

**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

**AFFIDAVIT OF PHILIP YANG  
(Sworn March 26, 2025)**

I, Philip Yang, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am an Associate with Stikeman Elliott LLP ("**Stikeman**"), counsel for 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. (collectively, the "**Applicants**").
2. All capitalized terms used in this affidavit and not otherwise defined have the meanings given to them in the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025 (the "**Third Bewley Affidavit**").
3. In contemplation of the repayment of the DIP Financing Obligations, which was the subject matter of hearings during the week of March 17, 2025, Hudson's Bay sought a payout statement from the DIP Agent. On March 25, 2025, Stikeman received a payout statement with respect to the DIP Financing Obligations from counsel for the DIP Agent.
4. When the Amended Liquidation Consulting Agreement was approved by the Court on March 21, 2025, the issue of "Additional Consultants Goods" as contemplated in Section H of the Amended Liquidation Consulting Agreement remained unresolved and it was contemplated that

Hudson's Bay, the Liquidation Consultant, and the Landlords may require the Court's assistance. The parties were able to reach a consensual resolution of this remaining issue. On March 25, 2025, Hudson's Bay and the Liquidation Consultant entered into an amended consulting agreement dated as of March 25, 2025 (the "**Second Amended Liquidation Consulting Agreement**"). A copy of the Second Amended Liquidation Consulting Agreement and a redline comparison to the Amended Liquidation Consulting Agreement approved by the Court on March 21, 2025, are attached hereto as **Exhibits "A"** and **"B"**, respectively.

5. On March 25, 2025, the Loan Parties, the ABL Agent, the FILO Agent, and the Pathlight Agent entered into a restructuring framework agreement dated as of March 25, 2025 (the "**Restructuring Framework Agreement**"). The motion seeking approval of the Restructuring Framework Agreement was adjourned to allow stakeholders an opportunity to review the agreement. The Applicants' Landlords indicated that they intend to oppose approval of the Restructuring Framework Agreement. The Applicants have engaged with their pre-filing lenders and their Landlords in an attempt to find common ground. The parties have exchanged revised versions of the Restructuring Framework Agreement, but a resolution has not been reached. A copy of the latest revised Restructuring Framework Agreement and a redline comparison of the version attached as Exhibit "A" to the Third Bewley Affidavit served on the morning of Friday, March 21, 2025, are attached hereto as **Exhibits "C"** and **"D"**, respectively.

6. I swear this affidavit for no improper purpose.

SWORN remotely via videoconference, by Philip Yang, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in Province of Ontario, this 26<sup>th</sup> day of March, 2025, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

*B. Ketwaroo*

Commissioner for Taking Affidavits, etc.  
Brittney Ketwaroo | LSO #89781K

*Philip Yang*

**PHILIP YANG**

**EXHIBIT "A"**  
referred to in the Affidavit of  
**PHILIP YANG**  
Sworn March 26, 2025

*B. Ketivaroo*

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Commissioner for Taking Affidavits

## **CONSULTING AGREEMENT**

This Consulting Agreement, dated as of March \_\_, 2025 (this “Agreement”) is made by and between HUDSON’S BAY COMPANY ULC COMPAGNIE DE LA BAIE D’HUDSON SRI (collectively, the “Merchant”) and HILCO MERCHANT RETAIL SOLUTIONS ULC (the “Consultant”, and together with the Merchant, the “Parties” and each a “Party”), under which Consultant shall act as the exclusive consultant for the purpose of conducting a sale of certain Merchandise and FF&E (each as defined below) at eighty-seven (87) of the Merchant’s ninety-three (93) stores as set forth on Exhibit “1A” as may be amended from time to time (a “Store”, and collectively the “Stores”), as such Exhibit may be amended by the Merchant with the consent of the Monitor to add or remove Stores in accordance with Section B(4) below, and as located at the Distribution Centres set forth on Exhibit “1B” annexed hereto (the “Distribution Centres”) through a “Store Closing”, “Everything Must Go”, “Everything on Sale” or similar themed sale (the “Sale”) in accordance with the terms of the sale guidelines substantially in the form attached hereto as Exhibit “B” (the “Sale Guidelines”). Only Merchant-approved Sale terminology, as set out in the Sales Guidelines, will be utilized at each Store.

### **R E C I T A L S:**

**WHEREAS**, the Merchant operates a network of 93 retail stores under the “Hudson’s Bay”, “The Bay”, “Saks Fifth Avenue”, and “Saks OFF 5TH” banners in Ontario, British Columbia, Alberta, Manitoba, Nova Scotia, Saskatchewan, and Quebec, three (3) distribution centres in Ontario and one (1) in British Columbia, and a corporate office in Ontario.

