

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HUDSON'S BAY COMPANY ULC COMPAGNIE
DE LA BAIE D'HUDSON SRI, HBC CANADA PARENT HOLDINGS
INC., HBC CANADA PARENT HOLDINGS 2 INC., HBC BAY
HOLDINGS I INC., HBC BAY HOLDINGS II ULC, THE BAY
HOLDINGS ULC, HBC CENTERPOINT GP INC., HBC YSS 1 LP INC.,
HBC YSS 2 LP INC., HBC HOLDINGS GP INC., SNOSPMIS LIMITED,
2472596 ONTARIO INC., and 2472598 ONTARIO INC.**

Applicants

MOTION RECORD OF RIOCAN REAL ESTATE INVESTMENT TRUST
(returnable March 17, 2025)

March 14, 2025

GOODMANS LLP

Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSO#: 35165K
rchadwick@goodmans.ca

Joseph Pasquariello LSO# 38390C
jpasquariello@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for RioCan Real Estate Investment
Trust

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ONTARIO
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF HUDSON'S BAY COMPANY ULC COMPAGNIE DE LA BAIE D'HUDSON
SRI, HBC CANADA PARENT HOLDINGS INC., HBC CANADA PARENT
HOLDINGS 2 INC., HBC BAY HOLDINGS I INC., HBC BAY HOLDINGS II
ULC, THE BAY HOLDINGS ULC, HBC CENTERPOINT GP INC., HBC YSS 1
LP INC., HBC YSS 2 LP INC., HBC HOLDINGS GP INC., SNOSPMIS LIMITED,
2472596 ONTARIO INC., and 2472598 ONTARIO INC.**

NOTICE OF MOTION
(Returnable March 17, 2025)

RioCan Real Estate Investment Trust ("**RioCan**"). will make a motion before the Honourable Mr. Justice Osborne of the Ontario Superior Court of Justice (Commercial List) on Monday, March 17, 2025, at 9:00 a.m. (ET), or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard both

- ☐ In writing
- ☒ In person
- ☐ By telephone conference
- ☒ By video conference

at the following location: 330 University Avenue, Toronto, ON, M5G 1R7; and

at a Zoom link to be provided to the service list in these proceedings.

THE MOTION IS FOR

- (a) An Order requiring Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**HBC**") to pay Rio-Can HBC Limited Partnership (the "**JV**") and its subsidiaries HBC YSS 1 Limited Partnership ("**YSS 1**"), HBC YSS 2 Limited

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Partnership (“YSS 2”) and RioCan-HBC (Ottawa) Limited Partnership (the “Ottawa LP”, and collectively, with the JV, YSS 1 and YSS 2, the “JV Entities” and each a “JV Entity”) any and all obligations owing by HBC to any such parties under the terms of a real property lease;

- (b) An Order striking the following provision of paragraph 9 of the Initial Order dated March 7, 2025 granted in the within proceedings (the “Initial Order”) *nunc pro tunc* :

“... Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson’s Bay to RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson’s Bay shall be required to pay to RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.”;

- (c) An Order declaring that any debtor-in-possession financing obtained or to be obtained in the within proceedings shall not be approved by this Court where the terms of such financing contain a provision similar to the one set out below which is fundamentally inconsistent with the principles of the CCAA and the law which supports CCAA precedents:

“ The Loan Parties covenant and agree not to do, or cause not to be done the following, other than with the prior written consent of the DIP Agent or with the express consent required as outlined below... (l) Pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership

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as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to”;

- (d) To the extent necessary, an Order abridging the time for service and filing, or dispensing with or validating service, of the within motion and materials related thereto; and
- (e) Such further and other relief as counsel may advise and that to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

- (g) RioCan owns, manages and develops retail and mixed-use properties across Canada’s major markets. RioCan’s portfolio is comprised of 178 properties with an aggregate net leasable area of approximately 32 million square feet. RioCan is publicly listed on The Toronto Stock Exchange (REI.UN.CA);
- (h) In 2015, RioCan and HBC entered into the JV which holds various real estate assets directly and through its subsidiaries YSS 1 and YSS 2. In total, the JV Entities own twelve separate freehold and head leasehold interests in Canadian real property (collectively, the “**JV Properties**”);
- (i) On March 7, 2025, the Applicants commenced the within CCAA proceedings by way of an *ex parte* application without prior service to RioCan of application materials and obtained the Initial Order. In unprecedented fashion, the Initial Order stays the payment of all lease obligations to JV Entities in respect of the JV Properties during the CCAA period despite HBC continuing to occupy those properties post-filing (the “**Rent Suspension**”). All other landlords of HBC’s 84 other store locations will continue to receive post-filing lease payments in relation to their leases during HBC occupancy under the terms of the Initial Order;
- (j) It is a basic tenet of CCAA principles and proceedings that a CCAA debtor is required to pay for the use of services and property from the filing date forward and

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no creditor is required to provide credit to a CCAA debtor. HBC cannot occupy and use the stores that are the subject of the JV Leases without honouring the terms of the existing lease arrangements between HBC and the JV Entities;

- (k) The JV Entities are not Applicant debtors in the within CCAA proceedings and therefore are not subject to the benefits and the restrictions of the CCAA debtors under the Initial Order.

RioCan Interest Properties

- (l) HBC does not wholly-own the JV. The JV has its own secured creditors and obligations which are satisfied through rent received by the JV Entities from HBC on a monthly basis;
- (m) RioCan has a 21.9864% interest and HBC has a 78.0136% interest in the JV;
- (n) The JV Entities are the sublandlord or landlord (in whole or as co-owner) and HBC is tenant or subtenant under leases for each of the twelve JV Properties, as described more fully below;
- (o) The agreements between HBC and the JV Entities in respect of the JV Properties are real property leases which, as is typical in such leases, call for the payout of “Basic Rent” and “Additional Rent” to the relevant JV Entity as landlord or sublandlord, as the case may be;
- (p) Approximately 70% of the rent and other payments paid by HBC to the JV Entities in the normal course pursuant to the lease and sublease arrangements is used by the JV to fund costs and expenses, including, among other things, property operating costs, ground lease payments to landlords under head leases, general administrative expenses and debt service accounts in respect of the JV’s property specific mortgages and other financing obligations.

The JV, YSS 1 and YSS 2 Head Lease Properties

- (q) The JV, YSS 1 and YSS 2 are tenants under head leases and sublandlords to HBC in the following store locations:
- (i) The JV is the tenant and HBC is the subtenant in relation to head leases for HBC store locations in Carrefour Laval in Laval, Quebec and Promenades St. Bruno in St. Bruno, Quebec;
 - (ii) YSS 1 is the tenant and HBC is the subtenant in relation to head leases for HBC store locations in Yorkdale Mall in North York, Ontario and in Scarborough Town Centre in Scarborough, Ontario;
 - (iii) YSS 2 is the tenant and HBC is the subtenant in relation to a head lease for the HBC location in Square One in Mississauga, Ontario (collectively, the **“JV Head Lease Properties”**);

The RioCan and JV Owned Real Property

- (r) In addition to the five head leasehold interests described above, the JV and the Ottawa LP (as noted below) own a 100% freehold interest in the following five store locations in relation to which HBC is the tenant:
- (i) Downtown Store in Vancouver, British Columbia;
 - (ii) Downtown Store in Calgary Alberta;
 - (iii) Downtown Store in Montreal, Quebec;
 - (iv) Downtown Store in Ottawa, Ontario (where the beneficial interest is held by the Ottawa LP); and
 - (v) Devonshire Mall in Windsor, Ontario (collectively, the **“JV Owned Property”**);

