance with the provisions of the Tax Act, allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year generally may be carried back and deducted in any of the three preceding taxation years and carried forward and deducted in any subsequent taxation year, against net taxable capital gains realized in such taxation years.

Other Considerations

Capital gains realized by Canadian Holders that are individuals or certain trusts may give rise to alternative minimum tax under the Tax Act.

A Canadian Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for an additional refundable tax on investment income. For this purpose, investment income will generally include taxable capital gains and interest income.

Non-Residents of Canada

The following portion of the summary is applicable to a Holder that, at all relevant times and for purposes of the Tax Act, (i) is not resident and not deemed to be resident in Canada (including as a consequence of an applicable income tax treaty or convention), (ii) does not use or hold, and is not deemed to use or hold, the Notes in the course of carrying on business in Canada, (iii) is entitled to receive all payments made in respect of the Notes (including principal and interest), (iv) is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada or elsewhere, and (v) is not an “authorized foreign bank”, all for the purpose of the Tax Act (a “**Non-Resident Holder**”).

In addition, the following portion of this summary is not applicable to a Non-Resident Holder that is a “specified shareholder” (as defined in subsection 18(5) the Tax Act) of AutoCanada or that does not deal at arm’s length for purposes of the Tax Act with a “specified shareholder” of AutoCanada. Generally, for this purpose, a “specified shareholder” is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm’s length for purposes of the Tax Act, shares of the capital stock of AutoCanada that either (i) give the holders of such shares 25% or more of the votes that could be cast at an annual meeting of the shareholders or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of AutoCanada. Such Non-Resident Holders should consult their own tax advisors.

Tendering Non-Resident Holders

The payment by AutoCanada of the Offer Consideration pursuant to the Offer, and any amount in respect of accrued interest, to a Non-Resident Holder that tenders Notes pursuant to the Offer will not be subject to Canadian withholding tax. No other taxes on income (including taxable capital gains) will be payable under the Tax Act in respect of the receipt of the Offer Consideration and any amount in respect of accrued interest, received by a Non-Resident Holder.

PART II – ADDITIONAL INFORMATION

DEALER MANAGER; INFORMATION AGENT; DEPOSITARY

AutoCanada has retained Scotia Capital Inc. (“**Scotia Capital**”) to act as the Dealer Manager in connection with the Offer. In its capacity as Dealer Manager, Scotia Capital, as well as a member of any soliciting dealer group that may be formed by Scotia Capital, may contact Holders regarding the Offer and may request Intermediaries to forward the Offer Documents and related materials to beneficial owners of Notes.

The Dealer Manager, in the ordinary course of its business, may make a market in the Notes, for its own account and for the accounts of its customers. As a result, from time to time, the Dealer Manager may own the Notes. The Dealer Manager and its affiliates may tender Notes to the Offer.

The Dealer Manager has provided, and may provide in the future, financial, advisory, investment banking and other services to AutoCanada and its affiliates for which they have received and would receive customary compensation. The Dealer Manager currently serves as lead underwriter in connection with the Financing and an affiliate of the Dealer Manager is a lender pursuant to AutoCanada’s credit facilities. AutoCanada has agreed to reimburse Scotia Capital for its reasonable out-of-pocket expenses for its services as the Dealer Manager in connection with the Offer.

AutoCanada has also agreed to indemnify the Dealer Manager against certain liabilities in connection with its services, including liabilities under Canadian federal and provincial law and otherwise arising out of, relating to and in connection with the Offer.

Laurel Hill Advisory Group has been appointed the Information Agent with respect to the Offer. AutoCanada will pay the Information Agent customary fees for its services and reimburse the Information Agent for its reasonable out of pocket expenses in connection therewith. AutoCanada has also agreed to indemnify the Information Agent for certain liabilities. Requests for additional copies of the Offer to Purchase, the Letters of Transmittal and related materials may be directed to the Information Agent at the e-mail address and telephone number set out on the back cover of the Offer to Purchase.

Computershare Trust Company of Canada has been appointed as Depositary for the Offer. All correspondence in connection with the Offer should be sent by each Holder and a Non-Registered Holder's Intermediary to the Information Agent or the Depositary at their respective addresses, e-mails and telephone numbers set forth on the back cover of the Offer to Purchase. Any Holder that has questions concerning the procedures for tendering Notes should contact the Information Agent or the Depositary at their addresses, e-mails and telephone numbers appearing on the back cover of the Offer to Purchase.

FEES AND EXPENSES

In connection with the Offer, directors, officers and employees of AutoCanada may solicit tenders by use of the mail, personally and by telephone, facsimile, electronic communication and other similar methods. These directors, officers and employees will not be specifically compensated for these services.

No brokerage commissions will be payable by tendering Holders of the Notes to the Depositary, the Information Agent, the Trustee and AutoCanada. Any member of any soliciting dealer group that may be formed by Scotia Capital may also receive a customary fee in respect of Notes that are tendered.

Holders who tender their Notes through an Intermediary should contact such Intermediary as to whether it charges any service fees.

AutoCanada will pay all transfer taxes, if any, applicable to the purchase and transfer of the Notes pursuant to the Offer.

MISCELLANEOUS

The Offer is being made to all Holders. AutoCanada is not aware of any jurisdiction in which making the Offer is not in compliance with applicable law. If AutoCanada becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, AutoCanada will make a good faith effort to comply with any such law. If, after such good faith effort, AutoCanada cannot comply with any such law, the Offer will not be made to (nor will tenders of Notes be accepted from and on behalf of) the Holders residing in such jurisdiction.

No person has been authorized to give any information and make any representation on behalf of AutoCanada not contained in the Offer to Purchase and, if given and made, such information and representation must not be relied upon as having been authorized.

Any questions regarding procedures for tendering Notes should be directed to the Depositary at the address, e-mail and telephone number set out below. Requests for additional copies of this Offer to Purchase and the Letter of Transmittal should be directed to the Information Agent at the e-mail and telephone number set forth below. Any questions regarding the terms of the Offer should be directed to the Dealer Manager at the address, e-mail and telephone number set out below.

The Financial Statements are available electronically under AutoCanada's profile on SEDAR at www.sedar.com. Holders may also request copies of the Financial Statements from the Information Agent, at the e-mail and telephone number set out below.

The Depositary for the Offer is:

COMPUTERSHARE TRUST COMPANY OF CANADA

By Hand or by Courier

100 University Avenue, 8th Floor, North Tower
Toronto, ON M5J 2Y1

By Mail

P.O. Box 7021
31 Adelaide St E
Toronto, ON M5C 3H2
Attention: Corporate Actions

Toll Free: 1-800-564-6253 (Canada and U.S.)
Telephone: 1-514-982-7555 (outside North America)
E-mail: corporateactions@computershare.com

The Information Agent for the Offer is:

Laurel Hill Advisory Group

Attention:
North America Toll Free: 1-877-452-7184
Outside North America: 1-416-304-0211
Email: assistance@laurelhill.com

The Dealer Manager for the Offer is:

SCOTIA CAPITAL INC.

Scotia Plaza, 68th Floor
40 King Street West
Toronto, ON M5W 2X6
Attention: Patrick Dabiet

Telephone: 1-416-863-7438
E-mail: Patrick.Dabiet@scotiabank.com