**WHEREAS**, Merchant is subject to an Initial Order (as amended, restated or otherwise modified from time to time, the “Initial Order”) of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated March 7, 2025 pursuant to which, among other things, it has received protection under the *Companies’ Creditors Arrangement Act* (the “CCAA Proceedings”), Alvarez & Marsal Canada Inc. has been appointed as monitor of the Merchant (in such capacity, the “Monitor”).

**WHEREAS** the Merchant intends to seek an order in the CCAA Proceedings approving, among other things, this Agreement and the conduct of the Sale, in accordance with the terms hereof and the Sale Guidelines (the “Approval Order”).

**WHEREAS**, the Merchant intends to seek an additional order amending and restating the Initial Order on or before March 17, 2025 which will seek court approval for, amongst other things a stay extension (such an order being, the “ARIO”).

**WHEREAS**, Consultant is willing to serve as the Merchant’s exclusive consultant for the purpose of providing such consulting services, upon the terms and conditions and in the manner set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

#### **A. Merchandise**

For purposes hereof, “Merchandise” shall mean all inventory that is owned by any Merchant and actually sold in the Stores during the Sale Term (as defined below) and consigned goods at concession stands in the Stores as may be added from time to time to the Sale with the consent of the Consultant and the applicable licensor (“Added Concession Merchandise”) pursuant to a concession agreement (a “Concession Agreement”), the aggregate amount of which shall be determined using the gross rings inventory taking method, which may

include inventory that (i) is located at, or in transit to the Stores as of the Sale Commencement Date, and/or (ii) is located at or in transit to the Merchant's Distribution Centres and is earmarked for sale in the Stores by the Merchant prior to the Sale Commencement Date; provided, however, the Merchant and the Consultant agree that "Merchandise" shall expressly exclude:

- (1) goods which belong to sublessees, licensees or concessionaires of Merchant not constituting Added Concession Merchandise;
- (2) goods held by the Merchant on memo or consignment (including Consignment Goods (as defined below), unless otherwise agreed to by Merchant and Consultant;
- (3) partially owned, third party owned and/or leased furnishings, trade fixtures, equipment and/or improvements to real property that are located in the Stores and the Distribution Centres;
- (4) owned furnishings, trade fixtures, equipment, machinery, office supplies, conveyor systems, racking, rolling stock, any vehicles or other modes of transportation, and other personal property, or improvements to real property, that are located in the Stores, Distribution Centres but excluding the conveyor system at the Distribution Centre in Scarborough (collectively, "FF&E");
- (5) damaged or defective merchandise that cannot be sold;
- (6) Additional Consultant Goods (as defined below);
- (7) gift cards (third party and Merchant branded); and
- (8) any goods excluded from the definition of Merchandise in accordance with this Section A.

## **B. Sale Term**

1) For each Store, the Sale shall commence on the first business day following the entry of the Approval Order, which shall in no event be later than March 24, 2025 (the "Sale Commencement Date") and conclude no later than June 15, 2025 (the "Sale Termination Date"); provided, however, that the Parties may, in consultation with the Monitor, mutually agree in writing to extend the Sale Termination Date or to terminate the Sale at any Store prior to the Sale Termination Date. The period between the Sale Commencement Date and the Sale Termination Date shall be referred to as the "Sale Term."

2) At the conclusion of the Sale, Consultant shall surrender the premises for each Store to Merchant (a) in "broom swept" and clean condition, subject to Consultant's right pursuant to Section F below to abandon in a neat and orderly manner all unsold FF&E, and (b) if requested by Merchant, in accordance with the lease requirements for such premises or, if applicable, the Concession Agreement unless otherwise agreed with the landlord or the licensor of such Store; provided, however, that, if Merchant requests that Consultant surrender any premises in accordance with the lease requirements, Merchant shall bear all costs and expenses associated with surrendering the premises in accordance with the lease requirements or Concession Agreement for such premises, to the extent such expenses were incurred by Consultant in accordance with a budget mutually agreed to in writing between the Consultant and Merchant prior to surrender of the premises. At the conclusion of the Sale at each Store, Consultant shall photographically document the condition of each such Store and provide such photographs to Merchant within ten (10) days. Photographs shall reference with specificity each Store by number, name and/or location.

3) At the conclusion of the Sale Term, to the extent there is any Merchandise remaining on the Sale Termination Date (the "**Remaining Merchandise**"), such Remaining Merchandise shall, subject to the terms hereof, be sold on behalf of Merchant or otherwise disposed of by the Consultant as directed by the Merchant, in consultation with the Monitor. The costs and expenses of removing and disposing of the Remaining Merchandise shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget (as defined below)), to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (the "Remaining Merchandise Costs"). Any associated expenses shall be paid by the Merchant as Remaining Merchandise Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the Base Fee, Concession Fee, and Removal Fee, (each as defined below) due to the Consultant. To the extent any proceeds from any sale or

disposition of any Remaining Merchandise is received by the Consultant after the applicable Sale Termination Date, such proceeds shall be treated in accordance with Section G (*Payments & Accounting*).