The JV Co-Owned Property

- (s) Rio Can (beneficially and by way of an affiliate) and the JV each hold a 50% co-ownership interest in the following two store locations in relation to which HBC is the tenant:
 - (i) Oakville Place in Oakville, Ontario; and
 - (ii) Georgian Mall in Barrie, Ontario (collectively, the “**RioCan and JV Co-Owned Property**”);

HBC Cannot Ignore Its Lease Obligations and Occupy Premises Post-Filing Without Paying Rent to a Landlord That is Not Wholly-Owned by an Applicant

- (t) It is a fundamental principle of Canadian insolvency law that CCAA debtors are to pay for goods and services and the use of leased property during the CCAA filing period. This principle is codified in s. 11.01 of the CCAA which provides, among other things, that, even where a Court exercises discretion under s. 11 of the CCAA to make any order that it considers appropriate in the circumstances, no such order shall have the effect of prohibiting a party from requiring immediate payment for goods, services or use of leased property provided after the order is made;
- (u) This fundamental principle is also explicitly reflected in the terms of the CCAA Model Initial Order;
- (v) Paragraph 9 of the Initial Order includes standard real property lease provisions regarding the on-going obligations of the Applicants to pay rent under applicable leases and primarily tracks the wording of the CCAA Model Initial Order in this regard. However, paragraph 9 of the Initial Order includes the following additional unprecedented provision:

“... Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson’s Bay to RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court,

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provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.”;

- (w) The effect of the above provision of paragraph 9 of the Initial Order is that, contrary to s. 11.01 of the CCAA, and definitely not in keeping with the status quo, it prohibits RioCan and its affiliates from requiring immediate payment for services and the use of property leased (either through an affiliate or through the JV) to HBC;
- (x) Over the many years of CCAA proceedings involving a retailer debtor, language has been developed for inclusion in Orders, as has been incorporated in the CCAA Model Initial Order, which requires CCAA debtors to pay occupation rent in advance in order to occupy premises from and after the date of the CCAA filing. HBC should be treated no differently as it relates to its obligations to the JV, which is not wholly-owned by HBC.

The Rent Suspension Was Not Properly Authorized

- (y) RioCan-HBC General Partner Inc. (the “General Partner”) is the general partner of the JV and is owned equally by RioCan Financial Services Limited (“**RioCan Financial**”), a wholly-owned subsidiary of RioCan and HBC Holdings LP;
- (z) The General Partner is governed by a Unanimous Shareholder Agreement entered into among RioCan, RioCan Financial, HBC and the General Partner dated July 9, 2015 (the “**Shareholder Agreement**”);
- (aa) Pursuant to the Shareholder Agreement, the Board of Directors of the General Partner is comprised of four directors consisting of two nominees of RioCan and two nominees of HBC. Pursuant to s. 4.3 of the Shareholder Agreement, major

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decisions of the General Partner require unanimous approval of all the directors of the General Partner;

- (bb) Such major decisions requiring unanimous approval include, among other things, (i) taking any action under appropriate bankruptcy, insolvency or similar laws with respect to the General Partner or the JV; and (ii) entering into, amending, modifying or terminating any lease with HBC;
- (cc) No approval has been sought nor provided by the Board of Directors of the General Partner regarding the Rent Suspension which amends and modifies the JV's leases with HBC;
- (dd) The JV is not a CCAA Applicant in these CCAA proceedings; it is simply a Non-Applicant Stay Party;
- (ee) The effect of the Rent Suspension is that, again in unprecedented fashion, the Initial Order disregards and amends the terms of the governance of a Non-Applicant Stay Party being the JV;
- (ff) The JV is not a wholly-owned subsidiary of HBC nor of any Applicant;

The DIP Facility Cannot Prevent Post-Filing Payments of Rent to a Landlord That is Not Wholly-Owned by an Applicant

- (gg) Debtor-in-possession financing in respect of a CCAA debtor must respect CCAA principles and applicable law. Actions which are otherwise prohibited directly in respect of a CCAA debtor ought not to be dictated otherwise by terms included in debtor-in-possession financing arrangements;
- (hh) Contrary to s.11.01 of the CCAA, paragraph 26(l) of the terms of the debtor-in-possession financing approved under paragraphs 32 and 33 of the Initial Order (the "DIP Term Sheet") contains the following negative covenant relating to the use of proceeds loaned thereunder:

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“The Loan Parties covenant and agree not to do, or cause not to be done the following, other than with the prior written consent of the DIP Agent or with the express consent required as outlined below:...

- (l) Pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to”;
- (ii) The effect of paragraph 26(l) of the DIP Term Sheet is that, contrary to s. 11.01 of the CCAA, it prohibits RioCan and its affiliates from requiring immediate payment for services and the use of property it leases to HBC, either through an affiliate or through the JV;
- (jj) Under s. 11.2(5) of the CCAA, no order approving debtor-in-possession financing and granting security in connection thereto shall be made “unless the court is satisfied that the terms of the loan are limited to that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period”;
- (kk) Contrary to s. 11.2(5) of the CCAA, the DIP Term Sheet prevents HBC from paying its lease obligations to the JV for the continued operations of HBC in the ordinary course of business;
- (ll) Sections 11, 11.01, 11.02, 11.2, 11.4, and 32 of the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36;
- (mm) Rules 1.04, 1.05, 2.03, 3.02, 16, 37, 38 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194;
- (nn) Section 97 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and

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- (oo) Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (pp) Affidavit of Dennis Blasutti, sworn March 14, 2025, and exhibits thereto; and
- (qq) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 14, 2025

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Robert J. Chadwick LSO#: 35165K
rchadwick@goodmans.ca

Joseph Pasquariello LSO#: 38390C
jpasquariello@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

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Trust

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C-36, AS AMENDED

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PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

GOODMANS LLP

Barristers & Solicitors
 333 Bay Street, Suite 3400
 Toronto, ON M5H 2S7

Robert J. Chadwick LSO#: 35165K
 rchadwick@goodmans.ca

Joseph Pasquariello LSO#: 38390C
 jpasquariello@goodmans.ca

Andrew Harmes LSO#: 73221A
 aharmes@goodmans.ca

Tel: 416.979.2211
 Fax: 416.979.1234

Lawyers for RioCan Real Estate Investment Trust

Court File No. CV-25-00738613-00CL

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Applicants

**AFFIDAVIT OF DENNIS BLASUTTI
(sworn March 14, 2025)**

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Applicants

**AFFIDAVIT OF DENNIS BLASUTTI
(sworn March 14, 2025)**

I, Dennis Blasutti, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
SAY:

I. INTRODUCTION AND OVERVIEW

1. I am the Chief Financial Officer of RioCan Real Estate Investment Trust ("**RioCan**"). As such, I have personal knowledge of the matters deposed to herein. To the extent that information has been provided to me by others, I have specified the source of that information and in each case, I believe the information to be true. Nothing in this affidavit is intended to limit or waive privilege.
2. RioCan is one of Canada's largest real estate investment trusts. RioCan owns, manages and develops retail-focused, mixed-use properties concentrated in prime, high-density, transit-oriented areas where Canadians want to shop, live and work.

