

SECURITY AGREEMENT

(674 Granville Street)

THIS AGREEMENT is made as of May 31, 2022,

BETWEEN:

RIOCAN-HBC LIMITED PARTNERSHIP

(hereinafter referred to as the “**Debtor**”)

AND:

HSBC BANK CANADA, as Administrative Agent

(hereinafter referred to as the “**Secured Party**”)

WHEREAS the Debtor has agreed to grant a security interest and assignment, mortgage and charge in the Collateral to the Secured Party in order to secure the performance of its Obligations under the Credit Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Interpretation

In this Agreement, all capitalized terms not otherwise defined shall have the meaning ascribed thereto in the Credit Agreement, and unless something in the subject matter or context is inconsistent therewith:

“**Agreement**” means this agreement and all amendments made hereto by written agreement between the Secured Party and the Debtor.

“**Collateral**” has the meaning set out in Section 2.01.

“**Credit Agreement**” means the credit agreement made as of May 24, 2022, among the Debtor, as borrower, Hudson’s Bay Company ULC Compagnie de la Baie d’Hudson SRI, as nominee, the Secured Party, as Administrative Agent for and on behalf of the Lenders, HSBC Bank Canada, as Sole Lead Arranger, and the financial institutions from time to time parties thereto as lenders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**Obligations**” means, without duplication, all obligations and liabilities of any kind whatsoever of the Debtor to the Secured Party and/or the Lenders in connection with or relating to the Loan Documents.

“**Secured Property**” means the Property.

The terms “accessions”, “accounts”, “chattel paper”, “documents of title”, “goods”, “instruments”, “intangibles”, “inventory”, “investment property”, “money”, “proceeds”, and “securities” whenever used herein have the meanings given to those terms in the *Personal Property Security Act* (British Columbia), as now enacted or as the same may from time to time be amended, re-enacted or replaced (the “**PPSA**”).

1.02 **Sections and Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE 2 - GRANT OF SECURITY INTEREST

2.01 **Security interest**

As general and continuing security for the payment and performance of all Obligations, the Debtor hereby grants to the Secured Party a security interest in all present and after-acquired goods, investment property, instruments, documents of title, chattel paper, intangibles and money of the Debtor now or hereafter located in, or at, acquired or used in connection with, arising from or otherwise relating exclusively to, the Secured Property (collectively, the “**Collateral**”) and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages the Collateral and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, be entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds located in, or at, acquired or used in connection with, arising from or otherwise relating exclusively to, the Secured Property:

- (a) **Receivables**: all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the “**Receivables**”);
- (b) **Inventory**: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the businesses of the Debtor (collectively, the “**Inventory**”);

- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory (collectively, the "**Equipment**");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments (collectively, the "**Securities**");
- (g) Intangibles: all intangibles not otherwise described in this Section 2.01 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;
- (h) Investment Property: all investment property;
- (i) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (j) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (k) Performance Bonds: all outstanding refundable performance or maintenance bonds provided to the City of White Rock;
- (l) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and
- (m) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral,

provided that the said assignment and mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said assignment or mortgage and charge, the Debtor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound.

2.02 Attachment of Security interests

The Debtor acknowledges that value has been given and agrees that the security interests granted hereby will attach when it signs this Agreement and it has any rights in the Collateral.

2.03 **Exception for Contractual Rights**

The security interests granted hereby does not and will not extend to, and the Collateral will not include any agreement, right, franchise, licence or permit (the “**contractual rights**”) to which the Debtor is a party, or of which the Debtor has the benefit, to the extent that the creation of the security interests herein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor must hold its interests therein in trust for the Secured Party and will assign such contractual rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it will, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interests.

**ARTICLE 3 - GENERAL REPRESENTATIONS,
WARRANTIES AND COVENANTS OF THE DEBTOR**

3.01 **Representations and Warranties**

The Debtor hereby represents and warrants to the Secured Party that the address of its chief executive office and the office where it keeps its records respecting the Receivables, is: Suite 500, 401 Bay Street, Toronto, Ontario M5H 2Y4.