4) Merchant may provide a revised Exhibit “1A” to Consultant, either adding or removing any one or more of the Stores, provided that the number of remaining Stores is not less than 25, and Exhibit “1A” will be deemed amended for all purposes hereunder. For clarity, a location that has been removed from Exhibit “1A” in accordance with this provision (a) shall not, after, its removal from Exhibit “1A”, constitute a Store for purposes of the Sale, and no further Sale of Merchandise or FF&E at such location shall be undertaken pursuant to this Agreement; and (b) may be re-added to Exhibit “1A” upon delivery of a further revised Exhibit “1A” to Consultant in accordance with this provision and the Merchant’s agreement to pay Costs. If a Store is removed from the Sale the Consultant shall be entitled to the Base Fee, Wholesale Fee, Concession Fee and FF&E Commissions accrued to such date that the Store is removed from the Sale, *plus* a flat fee (the “Removal Fee”) of \$40,000 per removed Store until May 1, 2025 and \$20,000 thereafter.

### **C. Project Management**

#### **1) Consulting Services**

The Merchant will seek the Approval Order from the Court. Subject to the entry of and the terms of the Approval Order, the Merchant hereby retain the Consultant, and the Consultant hereby agrees to serve as an independent consultant to the Merchant, in connection with the conduct of the Sale as set forth herein. With respect to the Sale, the Consultant shall serve as the exclusive consultant to the Merchant relative thereto throughout the Sale Term and may not be compensated by any other party, except as provided for herein.

The Merchant and Consultant shall agree on an allocation of Merchandise across Stores to support or optimize the Sale.

#### **2) Consultant’s Undertakings**

During the Sale Term, Consultant shall, in collaboration with Merchant and the Monitor, (a) provide qualified supervisors (the “Supervisors”) engaged by Consultant to oversee the management of the Stores and the Sale; (b) recommend appropriate point-of-sale and external advertising for the Stores, approved in advance by Merchant; (c) recommend appropriate discounts of Merchandise, staffing levels for the Stores, and appropriate bonus and incentive programs, if any, for the Stores’ employees, in each case approved in advance by Merchant in consultation with the Monitor; (d) oversee display of Merchandise for the Stores; (e) to the extent that information is available, evaluate sales of Merchandise by category and sales reporting and monitor expenses; (f) maintain the confidentiality of all proprietary or non-public information regarding Merchant or their affiliates, the Stores and underlying lease agreements and Concession Agreements, in accordance with the provisions of the confidentiality agreements signed by the Parties; (g) assist Merchant in connection with managing and controlling loss prevention and employee relations matters; (h) to the extent necessary, assist Merchant in obtaining all required permits and governmental consents required to conduct the Sale except as otherwise provided in the Approval Order; and (i) provide such other related services deemed necessary or appropriate by Merchant and Consultant, in consultation with the Monitor.

The Consultant shall provide qualified supervision to oversee the conduct of the Sale in the Stores as may be required to maximize sales, the expense for which is included in the Expense Budget (defined below). In connection with the Sale, the Consultant shall indirectly retain and engage the Supervisors. The Supervisors shall not be deemed to be employees or consultants of the Merchant in any manner whatsoever; nor do the Supervisors have any relationship with the Merchant by virtue of this Agreement or otherwise which creates any liability or responsibility on behalf of the Merchant for the Supervisors. During the Sale Term, the Supervisors shall perform the services provided for herein during normal Store operating hours and for the

period of time prior to the Stores opening and subsequent to the Stores closing, as required in connection with the Sale, in the Consultant's discretion and direction. In consideration of Consultant's engagement of the Supervisors, the Merchant agrees to pay the Consultant, as a Cost of the Sale (defined below), the amount of reasonable and documented Supervisor-related wages, fees paid to arm's length third parties, travel, expenses, deferred compensation and third party payroll costs and expenses, in accordance with and subject to the Expense Budget (collectively, the "Supervisor Costs"). The Supervisor Costs set forth in the Expense Budget include, among other things, industry standard deferred compensation. The Merchant shall reimburse Consultant for all Supervisor Costs weekly, based upon invoices or other documentation reasonably satisfactory to the Merchant and the Monitor.