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3. As discussed in greater detail herein, RioCan and Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI ("**HBC**") are partners in a real estate joint venture carried on by RioCan-HBC Limited Partnership (the "**JV**"). RioCan holds an approximately 22% interest in the JV directly, and HBC holds the remaining approximately 78% interest indirectly through its wholly-owned subsidiary HBC Holdings LP.

4. The JV and its subsidiaries, HBC YSS 1 Limited Partnership ("**YSS 1**"), HBC YSS 2 Limited Partnership ("**YSS 2**") and RioCan-HBC (Ottawa) Limited Partnership (the "**Ottawa LP**") and, collectively with the JV, YSS 1 and YSS 2, the "**JV Entities**"), own or co-own 12 separate freehold and head leasehold interests in Canadian real property. The JV Entities lease or sublease each of such properties to HBC in return for payment of rent. With respect to the co-owned properties in the JV's portfolio, RioCan is the other co-owner and the JV and RioCan are each co-landlord to HBC.

5. RioCan, as a partner with HBC in respect of the JV, has worked with HBC at various times throughout the relationship on a number of key commercial matters, including to assist HBC in its efforts to access additional liquidity when HBC was unable to meet its financial obligations to the JV. This includes, among other things, RioCan providing a guarantee of certain JV Entity obligations, providing financing to the JV Entities as lender (including as recently as October 2024), and consenting to HBC encumbering its interest in the JV, in each case subject to certain conditions agreed to by HBC and RioCan.

6. HBC and its affiliates have sought and obtained relief in their proceedings commenced under the *Companies' Creditors Arrangement Act* (the "**CCAA**") that potentially causes material prejudice to RioCan, the JV Entities, and creditors and other stakeholders of the JV Entities. RioCan supports HBC restructuring its business, but requires that any restructuring and steps taken

by HBC in respect of such restructuring be on fair and balanced terms. RioCan requires that HBC adhere to its existing contractual obligations to RioCan and the JV Entities for as long as HBC continues to occupy the 12 properties in the JV's portfolio. The JV Entities are not debtors in the CCAA proceeding and require payment from HBC in order to satisfy their own obligations to their creditors.

7. The Initial Order, which was obtained by HBC on March 7, 2025, requires the Applicants to pay post-filing rent under their lease arrangements except with respect to post-filing rent payable by HBC to the JV Entities. The Initial Order stays and suspends post-filing rent payable by HBC to the JV Entities, provided that it permits HBC to pay that amount of rent that is payable by the JV Entities to their head landlords (such relief, being the “**Rent Suspension**”).¹ I understand that the Applicants intend to seek this same relief at the Comeback Motion.

8. HBC obtained the Rent Suspension without notice to, or consultation with, RioCan. The Rent Suspension causes material prejudice to RioCan, the JV Entities, and creditors and other stakeholders of the JV Entities.

9. If the Rent Suspension is approved by the Court at the Comeback Motion, the result will be that HBC will have occupation and use of the 12 properties leased or subleased by the JV Entities to HBC without HBC having to honour its contractual rent obligations to the JV Entities. I understand that no other landlord of HBC is being put in this position.

¹ The Rent Suspension provision of the Initial Order only refers to the JV, YSS 1 and YSS 2. As referenced herein, the Ottawa LP is also party to a lease agreement with HBC. I understand from discussions with counsel that HBC has indicated that it intends to apply the Rent Suspension to all lease agreements between HBC and the JV Entities, which would include the lease agreement with the Ottawa LP.

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10. As further described below, approximately 70% of rent and other payments paid by HBC to the JV Entities in the normal course pursuant to the lease and sublease arrangements are used by the JV to fund costs and expenses, including, among other things, property operating costs, ground lease payments to landlords under head leases, general administrative expenses, and debt service amounts in respect of the property specific mortgages and other financing obligations of the JV Entities. The debt service amounts owing to parties other than RioCan represent the JV Entities' most significant expense. The JV Entities do not have the cash resources to service such third-party obligations without receiving the full amount of contractual rent owing to them under the lease and sublease agreements entered into with HBC.

11. The JV Entities are not CCAA debtors and the obligations owing by the JV Entities to such secured creditors should be paid and honoured in the normal course. RioCan believes this is a fundamental requirement to protect the interests of the JV Entities. The Rent Suspension will have material consequences for the JV Entities' debt financing arrangements and the various lenders that have provided such financing, including, among other things, potentially impacting the ability of the JV Entities to refinance certain of their debt obligations that are maturing in the near term, incurring default interest, and potentially leading to the lenders of the JV Entities incurring significant legal costs (which such additional costs, subject to the terms of applicable loan documents, will need to be paid by the JV Entities).

12. Overall, the monthly rent obligations that are owed contractually by HBC to the JV Entities for HBC's continued occupation and use of the leased premises is approximately \$10 million per month. HBC's monthly rent payments made to the JV Entities are used in the normal course to pay the JV Entities' expenses and other obligations, and only thereafter is any surplus distributed to the JV's limited partners. Only approximately 30% of total monthly rent amounts paid by HBC

to the JV Entities are ultimately distributed to HBC Holdings LP and RioCan as the limited partners of the JV.

13. Payment by HBC of its contractual monthly rent obligation pursuant to the existing lease and sublease arrangements is the cost to HBC for continued use and occupation of the leased premises while it attempts to restructure. However, RioCan believes that HBC is only currently prepared to honour approximately 15% of such monthly contractual rent obligation. The proposed treatment of the JV Entities by HBC will have a material impact on the JV and RioCan's interest in the JV. HBC should be required to honour its full contractual obligation to the JV Entities while it has occupation and use of the 12 properties it leases or subleases from the JV Entities. I believe HBC's contractually owed rent payments represent the cost to be paid by HBC to all of its landlords for continued use and occupation of its leased premises while attempting to restructure its business. I also believe this to be a common requirement in CCAA restructurings.

14. Accordingly, I swear this affidavit in opposition to the Rent Suspension, and in support of RioCan's responding motion by which RioCan seeks, among other things:

- (a) an Order requiring HBC to pay the JV Entities and RioCan any and all obligations owing by HBC to such parties under the terms of a real property lease;
- (b) an Order striking the following provision of paragraph 9 of the Initial Order *nunc pro tunc*:

“... Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV,

YSS 1, or YSS 2, as applicable, that amount of Rent payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.”; and

- (c) an Order declaring that any debtor-in-possession financing obtained or to be obtained by any of the Applicants not be approved by the Court where it contains a restriction on the ability of HBC to pay post-filing rent to the JV Entities or RioCan.

15. Capitalized terms used but not defined herein shall have the meanings given to them in the Initial Order. Unless otherwise indicated, dollar amounts referenced herein are references to Canadian dollars.

II. RIOCAN-HBC JOINT VENTURE

A. Background

16. On February 24, 2015, RioCan and HBC entered into a joint venture arrangement. A copy of the press release announcing the joint venture is attached hereto as Exhibit “A”.

17. The joint venture transaction was implemented through the creation of the JV, into which certain real estate assets were contributed by each of the parties. As referenced above, the two limited partners of the JV are RioCan (approximately 22%) and HBC Holdings LP (approximately 78%).

18. RioCan-HBC General Partner Inc. (the “**General Partner**”) is the general partner of the JV. The General Partner is owned equally by RioCan Financial Services Limited (“**RioCan Financial**”), a wholly-owned subsidiary of RioCan, and HBC Holdings LP.