3.02 **Covenants**

The Debtor covenants with the Secured Party that it will:

- (a) maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (b) not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party;
- (c) defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, will keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests, except for Permitted Encumbrances, and those hereafter approved in writing by the Secured Party prior to their creation or assumption;
- (d) not change its chief executive office and the location of the office where it keeps its records respecting the Receivables, or move any of the Inventory, Securities or Equipment from the locations specified in any schedule hereto, without prior written notice to the Secured Party;
- (e) from time to time forthwith at the request of the Secured Party furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party will be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party will have access to all premises occupied by the Debtor or where the Collateral may be found;

- (f) not change its name, or, if the Debtor is a corporation, not amalgamate with any other corporation, without first giving notice to the Secured Party of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and
- (g) pay to the Secured Party forthwith upon demand all costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's (as defined hereafter) and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the security interests, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses will be added to and form part of the Obligations secured hereunder.

ARTICLE 4 - DEALING WITH COLLATERAL

4.01 Dealing with Collateral by the Debtor

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party, except that the Debtor may, until an Event of Default occurs, deal with the Collateral in the ordinary course of its business, but all proceeds of any dealings with such Collateral will continue to be subject to the security interests, assignment and mortgage and charge granted hereby.

4.02 Rights and Duties of the Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

4.03 Application of Funds

Except where the Debtor, when not in default hereunder, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 5 - DEFAULT AND REMEDIES

5.01 Events of Default

The Debtor will be in default under this Agreement upon the occurrence of an Event of Default under the Credit Agreement.

5.02 Remedies

(1) On or after the occurrence of an Event of Default, any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (a) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Collateral (which term when used in this Section 5.02 will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term “Secured Party” when used in this Section 5.02 will include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (g) the Secured Party may accept the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interests, assignment and mortgage and charge granted by this Agreement;
- (i) the Secured Party may enter upon, occupy and use all or any of the premises, buildings and plant occupied by the Debtor and use all or any of the Equipment

and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

- (j) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at such rate as the Secured Party deems reasonable, will be added to and form part of the Obligations; and
- (k) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith will be added to the Obligations.

(2) The Secured Party may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder.

(3) The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(4) The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the Obligations in such order as the Secured Party sees fit. If there is any surplus remaining, the Secured Party may pay it to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and any balance remaining must be paid to the Debtor. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party forthwith on demand.

ARTICLE 6 - GENERAL

6.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

6.02 **Paramountcy**

This Agreement has been entered into pursuant to the provisions of the Credit Agreement and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement, the rights and obligations of the parties will be governed by the provisions of the Credit Agreement to the extent of such conflict or inconsistency.

6.03 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.04 **Assignment**

The rights of the Secured Party and the Debtor under this Agreement may only be assigned in accordance with the terms of the Credit Agreement.

6.05 **Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.06 **Notices**

Any demand, notice or communication to be made or given hereunder shall be in the manner provided for in the Credit Agreement.

6.07 **Additional Continuing Security**

This Agreement and the security interests, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until payment and performance of the Obligations in full.

6.08 **Further Assurances**

The Debtor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, schedules, further assignments, documents, acts, matters and things as may be requested by the Secured Party for the purpose of giving full effect to this Agreement, to better evidence and perfect the security interests, assignment and mortgage and charge granted hereby, or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.09 **Power of Attorney**

The Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

6.10 **Discharge**

The Debtor will not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

6.11 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

6.12 **Executed Copy**

The Debtor acknowledges receipt of a fully executed copy of this Agreement.

6.13 **Joint and Several**

If more than one person signs this Agreement as Debtor, such persons are jointly and severally liable to perform and observe all of the obligations herein.


6.14 **Counterparts**


This Agreement may be executed in any number of counterparts and delivered by electronic means, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart executed by each party.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed this Security Agreement as of the day and year first above written.

RIOCAN-HBC LIMITED PARTNERSHIP, by its
general partner, **RIOCAN-HBC GENERAL
PARTNER INC.**

By: 
Name: Ian Putnam
Title: Executive Vice President

By: 
Name: Jennifer Bewley
Title: Treasurer

I / We have the authority to bind the above.