All right, title and interest of the Merchant in and to all Merchandise and FF&E shall remain with Merchant at all times during the Sale Term until such Merchandise (and Remaining Merchandise) and FF&E is sold or otherwise disposed of in accordance with the terms hereof and of the Approval Order. Although the Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the benefits to the Merchant, the Merchant expressly acknowledges that the Consultant is not guaranteeing the results of the Sale. All Sales of Merchandise and FF&E in the Stores or through the Distribution Centres shall be made in the name and on behalf of the Merchant, and all sales during the Sale Term shall be final with no returns accepted or allowed. All sales of Merchandise shall be by cash, gift card, debit card or credit card in accordance with Merchant's policies and subject to the terms of the ARIO and Approval Order. The Parties acknowledge and agree that no Stores will honor returns with respect to any items purchased during the Sale. The Stores shall accept gift cards and similar items issued by the Merchant prior to the Sale Commencement Date up to and including April 6, 2025. Stores shall not accept any loyalty programs but shall accept employee and retiree discounts reduced to 10% on all items except when the item is categorized as clearance up to and including April 6, 2025. Sales will continue through the Websites up to and including April 15, 2025. No refunds or exchanges will be accepted.

Without limiting the generality of the foregoing or the terms of the confidentiality agreements between Merchant and Consultant (the "Confidentiality Agreements"), all information of a business nature relating to the pricing, sales, promotions, marketing, assets, liabilities or other business affairs of the Merchant, their customers, employees, or affiliated entities constitutes the Merchant's confidential, trade secret information (the "Merchant's Confidential Information"), which is and shall remain the exclusive intellectual property of Merchant and shall be treated as strictly confidential by the Consultant in accordance with and subject to the Confidentiality Agreements. The Consultant agrees to maintain strict confidentiality in accordance with the Confidentiality Agreements and agrees that it may use the Merchant's Confidential Information only as reasonably necessary to perform its obligations related to the Sale. If and to the extent the use or other handling of any Personal Information (as defined below) is necessary for the Consultant to perform its obligations hereunder, the Consultant shall comply with all Data Security Requirements (as defined below) and such other reasonable restrictions requested by the Merchant. For purposes of this Agreement, "Personal Information" means any natural person's name, street address, telephone number, e-mail address, social insurance number, driver's license number, passport number, credit card number, or user or account number, or any other piece of information that, individually or when combined with other information, allows the identification of a natural person or is otherwise considered personally identifiable information or personal data protected under any applicable Data Security Requirement. For purposes of this Agreement, "Data Security Requirements" means, collectively, all of the following to the extent relating to privacy, security, or security breach notification requirements: (i) each Merchant's own rules, policies and procedures; (ii) all applicable statutes and regulations; (iii) industry standards applicable to the industry in which any Merchant's business is conducted; and (iv) contracts into which any Merchant has entered or by which it is otherwise bound, provided such contracts (or the requirements of such contracts) are provided to the Consultant.

The Parties expressly acknowledge and agree that Merchant shall have no liability to the Supervisors for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination

or any other liability arising from Consultant's hiring or engagement of the Supervisors, and the Supervisors shall not be considered employees of Merchant.

3) Merchant's Undertakings

During the Sale Term, Merchant as applicable, shall: (a) be the employer of the Stores' and Distribution Centres' employees, other than the Supervisors; (b) be responsible for all taxes, costs, expenses, accounts payable, and other liabilities relating to the Stores and Distribution Centres, the Stores' and Distribution Centres' employees and other representatives of Merchant (in accordance with the terms of this Agreement); (c) prepare and process all tax forms and other documentation with respect thereto; (d) collect all HST/GST and other applicable taxes assessed on the sale of the Merchandise, Additional Consultant Goods and FF&E and pay them to the appropriate taxing authorities; (e) use reasonable efforts to cause Merchant's employees to cooperate with Consultant and the Supervisors; (f) execute all agreements mutually determined by the Merchant and Consultant, in consultation with the Monitor, to be necessary or desirable for the operation of the Stores or Distribution Centres during the Sale; (g) arrange for the ordinary maintenance of all point-of-sale equipment required for the Stores; and (h) use reasonable efforts to ensure that Consultant has quiet access to and use of the Stores and Distribution Centres for the Sale Term in order to perform its obligations under this Agreement.

Merchant shall provide throughout the Sale Term central administrative services necessary for the Sale, including (without limitation) customary POS administration, sales audit, cash reconciliation, accounting, and payroll processing, as currently available through the Merchant's existing accounting and IT systems, all at no cost to Consultant.

The Parties expressly acknowledge and agree that Consultant shall have no liability to Merchant's employees for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from Merchant's employment, hiring or retention of its employees, and such employees shall not be considered employees of Consultant.