19. The JV is governed by that certain Third Amended and Restated Limited Partnership Agreement dated April 29, 2023 (the “**LPA**”), entered into by and among the General Partner, HBC Holdings LP and RioCan.

20. Among other things, the LPA provides that the General Partner shall carry on the business of the JV and requires that the General Partner, in doing so, act in the best interests of the JV and the limited partners. Pursuant to sections 2.9 (g) of the LPA, the General Partner is required to “act as a fiduciary with the utmost fairness and good faith towards the Limited Partners as a group in conducting the business of the Partnership”.

21. The LPA also includes various rights, restrictions and protections related to, among other things, any transfer or other disposition by either RioCan or HBC Holdings LP of their interest in the JV. This includes, among other things, restrictions on transfers other than transfers to a permitted transferee, a right of first refusal in the event a limited partner receives an offer from an arm’s length party that such limited partner wishes to accept, and the requirement that any transferee agree to assume the obligations of the transferor under the LPA and agree to be bound by the terms of the LPA.

22. HBC, RioCan, RioCan Financial and the General Partner are also parties to that certain Unanimous Shareholders Agreement dated July 9, 2015 (the “**Shareholders Agreement**”).

23. The Shareholders Agreement, among other things, sets out the rights and obligations of RioCan and HBC Holdings LP as shareholders of the General Partner. Pursuant to the Shareholders Agreement, the Board of Directors of the General Partner is comprised of four directors, consisting of two nominees of each of HBC and RioCan. Among other terms, section 4.3 of the Shareholders Agreement sets out the major decisions which require unanimous approval of all the directors of

the General Partner including, among other things, entering into, amending, modifying or terminating any lease with HBC.

B. Property Contributions to the RioCan-HBC Joint Venture

24. Pursuant to a Contribution and Subscription Agreement dated February 24, 2015, each of RioCan and HBC contributed certain assets to the JV in exchange for the issuance of Class A limited partnership units to HBC and Class B limited partnership units to RioCan.

25. HBC contributed 10 owned or ground-leased properties in return for its interest in the JV.

26. RioCan initially contributed \$147 million to the JV in the form of a 50% interest in two Ontario mall properties (the Oakville Place Shopping Centre and the Georgian Mall Shopping Centre) in exchange for its then 10.3% share of the JV units. RioCan has also made certain capital contributions for tenant inducements to improve certain of the properties in the JV portfolio, as contemplated by the LPA.

27. RioCan's share of the JV units has increased to its current approximately 22% interest as a result of additional capital contributions.

28. The properties held directly and indirectly by the JV are summarized as follows:

- (a) five ground-leased properties, consisting of:
 - (i) one lease in each of Yorkdale Shopping Centre in North York, Ontario, and Scarborough Town Centre in Scarborough, Ontario, held by YSS 1;
 - (ii) a lease in Square One in Mississauga, Ontario, held by YSS 2;

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- (iii) one lease in each of Carrefour Laval in Laval, Quebec, and Promenade St. Bruno in St. Bruno, Quebec, which are held by the JV;
- (b) five wholly-owned freehold properties, consisting of:
 - (i) four wholly-owned freehold properties in Vancouver, Calgary, Montreal and Windsor, in which registered title is held by various nominees for the JV as beneficiary; and
 - (ii) one wholly-owned freehold property in Ottawa, in which the beneficial interest is held by the Ottawa LP;
- (c) two 50% co-owned shopping centres, being the Oakville Place Shopping Centre in Oakville, Ontario, and the Georgian Mall Shopping Centre in Barrie, Ontario. In both cases, the other 50% co-ownership interest is held by RioCan.

29. In connection with the joint venture transaction, (a) with respect to the five ground-leased properties, the JV, YSS 1 and YSS 2, as applicable, acquired HBC's head leasehold interest and entered into certain subleases and related agreements with HBC (the "**Subleases**"), and (b) with respect to the wholly-owned freehold properties and co-owned shopping centres, the JV entered into leases or amended existing leases, in each case, with HBC (the "**Leases**").

30. Since its inception, the JV has continued to oversee and operate the 12 properties that had been contributed by HBC and RioCan. The JV has not acquired any additional properties.

31. A number of the property interests held in the JV portfolio are subject to secured claims in respect of property specific financing arrangements. The Rent Suspension has the effect of

diverting proceeds properly due and payable to the JV Entities and their creditors to the benefit of secured creditors of HBC.

C. Purpose of the Joint Venture

32. A key purpose in RioCan and HBC forming the JV was to lease and manage the JV's portfolio of 12 properties. The parties' intent in creating the joint venture was to lease and manage the existing portfolio of 12 properties, and also to enhance that portfolio by acquiring additional properties with the goal of converting that larger portfolio of properties into a publicly traded real estate investment trust.

33. By mid-2017, the main purpose of the JV became to lease and manage the existing 12 properties pursuant to its Subleases and Leases with HBC.

III. SUBLEASE AND LEASE ARRANGEMENTS

A. Subleases

34. The following agreements comprise the Subleases in respect of the five ground-leased properties held by the JV, both directly and indirectly:

- (a) Sublease between YSS 1, as sublandlord and HBC, as subtenant dated November 25, 2015 re: Scarborough Town Centre (the "**Scarborough Sublease**");
- (b) Sublease between YSS 1, as sublandlord and HBC, as subtenant dated November 25, 2015 re: Yorkdale (the "**Yorkdale Sublease**");
- (c) Sublease between YSS 2, as sublandlord and HBC, as subtenant dated November 25, 2015 re: Square One (the "**Square One Sublease**");

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- (d) Amended and Restated Lease and Amendment of Operating Agreement and Servitude Agreement among Ontrea Inc., as owner, 2472596 Ontario Inc., as landlord (nominee for the JV) and HBC, as tenant dated June 29, 2015 (the “**St. Bruno Sublease**”);
- (e) Rent Agreement between 2472596 Ontario Inc., as landlord (nominee for the JV) and HBC dated June 29, 2015 (the “**St. Bruno Rent Agreement**”);
- (f) Amended and Restated Lease and Amendment of Operating Agreement and Servitude Agreement among Ontrea Inc., as owner, 2472598 Ontario Inc., as landlord (nominee for the JV) and HBC, as tenant dated June 29, 2015 (the “**Carrefour Laval Sublease**”); and
- (g) Rent Agreement between 2472598 Ontario Inc., as landlord (nominee for the JV) and HBC dated June 29, 2015 (the “**Carrefour Laval Rent Agreement**”).

35. The Scarborough Sublease, the Yorkdale Sublease and the Square One Sublease all require HBC, as subtenant, to pay “Basic Rent” to YSS 1 or YSS 2, as applicable, during each sublease year of the term. Basic Rent for the initial sublease year is based on a specific dollar amount for each square foot of gross leasable area of the subject property, and for each year thereafter, such amount being the Basic Rent payable during the immediately preceding lease year plus 2%. In addition to Basic Rent, the Scarborough Sublease, the Yorkdale Sublease and the Square One Sublease provide for HBC to pay “Additional Rent” and “Head Rent”, with the latter being all amounts payable under the head lease by YSS 1 or YSS 2, as applicable, as basic rent.

36. The Carrefour Laval Sublease and the St. Bruno Sublease both require HBC to pay rent to the JV for each lease year equal to the “Base Amounts” plus “Additional Rent”. The Carrefour

Laval Rent Agreement and the St. Bruno Rent Agreement define Base Amount based on a specific dollar amount for each square foot of gross leasable area of the subject property. Additional Rent is defined as amounts, other than the Base Amount, including the payment of any amounts under the head leases.

37. In addition to the foregoing, the Subleases contain various other provisions typical of real property subleasing arrangements. Overall, the Subleases are similar in substance to any other commercial sublease arrangement that RioCan has in its portfolio.

B. Leases

38. There are five Leases with respect to the five wholly-owned freehold properties in the JV's portfolio, which are entered into by and between the JV (or, in the case of the Ottawa property, by the Ottawa LP, as successor in interest to the JV), as landlord, and HBC, as tenant, all of which are dated July 9, 2015. The Leases are also similar in substance to any other commercial lease arrangement that RioCan has in its portfolio.

39. The Leases are substantially similar and have initial terms that expire in 2035, with HBC having the option to extend the term for five consecutive periods of six years each (provided that the maximum length of the term is 50 years less one day).

40. Each of the Leases provides that HBC, as tenant, covenants to pay "Basic Rent" to the landlord during each lease year of the term. Basic Rent for the initial lease year is based on a specific dollar amount for each square foot of gross leasable area of the subject property, and for each year thereafter, such amount being the Basic Rent payable during the immediately preceding lease year plus 2%. Schedule B to each Lease sets out the Basic Rent payable during each lease

year of the initial term based on this calculation. Along with Basic Rent, the Leases provide for HBC to pay “Additional Rent”.

41. In addition to the foregoing, the Leases contain various other provisions typical of real property leasing arrangements, including:

- (a) Pursuant to Section 2.1 of the Leases, the JV or the Ottawa LP, as landlord, leases all of the subject property to HBC, as tenant, for HBC to have and to hold during the term, and HBC leases the subject property from the JV or the Ottawa LP, as applicable, for the term and covenants to pay all Basic Rent and Additional Rent payable pursuant to the Lease.
- (b) Pursuant to Section 6.1(a) of the Leases, during the lease term, HBC, at its own cost, shall maintain and repair the subject property (whether structural or non-structural, ordinary or extraordinary, interior or exterior) and all of its tenant improvements and fixtures in a good and substantial state of repair, reasonable wear and tear excepted, and in compliance with applicable laws and permitted encumbrances.
- (c) Pursuant to Sections 9.1 and 9.2 of the Leases, there are tenant and landlord indemnities granted by each of the JV or the Ottawa LP, as applicable, and HBC in favour of each other.
- (d) Pursuant to Section 11.1(b) of the Leases, upon the occurrence of any event of default set out in Section 11.1(a), the full amount of the current month's and the next three months' instalments of Basic Rent and Additional Rent will immediately become due and payable, without any notice or demand and without any cure

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period, and, at the option of the JV or the Ottawa LP, as applicable, exercisable by written notice to HBC, the subject Lease shall terminate on the date specified by in such notice (but not earlier than 120 days following such termination notice).

42. Regarding the co-owned shopping centres, being the Oakville Place Shopping Centre and the Georgian Mall Shopping Centre, RioCan and the JV, as co-owners, are party to lease agreements with HBC. RioCan and the JV are also parties to co-ownership agreements in respect of their respective undivided 50% interests in the Oakville Place Shopping Centre and the Georgian Mall Shopping Centre properties.

IV. RIOCAN'S OTHER ARRANGEMENTS WITH HBC

43. RioCan is also party to various lending and other financing arrangements with HBC and the JV Entities. RioCan has entered into such arrangements in order to support HBC in circumstances when HBC was unable to meet its financial obligations to the JV.

44. On November 30, 2023, RioCan advanced a \$30 million bridge financing loan to the JV. This bridge financing loan was subsequently repaid in January 2024 in connection with a \$75 million first mortgage re-financing entered into by YSS 1, as borrower, with Royal Bank of Canada ("**RBC**"), as lender, and secured by YSS 1's interest in the Yorkdale head lease. As part of this transaction, RioCan agreed to provide RBC with a guarantee of YSS 1's obligations, and in exchange for giving such guarantee, RioCan received (a) a pledge of YSS 1's units held by the JV, (b) a charge on the JV's freehold and leasehold property at the Devonshire Mall, (c) a second-ranking charge or hypothec on the JV's freehold property in downtown Montreal, and (d) a charge on the JV's 50% co-ownership interest in the Oakville Place Shopping Centre.

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45. On February 12, 2024, RioCan, through RC Holdings II LP, advanced a mezzanine loan of \$19.5 million to the JV pursuant to that certain credit agreement between the JV, as borrower, and RC Holdings II LP, as lender, to enable the JV to partially repay a maturing mortgage. On March 22, 2024, RioCan advanced an additional \$4.8 million to finance the exercise of a purchase option for land. RC Holdings II LP received a second-ranking charge on the JV's 50% co-ownership interest in the Georgian Mall Shopping Centre as security in connection with the foregoing.

46. On October 3, 2024, RioCan agreed to provide a 21.9% guarantee in respect of a \$56,525,000 first mortgage financing entered into by RioCan-HBC (Ottawa) Holdings Inc., as borrower, with Desjardins Financial Security Life Assurance Company, as lender, in respect of the Ottawa property. That same day, RioCan, with its affiliate, RC Holdings II LP, advanced a mezzanine loan of \$16,650,000 to the JV pursuant to that certain second mortgage credit agreement between the JV, as borrower, and RioCan and RC Holdings II LP, as lenders, which is secured by a second-ranking charge on the Ottawa property. RioCan also received a pledge of the units of the Ottawa LP held by the JV, and a pledge of shares of the Ottawa LP's general partner, RioCan-HBC (Ottawa) GP Inc., held by the JV.

V. PREJUDICE CAUSED

47. By virtue of the Rent Suspension obtained by the Applicants in the Initial Order, I understand that, subject to CCAA court approval, HBC intends not to pay any rent payable by HBC to RioCan or the JV Entities in respect of the Leases. With respect to the Subleases, HBC only intends to pay that amount of rent payable by the JV Entities to their head landlords.

48. This treatment causes material prejudice to RioCan, the JV Entities and the creditors and other stakeholders of the JV Entities. I do not believe it is fair or reasonable treatment in respect of the JV, in which RioCan has a material economic interest.

49. As described above, the Sublease and Lease arrangements between the JV Entities and HBC reflect normal real property lease terms, and provide for use in exchange for rent. The effect of the Rent Suspension is to require the JV Entities to provide HBC with continued use and occupation of the leased premises on a non-consensual basis and on terms contrary to the existing contractual agreements.

50. Overall, the monthly rent obligations that are owed contractually by HBC to the JV Entities for HBC's continued occupation and use of the leased premises is approximately \$10 million per month. This is the monthly payment amount required for HBC's use and occupation of the leased premises pursuant to the existing sublease and lease agreements between HBC and the JV Entities. RioCan believes that HBC is only currently prepared to honour approximately 15% of such contractual rent obligation.