**D. The Sale**

All sales of Merchandise and FF&E shall be made on behalf of Merchant. Consultant does not have, nor shall it have, any right, title or interest in the Merchandise, FF&E. All sales of Merchandise and FF&E shall be by cash, gift card, or credit or debit card and, at Merchant's discretion or otherwise in accordance with Merchant's policies and in each case subject to the terms of the Approval Order, and shall be "final" with no returns accepted or allowed, unless otherwise directed by Merchant. Merchant and Consultant shall not sell gift cards during the Sale Term.

**E. Consultant Fee and Expenses in Connection with the Sale**

(1) In consideration of its services hereunder, subject to Section B(4) above, Merchant shall pay Consultant a "Base Fee" equal to two percent (2.0%) of the Gross Proceeds of Merchandise sold at the Stores. Merchant shall pay Consultant a "Concession Fee" equal to five percent (5%) of the Gross Proceeds of Added Concession Merchandise, or as otherwise agreed between the Consultant, Merchant and applicable consignee/licensee in lieu of the Base Fee. Consultant shall earn a base wholesale fee of seven and one half percent (7.5%) of the Gross Proceeds of Merchandise sold through Consultant's wholesale channels (the "Wholesale Fee"). For purposes of this Agreement, "Gross Proceeds" means gross receipts from sales of Merchandise (as applicable) during the Sale Term and shall not include sales generated from merchandise sold from the Distribution Centres via the Merchant's webstores or e-commerce websites (collectively, the "Websites"), net of applicable HST/GST.



(2) Merchant shall be responsible for all expenses of the Sale, including (without limitation) all Store-level operating expenses, all Distribution Centre expenses, all costs and expenses related to Merchant's other retail store operations, and all of Consultant's reasonable and documented out of pocket expenses incurred pursuant to the Expense Budget (the "Costs"). To control Costs, Merchant and Consultant have established an aggregate budget (the "Expense Budget") of certain delineated expenses, including (without limitation) payment of the costs of supervision, advertising and signage costs, and other miscellaneous expenses incurred by Consultant, including reasonable legal fees. The Expense Budget for the Sale is attached hereto as Exhibit "C". The Expense Budget may only be modified with the consent of the Monitor and by mutual written (including email) agreement of Consultant and Merchant. The costs of supervision set forth on Exhibit "C" include, among other things, industry standard deferred compensation. Notwithstanding anything herein to the contrary, unless consented to by the Monitor and otherwise agreed to by Merchant in writing, Merchant shall not be obligated to pay costs of supervision and advertising costs that have not been included, or provided for, in the Expense Budget, as may be amended in accordance with the terms of this Agreement. Merchant shall reimburse Consultant for all Costs actually incurred by the Consultant up to the aggregate budgeted amount set forth in the Expense Budget.

**F. Furniture, Fixtures and Equipment**

Consultant shall undertake to sell the FF&E that is owned by the Merchant in the Stores, Distribution Centers from the facilities themselves. Merchant shall be responsible for all reasonable and documented costs and expenses incurred by Consultant in connection with the sale of the FF&E, which costs and expenses shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget) to be established from time to time with the consent of the Monitor and by mutual agreement of the Parties (such costs and expenses, not including the Costs, shall be referred to as the "FF&E Costs"). Consultant shall have the right to abandon at the facilities any unsold FF&E.

In consideration for providing the services set forth in this Section F, Consultant shall be entitled to a commission from the sale of the FF&E equal to fifteen percent (15.0%) of the gross proceeds of the sale of the FF&E (net only of applicable HST/GST) (the "FF&E Commission").

Notwithstanding anything in this Agreement to the contrary, Consultant shall not have any obligation whatsoever to cap any electrical or plumbing outlets or purchase, sell, make, store, handle, treat, dispose, or remove any hazardous materials from the Stores, Distribution Centres, or otherwise. Consultant shall have no liability to any party for any environmental action brought: (a) that is related to the storage, handling, treatment, disposition, generation, or transportation of hazardous materials, or (b) in connection with any remedial actions associated therewith. The Merchant (and not Consultant) shall be solely responsible to cap all electrical items and plumbing outlets and to remove all hazardous materials from the Stores and Distribution Centres.

**G. Payments & Accounting**

All proceeds of sales of Merchandise and FF&E through the Sale shall be collected by Merchant's Store management personnel and deposited into existing Merchant deposit accounts. During the Sale Term, all accounting matters (including, without limitation, the determination of the Costs, FF&E Commission, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder) shall be reconciled by the Parties, in consultation with the Monitor, on every Wednesday for the prior calendar week and the amounts determined to be owing for such prior calendar week pursuant to such reconciliation shall be paid within seven (7) days after each such weekly reconciliation.