51. Based on RioCan's calculation of monthly rent amounts payable by HBC to the JV Entities and amounts paid out by the JV Entities, which is based on the 2024 income statement and cash flow statement for the JV prepared and provided by HBC, approximately 70% of rent paid by HBC is used by the JV Entities to fund costs and expenses. These costs and expenses generally consist of the following:

- (a) debt service costs in respect of property specific mortgages owing to parties other than RioCan (approximately 68%);
- (b) property operating costs (approximately 4%);

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- (c) ground lease payments to landlords of the JV Entities under head leases (approximately 15%);
- (d) general administrative expenses (approximately 1%); and
- (e) debt service costs and related obligations owing to RioCan (approximately 12%).

52. The costs and expenses referenced above do not include capital expenditures or unplanned maintenance costs, or distributions made to RioCan and HBC Holdings LP, as the limited partners of the JV.

53. Without the receipt of the contractually owed rent payments, the JV Entities will not have the necessary liquidity to make the various payments required in the normal course, including, without limitation, the debt service costs for their property specific mortgages. This will have material consequences for the JV Entities' debt financing arrangements and the various lenders that have provided such financing. A number of the JV Entities' property specific mortgages mature in the near term, and the JV Entities' ability to refinance such mortgages will be negatively impacted if they are not receiving the contractually agreed rent payments owing from HBC. The inability of the JV Entities to service their debt obligations will result in defaults and the incurrence of default interest and additional costs, among other adverse consequences.

54. This treatment is particularly prejudicial to RioCan, the JV Entities and the JV Entities' creditors and other stakeholders considering that the Applicants are required to pay all landlords other than the JV Entities all rent amounts for the period from and after the date of the Initial Order pursuant to existing contractual terms. There are contractual arrangements in place between the JV Entities and HBC, and the terms of such arrangements should be honoured during the CCAA

proceedings while HBC is occupying the subject premises, just like all of HBC's other lease arrangements.

55. I believe that HBC and its advisors have failed to properly consider the impacts of the Rent Suspension on RioCan, the JV Entities and their stakeholders. The Rent Suspension has the effect of diverting proceeds properly due and payable to the JV Entities and their creditors to the benefit of secured creditors of HBC.

56. In addition to the prejudice caused by the Rent Suspension, there are also various potential ramifications and defaults that may be triggered under the JV Entities' head leases in the event that HBC ceases to operate at the subject premises, or takes steps to terminate or disclaim the Subleases.

VI. RIOCAN'S EFFORTS TO REACH A RESOLUTION

57. I understand that counsel to RioCan contacted counsel to HBC and the Monitor and its counsel on Saturday, March 8, 2025, in an effort to seek to resolve the various issues and implications resulting from HBC's CCAA filing, including with respect to the Rent Suspension and the impact of the CCAA proceedings on the JV. I understand that counsel to RioCan has had several discussions with HBC's counsel, as well as the Monitor and its counsel, but that there has been limited engagement on the issues and concerns of RioCan, and there has been no resolution in that regard.

58. As part of this effort to engage with HBC and the Monitor, counsel to RioCan wrote a letter to counsel to HBC on March 11, 2025, a copy of which is attached as Exhibit "B". The letter stated, among other things, that the restriction in the DIP Facility that prevents the payment of any rent payable to the JV Entities other than with respect to rent payable to a landlord under a head lease is inappropriate and contrary to legal principles, and that RioCan objects to the inclusion of such

term as part of the DIP Term Sheet. The letter added that any debtor-in-possession financing obtained or to be obtained by the Applicants must be of such amount so as to provide for the payment in full of all contractual obligations owing by the JV Entities under the Subleases and Leases for the period of occupation.

59. As of the swearing of this affidavit, the issues outlined in the letter have not been addressed.

60. RioCan has also sought to engage with HBC and its advisors on the terms of an additional limited potential debtor-in-possession financing to be provided by RioCan that would facilitate the payment in full of all amounts owing by HBC to the JV Entities under the Subleases and Leases. In this regard, I understand that RioCan's counsel delivered a draft term sheet to HBC's counsel on March 14, 2025.

VII. CONCLUSION

61. It is RioCan's view that the Rent Suspension should not be approved based on all of the facts and circumstances, including because, among other things, the Rent Suspension causes material prejudice to RioCan, the JV Entities, and the creditors and other stakeholders of the JV Entities. The Rent Suspension terms are not fair or reasonable treatment in respect of the JV Entities. The JV Entities are not debtors in the CCAA proceeding, and should be treated as any other landlord in the case. The fact is that HBC has contractual obligations to the JV Entities in respect of its lease or sublease of the 12 properties in the JV portfolio. HBC should be required to honour these contractual obligations while it has occupation and use of such properties.

62. RioCan's intention is to continue to work with HBC as it attempts to restructure its business. RioCan has previously demonstrated a willingness to work with HBC in a positive and constructive way to support the JV and reach common agreement on matters. At the same time,

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while HBC seeks to restructure, RioCan requires that it and the JV be treated on a fair and commercial basis, in accordance with contractual terms, and consistent with the treatment of other landlords, both in HBC's CCAA proceedings and in CCAA proceedings generally.

SWORN before me by Dennis Blasutti
stated as being located in the City of
Toronto in the Province of Ontario,
before me at the City of Toronto in the
Province of Ontario, on March 14,
2025, in accordance with *O. Reg*
431/20, Administering Oath or
Declaration Remotely



A Commissioner for taking affidavits


Andrew Harmes
LSO#73321A

Signed by:

B456BC7AC7654CE...

DENNIS BLASUTTI

THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF DENNIS BLASUTTI
SWORN BEFORE ME OVER VIDEOCONFERENCE
THIS 14th DAY OF MARCH, 2025

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal flourish extending to the right.

Commissioner for Taking Affidavits

*February 25, 2015 07:05 ET*

RioCan Real Estate Investment Trust Announces Strategic Venture With Hudson's Bay Company to Unlock Long-Term Value From Canadian Real Estate and Capitalize on Future Growth Opportunities

TORONTO, ONTARIO--(Marketwired - Feb. 25, 2015) - Earlier this morning RioCan Real Estate Investment Trust ("RioCan") (TSX:REI.UN) announced that it has agreed to form a joint venture with Hudson's Bay Company ("HBC") focused on real estate growth opportunities in Canada. The joint venture will enable RioCan and HBC to build on the strength of existing real estate assets through potential future redevelopment, as well as identify new real estate acquisition and redevelopment opportunities.

"As part of this transaction we have been able to secure one of Canada's leading retailers in two key properties, being Georgian Mall and Oakville Place, for an additional twenty years, solidifying the strength of these shopping centres for years to come," said Edward Sonshine, Chief Executive Officer of RioCan. "This joint venture represents an exciting opportunity for RioCan and HBC to combine our collective retail real estate acumen, and a strong collection of banners which serve as highly desirable anchor tenants in order to create a one-of-a-kind real estate portfolio with excellent potential for future urban mixed use redevelopment."

Canadian Joint Venture Agreement

RioCan has committed to contribute \$325 million to the newly established joint venture entity ("JV Entity") for an eventual pro forma equity stake of 20.2%. RioCan's equity contribution will be comprised of three components. The first component is a \$144.3 million equity contribution by way of the sale of a 50% interest in two enclosed mall properties as described below. The second component is by way of a \$52.5 million capital commitment for tenant and capital improvements to certain properties in the JV Entity. The final component is a capital commitment by RioCan by way of an equity contribution of \$128.1 million to be funded over the next three years for future acquisitions by the JV Entity.

The transaction values RioCan's contribution of a 50% interest in two enclosed mall properties in Ontario (Oakville Place and Georgian Mall described below) at \$296.6 million based on a capitalization rate of 5.15%. RioCan's initial equity contribution to the JV Entity will be \$144.3 million in the form of a 50% interest in the two mall properties, net of the existing debt of \$142.2 million (at 50%), which carries a weighted average interest rate of 3.7% and maturing in 2018 and 2021, and net of a capital lease obligation related to a ground lease of \$10.1 million at RioCan Georgian Mall for an initial equity stake in the JV Entity of 10.1%. RioCan will continue to act as manager for the enclosed malls that it will contribute to the JV Entity's portfolio. RioCan will also contribute an additional \$52.5M to the JV Entity, part of which is to be utilized for improvements to certain properties contributed to the JV Entity.

RioCan has also committed to an additional equity contribution to the JV Entity of approximately \$128.1 million over the next three years to fund future property acquisitions to increase the value and diversify the tenant base of the JV Entity. RioCan's contributions will be made by the third anniversary of the closing date. The joint venture will be entitled to exclusivity on select enclosed regional mall acquisition opportunities in Canada identified by RioCan, and all retail property acquisition opportunities identified by HBC.

RioCan's Property Contributions to the JV Entity

Georgian Mall

With more than 150 stores and the potential to add further retail and residential spaces on the adjacent 6.6 acres of land, this property is the dominant regional mall servicing the areas north of the GTA. Georgian Mall is located near Highway 400 along Bayfield Street, a major commercial corridor through Barrie, and is the largest shopping centre in the Barrie-Huron area. Barrie is located along the shores of Lake Simcoe, approximately 90 kms north of Toronto. It is one of Canada's fastest growing metropolitan areas. The mall is anchored by The Bay and shadow anchored by Sears department stores. Major fashion tenants at Georgian Mall include H&M, American Eagle, Michael Hill, The Garage Clothing Co., Melanie Lyne and Town Shoes. Other national tenants include Disney Store, SportChek, HomeSense and Shoppers Drug Mart. The site encompasses 61.9 acres (including 6.57 acres of excess lands), and has parking for 3,105 vehicles.

Oakville Place

Oakville Place is located directly off of the Queen Elizabeth Way ("QEW"), the major highway running through Ontario's "Golden Horseshoe", in Oakville, Ontario. Oakville Place also has the potential for additional mixed use opportunities on the 21.9 acre site. Oakville is a fast growing community with a strong, diversified economic base, and possesses one of Canada's highest income demographics with an average household income statistic that is well above the national average. Oakville Place is a fashion focused, two level regional mall containing approximately 455,000 square feet of gross leasable area. The property was built in 1981 and has undergone significant renovations in 2004 and 2008. Oakville Place is anchored by The Bay and Sears. Other major retail tenants at Oakville Place include American Eagle, H&M, Jacob, Birks, Roots, Laura, Mexx and Shoppers Drug Mart. Pusateri's, a local high end grocery and food retailer is scheduled to open an 18,000 square foot location at Oakville Place in late 2015.

In connection with the overall transaction, HBC has agreed to renegotiate the terms of the leases at Georgian Mall and Oakville Place. The revisions include the entering into a new twenty year lease from the closing date of the transaction, with six, five year renewal options, revisions to the rent and a commitment by the JV Entity to improve the stores.

HBC's Property Contributions to the JV Entity

Under the agreement with RioCan, HBC will contribute ten owned or ground-leased properties to the JV Entity with an estimated 3.3 million square feet. The transaction values the HBC real estate contribution at approximately C\$1.7 billion based on a capitalization rate of 5.08%. In addition to an eventual pro forma 79.8% equity stake in the JV, HBC is expected to receive approximately C\$352 million in cash proceeds from third-party debt to be arranged in advance by HBC and assumed by the JV Entity, and the JV Entity is expected to assume approximately \$48 million of existing debt secured against one of the properties contributed by HBC. As a result, HBC will have an initial equity stake in the JV Entity of C\$1.3 billion, representing an initial 89.9% interest in the JV Entity. The JV Entity will enter into a new lease with HBC for each of the ten store locations with a lease term of twenty years that provides for moderate annual rental increases during the term of the lease and any extensions.

HBC Properties to be contributed to the JV Entity

Top 10	Property Name	Street Address	City, Province	GLA (Sq. Ft.)	Leasehold/Freehold
1	Downtown Vancouver	674 Granville Street	Vancouver, BC	636,828	Freehold
2	Downtown Montreal	585 Ste-Catherine St. W.	Montreal, QC	655,396	Freehold
3	Downtown Calgary	200-8th Avenue S.W.	Calgary, AB	488,834	Freehold
4	Downtown Ottawa	73 Rideau Street	Ottawa, ON	335,305	Freehold
5	Yorkdale Shopping Centre	3401 Dufferin St.	Toronto, ON	303,438	Leasehold
6	Scarborough Town Centre	300 Borough Drive	Toronto, ON	231,759	Leasehold
7	Carrefour Laval	3045 Boulevard Le Carrefour	Laval (Montreal), QC	177,022	Leasehold
8	Promenades St. Bruno	Boulevard des Promenades	St. Bruno (Montreal), QC	131,808	Leasehold
9	Square One Shopping Centre	100 City Centre Drive	Mississauga, ON	200,729	Leasehold
10	Devonshire Mall	3030 Howard Avenue	Windsor, ON	165,584	Freehold
Total				3,286,703	

Closing

The transaction is currently expected to close by June 30, 2015, subject to securing acceptable debt financing for the JV Entity and other customary closing conditions and consents.

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About RioCan

RioCan is Canada's largest real estate investment trust with a total capitalization of approximately \$15.1 billion as at December 31, 2014. It owns and manages Canada's largest portfolio of shopping centres with ownership interests in a portfolio of 340 retail properties containing more than 79 million square feet, including 48 grocery anchored and new format retail centres containing 13 million square feet in the United States as at December 31, 2014. RioCan's portfolio also includes 15 properties under development in Canada. For further information, please refer to RioCan's website at www.riocan.com.

About Hudson's Bay Company

Hudson's Bay Company, founded in 1670, is North America's longest continually operated company. Today, HBC offers customers a range of retailing categories and shopping experiences primarily in the United States and Canada. Our leading banners - Hudson's Bay, Lord & Taylor, Saks Fifth Avenue and Saks Fifth Avenue OFF 5TH - offer a compelling assortment of apparel, accessories, shoes, beauty and home merchandise. Hudson's Bay is Canada's most prominent department store with 90 full-line locations, two outlet stores and www.thebay.com. Lord & Taylor operates 50 full-line locations primarily in the northeastern and mid-Atlantic U.S., four Lord & Taylor outlet locations and www.lordandtaylor.com. Saks Fifth Avenue, one of the world's pre-eminent luxury specialty retailers, comprises 38 U.S. stores, five international licensed stores and www.saks.com. OFF 5TH offers value-oriented merchandise through 79 U.S. stores and www.saksoff5th.com. Home Outfitters is Canada's largest kitchen, bed and bath specialty superstore with 67 locations. Hudson's Bay Company trades on the Toronto Stock Exchange under the symbol "HBC".