The Parties shall, in consultation with the Monitor, complete a final reconciliation and settlement of all amounts payable pursuant to this Agreement (including, without limitation, the determination of the Base Fee, Wholesale Fee, Removal Fee, Additional Consultant Goods Fee (as defined below), Consignment Goods Fee, Concession Fee, Costs, FF&E Commission, FF&E Costs and all other fees, expenses, or other amounts

reimbursable or payable hereunder) no later than forty five (45) days following (a) the Sale Termination Date for the last Store (the “Final Reconciliation”), or (b) the date upon which this Agreement is terminated in accordance with its terms. Within ten (10) days after the Final Reconciliation, (a) any amounts that are determined to be owing by Merchant to the Consultant shall be paid by the Merchant to the Consultant, and (b) any amounts that are determined to be owing by the Consultant to the Merchant as a result of any overpayments shall be paid by the Consultant to the Merchant.

The fees paid to Consultant hereunder have been agreed by the Parties based on the total number of Stores subject to this Agreement as set forth on Exhibit “1A”, as may be amended from time to time. To the extent Merchant voluntarily adds or eliminates Stores from the Sale, the Merchant shall be responsible for Consultant’s actual expenses incurred, as defined in the Expense Budget and accrued in connection with the Sale in each removed Store or expenses accrued as a result of the Merchant adding a new location to Exhibit “1A”.

In addition, The Merchant and Consultant shall consult in respect of the manner in which any Additional Consultant Goods and/or Consignment Goods located at the Stores which are removed or added, are to be addressed.

#### **H. Additional Consultant Goods**

Subject to the Approval Order, Consultant shall have the right to supplement the Merchandise in the Sale at the Stores with additional goods procured by Consultant which are of like kind and category, and no lesser quality to the Merchandise in the Sale at the Stores (“Additional Consultant Goods”) provided that the Additional Consultant Goods sold as part of the Sale will not exceed \$35,000,000 at cost in the aggregate and the inclusion of the Additional Consultant Goods shall be consistent with any restriction on usage of the Stores set out in the applicable leases. The Additional Consultant Goods will be distributed amongst the Stores such that no Store receives more than 10% of value of the aggregate Merchandise sold at such Store during the Sale in Additional Consultant Goods.

The Consultant agrees that no less than 60% of the vendors of Additional Consultant Goods shall be existing vendors of HBC or have supplied inventory to HBC in the past and that as at the Sale Commencement Date, all Additional Consultant Goods are either en route to or in Canada. The Additional Consultant Goods shall comprise of soft and hard home, rugs, bath, kitchen, branded apparel for men, women, and kids, luxury jewelry, premium denim, footwear, toys, health and beauty/wellness, and similar products.

The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Stores and such purchase and transportation costs shall be incurred by the Consultant. Sales of Additional Consultant Goods shall be run through Merchant’s cash register systems; provided, however, that Merchant shall assist with marking, and Consultant shall mark the Additional Consultant Goods, using either a “dummy” SKU or department number, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. For the avoidance of doubt, the Merchant shall provide the Consultant with “dummy” SKUs or unique “fee codes” within seven (7) days of the Sale Commencement Date. Consultant and Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, Consultant shall provide signage in the Stores notifying customers that the Additional Consultant Goods have been included in the Sale.

Consultant shall pay to Merchant an amount equal to six and a half percent (6.5%) of the gross proceeds (excluding sales taxes) from the sale of Additional Consultant Goods completed during the Sale Term (the “Additional Consultant Goods Fee”) plus the applicable sales tax, including, GST/HST or QST, and Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Any amount due from Consultant to Merchant in respect of the sale of Additional Consultant Goods in accordance with this Section

H shall be paid not later than three (3) business days following the Parties' completion of each weekly reconciliation with respect to sales of Additional Consultant Goods sold by Consultant during the prior week (or at such other mutually agreed upon time).

Consultant and Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from Consultant to Merchant in all respects and not a consignment for security purposes. Subject solely to Consultant's obligations to pay to Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. Merchant shall, at Consultant's sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with Merchant's insurers. Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

Merchant acknowledges, and the Approval Order shall provide, that the Additional Consultant Goods shall be consigned to Merchant as a true consignment under applicable law. Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods and (ii) the Additional Consultant Goods proceeds, and Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties and which security interest shall be deemed perfected pursuant to the Approval Order without the requirement of any such filings or providing notifications to any prior secured parties (provided that Consultant is hereby authorized to deliver all required notices and file all necessary financing statements and amendments thereof under applicable law identifying Consultant's interest in the Additional Consultant Goods as consigned goods thereunder and the Merchant as the consignee therefor, and Consultant's security interest in and lien upon such Additional Consultant Goods and Additional Consultant Goods proceeds).

## **I. Consignment Goods**

Merchant and Consultant shall have the right to continue to procure and sell Consignment Goods in the Stores pursuant to the Consignment Agreement dated August 1, 2024. Sales of goods provided to Merchant under the Consignment Agreement (the "Consignment Goods") shall be run through the Merchant's cash register / point of sale systems; provided, however, that the Merchant shall assist with marking, and the Consultant shall mark the Consignment Goods, using "dummy" SKUs or unique "fee codes" or department numbers, or in such other manner so as to distinguish the sale of Consignment Goods from the sale of Merchandise. Purchase and transportation costs related to the Consignment Goods shall be incurred by the Consultant.

The Consultant shall pay to the Merchant an amount equal to six and a half percent (6.5%) of the gross proceeds (excluding sales taxes) from the sale of Consignment Goods completed during the Sale Term (the "Consignment Goods Fee") plus the applicable sales including, GST/HST or QST, and the Consultant shall retain all remaining amounts from the sale of the Consignment Goods. Any amount due from the Consultant to the Merchant in respect of the sale of Consignment Goods in accordance with this Section I shall be paid not later than three (3) business days following the Parties' completion of each weekly reconciliation with respect to sales of Consignment Goods sold by the Consultant during the prior week (or at such other mutually agreed upon time).

Subject to the submission of any applicable Tax election, the Merchant shall collect and remit all HST/GST or QST and other applicable sales taxes assessed on the sale of the Consignment Goods or Additional Consultant Goods to the taxing authorities (or to Consultant if Consultant is responsible for submission to the taxing authorities) (collectively, "**Taxes**") in accordance with the applicable law (other than taxes payable on the income of the Consultant or other taxes, which taxes shall be paid by Consultant to the applicable taxing

authority on a timely basis). Merchant shall collect and remit any such Taxes, on behalf of Consultant, to the applicable taxing authority on a timely basis.

The Consultant and the Merchant intend that the transactions relating to the Consignment Goods are, and shall be construed as, a true consignment from the Consultant to the Merchant in all respects and not a consignment for security purposes. Subject solely to the Consultant's obligations to pay to the Merchant the Consignment Goods Fee, at all times and for all purposes the Consignment Goods and their proceeds shall be the exclusive property of the Consultant, and no other person or entity shall have any claim against any of the Consignment Goods or their proceeds. The Merchant shall, at the Consultant's sole cost and expense, insure the Consignment Goods and, if required, promptly file any proofs of loss with regard to same with the Merchant's insurers. The Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Consignment Goods.

The Merchant acknowledges that the Consignment Goods shall be consigned to the Merchant as a true consignment under applicable law. Subject to the Court's issuance of the Approval Order, the Consultant is hereby granted a first priority security interest in and charge and lien upon (i) the Consignment Goods; and (ii) the Consignment Goods proceeds, and the Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties.

## **J. Indemnification**

### **1) Merchant's Indemnification**

Merchant shall indemnify, defend, and hold Consultant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, affiliates, and Supervisors (collectively, "Consultant Indemnified Parties" and each a "Consultant Indemnified Party") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to: (a) the willful or negligent acts or omissions of Merchant or the Merchant Indemnified Parties (as defined below); (b) the material breach of any provision of this Agreement by Merchant; (c) any liability or other claims, including, without limitation, product liability claims, asserted by customers, any Store employees (under a collective bargaining agreement or otherwise), or any other person (excluding Consultant Indemnified Parties) against Consultant or a Consultant Indemnified Party, except claims arising from Consultant's negligence, willful misconduct, gross negligence, unlawful behavior or the sale of any Additional Consultant Goods; (d) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Consultant Indemnified Parties or Merchant's customers by Merchant or Merchant Indemnified Parties; and (e) Merchant's failure to pay over to the appropriate taxing authority any taxes required to be paid by Merchant during the Sale Term in accordance with applicable law.

### **2) Consultant's Indemnification**

Consultant shall indemnify, defend and hold Merchant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, and affiliates (other than the Consultant or the Consultant Indemnified Parties) (collectively, "Merchant Indemnified Parties" and each a "Merchant Indemnified Party") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to (a) the willful or negligent acts or omissions of Consultant or the Consultant Indemnified Parties; (b) the breach of any provision of, or the failure to perform any obligation under, this Agreement by Consultant; (c) any liability or other claims made by Consultant Indemnified Parties or any other person (excluding Merchant Indemnified Parties) against a Merchant Indemnified Party arising out of or related to Consultant's conduct of the Sale, except claims arising from Merchant's negligence, willful misconduct, gross negligence, or unlawful behavior; (d) any harassment, discrimination or violation of any laws or regulations or any other

unlawful, tortious or otherwise actionable treatment of Merchant Indemnified Parties, or Merchant's customers by Consultant or any of the Consultant Indemnified Parties; (e) any claims made by any party engaged by Consultant as an employee, agent, representative or independent contractor arising out of such engagement, including, without limitation, the Supervisors; and (f) the sale of any Additional Consultant Goods.