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in this News Release (including the sections entitled "Canadian Joint Venture Agreement", "RioCan's Property Contributions", "HBC's Property Contributions", and "Closing"), and other statements concerning RioCan's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking statements in this News Release are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on RioCan's current estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risks and Uncertainties" in RioCan's Management's Discussion and Analysis for the year ended December 31, 2014, which could cause actual events or results to differ materially from the forward-looking statements contained in this News Release. Those risks and uncertainties include, but are not limited to, those related to: liquidity and general market conditions; tenant concentrations and related risk of bankruptcy, occupancy levels and defaults; lease renewals and rental increases; retailer competition; access to debt and equity capital; interest rate and financing risk; joint ventures and partnerships; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions and dispositions; development risk associated with construction commitments, project costs and related approvals; environmental matters; litigation; reliance on key personnel; management information systems; unitholder liability; income and indirect taxes; U.S. investments, property management and foreign currency risk; and credit ratings. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification in high growth markets; access to equity and debt capital markets to fund, at acceptable costs, the future growth program to enable the Trust to refinance debts as they mature; and the availability of purchase opportunities for growth in Canada and the U.S.. Although the forward-looking information contained in this News Release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this News Release may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this News Release.

The Income Tax Act (Canada) contains provisions which potentially impose tax on publicly traded trusts (the "SIFT Provisions"). However, the SIFT Provisions do not impose tax on a publicly traded trust which qualifies as a real estate investment trust ("REIT"). RioCan currently qualifies as a REIT and intends to continue to qualify for future years. Should this not occur, certain statements contained in this News Release may need to be modified.

Except as required by applicable law, RioCan undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Contact Information:

RioCan Real Estate Investment Trust
Edward Sonshine, O. Ont., Q.C.
Chief Executive Officer
(416) 866-3018

RioCan Real Estate Investment Trust
Rags Davloor
President, Chief Operating Officer
and Interim Chief Financial Officer
(416) 642-3554
www.riocan.com

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF DENNIS BLASUTTI
SWORN BEFORE ME OVER VIDEOCONFERENCE
THIS 14th DAY OF MARCH, 2025

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal line extending to the right.

Commissioner for Taking Affidavits

March 11, 2025

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Ashley Taylor

Dear Ashley:

**Re: RE: CCAA Proceedings of Hudson's Bay Company ULC Compagnie De La Baie
D'Hudson SRI et. al. (collectively, the "HBC Applicants")**

We are counsel to RioCan Real Estate Investment Trust ("**RioCan**"). We are in receipt of the CCAA Initial Order (the "**Initial Order**") obtained on Friday, March 7, 2025 by you on behalf of your clients, the HBC Applicants. Capitalized terms used but not defined in this letter shall have the meanings given to them in the Initial Order.

RioCan was not served in advance with materials in connection with the application for the Initial Order. Our client has a number of concerns regarding the terms of the Initial Order. Without limiting the foregoing, chief among those concerns, are the terms of paragraph 9 of the Initial Order and the authorization for certain of the HBC Applicants to borrow under the DIP Facility on the terms and subject to the conditions set forth in the DIP Term Sheet pursuant to paragraphs 32 and 33 of the Initial Order.

Paragraph 9 of the Order provides:

"... Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated."

As you are aware, RioCan-Hudson's Bay JV is a joint venture between Hudson's Bay and RioCan and both YSS 1 and YSS 2 are subsidiaries of RioCan-Hudson's Bay JV. As such, RioCan is clearly negatively impacted by the relief in paragraph 9 above which stays and suspends any Rent payable to such parties (the "**Rent Suspension**") until further Order of the Court. This treatment of RioCan-Hudson's Bay JV and RioCan under the Initial Order is not fair or equitable, particularly

considering that the HBC Applicants are paying all landlords other than RioCan-Hudson's Bay JV, YSS 1 and YSS 2 all Rent amounts for the period from and after the date of the Initial Order. Contrary to the HBC Applicants' assertion, this relief does not preserve the status quo. Rather, the Rent Suspension requires RioCan-Hudson's Bay JV to provide post-filing service on a non-consensual basis to Hudson's Bay with RioCan-Hudson's Bay JV being prevented by court order from receiving contractually owed payment for such service. This amounts to RioCan-Hudson's Bay JV and RioCan being forced to provide the HBC Applicants with post-filing credit. Moreover, this relief is unprecedented in CCAA proceedings and is not supported by the law nor by the evidence advanced by the HBC Applicants in the Court filings. RioCan strongly objects to the inclusion of the Rent Suspension in the Initial Order and will move to delete such provision at the hearing of the Comeback Motion if the HBC Applicants do not agree to seek such amendment to the Initial Order.

Relatedly, pursuant to paragraph 26(l) of the DIP Term Sheet, the DIP Facility is not permitted to be used to pay rent to RioCan-Hudson's Bay, YSS 1 and YSS 2. Again, such a provision is completely inappropriate and contrary to legal principles, and RioCan objects to its inclusion as part of the DIP Term Sheet. Any debtor-in-possession financing obtained or to be obtained by any or all of the HBC Applicants must be of such amount so as to provide for the payment in full of all contractual obligations owing by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1 and YSS 2 for the period of occupation. Doing so will align with all prior CCAAs where, in keeping with the law, CCAA tenants are required to pay their monthly lease obligations in full and in advance for the CCAA period. These fundamental monthly payments for occupation rent are part of the costs of any CCAA restructuring and must be provided for in any CCAA Order or approved DIP Facility. This is a baseline requirement unless otherwise agreed to contractually by the parties.

Given that you have scheduled the Comeback Motion for next Monday, March 17, 2025 at 9:00 am, we require confirmation that the HBC Applicants will address the following matters at the Comeback Motion: (i) the Rent Suspension will be deleted from the Initial Order *nunc pro tunc*; and (ii) paragraph 26(l) of the DIP Term Sheet will be deleted *nunc pro tunc*. Furthermore, we look to receive the HBC Applicants' assurances and agreements that (a) they will not advance nor support any relief seeking an Order in these CCAA proceedings that contains any similar Rent Suspension; and (b) any debtor-in-possession financing to be obtained by any or all of the HBC Applicants shall provide for and shall be for such an amount so as to provide for the full payment of all lease obligations owing by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1 and YSS 2 for the period of occupation. Failure to deliver any of the foregoing immediately to RioCan will result in RioCan taking any and all steps to protect its interests in connection with these matters, including, without limitation, filing materials in opposition to the HBC Applicants.

Yours truly,

Goodmans LLP



Joseph Pasquariello

JP

cc: Maria Konyukhova, Philip Yang (Stikeman Elliott LLP)
Al Hutchens, Greg Karpel (Alvarez & Marsal)
Sean Zweig, (Bennett Jones LLP)
Adam Zalev (Reflect Advisors, LLC)
Robert Chadwick, Andrew Harmes (Goodmans LLP)

1413-4686-9780

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

Court File No.CV-25-00738613-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HUDSON'S BAY COMPANY ULC et al.**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

AFFIDAVIT OF DENNIS BLASUTTI
(Sworn March 14, 2025)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSO#: 35165K
rchadwick@goodmans.ca

Joseph Pasquariello LSO# 38390C
jpasquariello@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for RioCan Real Estate Investment Trust

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SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**MOTION RECORD OF RIOCAN REAL
ESTATE INVESTMENT TRUST**
(returnable March 17, 2025)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSO#: 35165K
rchadwick@goodmans.ca

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Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

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Fax: (416) 979-1234

Lawyers for RioCan Real Estate Investment Trust