## **K. Insurance**

### **1) Merchant's Insurance Obligations**

Merchant shall maintain throughout the Sale Term, liability insurance policies (including, without limitation, products liability (to the extent currently provided), comprehensive public liability insurance and auto liability insurance) covering injuries to persons and property in or in connection with the Stores or Distribution Centres, and shall, to the extent reasonably practicable, cause Consultant to be named an additional insured with respect to all such policies. At Consultant's request, Merchant shall provide Consultant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, Merchant shall maintain throughout the Sale Term, in such amounts as it currently has in effect, workers compensation insurance in compliance with all statutory requirements.

### **2) Consultant's Insurance Obligations**

Consultant shall maintain (at its sole cost and expense) throughout the Sale Term, liability insurance policies (including, without limitation, products liability/completed operations, contractual liability, comprehensive public liability and auto liability insurance) on an occurrence basis in an amount of at least two million dollars (\$2,000,000) and an aggregate basis of at least five million dollars (\$5,000,000) covering injuries to persons and property in or in connection with Consultant's provision of services at the Stores. Consultant shall name Merchant as an additional insured and loss payee under such policy, and upon execution of this Agreement provide Merchant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, Consultant shall maintain throughout the Sale Term, workers' compensation insurance in compliance with all statutory requirements. Further, should Consultant employ or engage third parties to perform any of Consultant's undertakings with regard to this Agreement, Consultant will ensure that such third parties are covered by Consultant's insurance or maintain all of the same insurance as Consultant is required to maintain pursuant to this paragraph and name Merchant as an additional insured and loss payee under the policy for each such insurance.

## **L. Going Concern Sale**

- (a) The Parties acknowledge and agree that in the event of one or more going concern transactions, including to any related party, for any Merchant's business or any portion thereof, Merchant shall be entitled to add/remove any Stores from the Sale in accordance with Section B(4) and:
  - (i) the Parties shall work cooperatively and in good faith to modify the transaction contemplated hereunder appropriately and the Parties shall:
    - (A) agree to a revised Expense Budget to reflect the Costs of running the Sale at the Stores (including for any Added Concession Merchandise); and
    - (B) agree on appropriate advertising regarding the Sale to be included on the Websites, at the Merchant's expense including, without limitation, with respect to store locator and a headline banner promoting the Sale;
  - (ii) Merchant shall not, and shall use commercially reasonable efforts to ensure that any going concern buyer does not, offer for sale through the Websites or other e-

commerce platform, any goods included among the Merchandise at an effective price, determined on an item-by-item and SKU basis (after accounting for all applicable discounts, promotions, coupons, programs), less than the then-current price offered in the Stores for such items as part of the Sale; and

- (iii) notwithstanding anything contained herein, the Base Fee and FF&E Commission will not apply to any Merchandise or FF&E included in the applicable going concern transaction(s), and no other fees, expenses, or other amounts arising following the date on which the applicable Stores are removed from Exhibit "1A" in accordance with Section B(4) will be payable to the Consultant hereunder in connection with such Merchandise and FF&E. For the avoidance of doubt, nothing in this paragraph shall be construed to relieve Merchant of any obligations, fees, expenses or other amounts specified under Section B(4).

#### **M. Representations, Warranties, Covenants and Agreements**

1) Merchant warrants, represents, covenants and agrees that, subject to the issuance of the Approval Order: (a) Merchant is a limited partnership duly formed, validly existing and in good standing under the laws of the province of Ontario, with full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of Merchant and this Agreement constitutes a valid and binding obligation of Merchant enforceable against Merchant in accordance with its terms and conditions, and the consent of no other entity or person is required for Merchant to fully perform all of its obligations herein; (c) all ticketing of Merchandise at the Stores has been and will be done in accordance with Merchant's customary ticketing practices; (d) all normal course hard markdowns on the Merchandise have been, and will be, taken consistent with Merchant's customary practices, and (e) subject to the Sale Guidelines and this Agreement, the Stores and Distribution Centres will be operated in the ordinary course of business in all respects, except as otherwise expressly agreed to by Merchant and Consultant, in consultation with the Monitor.

2) Each party comprising the Consultant warrants, represents, covenants and agrees that: (a) Consultant is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute and deliver this Agreement and to perform the Consultant's obligations hereunder; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of Consultant and this Agreement constitutes a valid and binding obligation of Consultant enforceable against Consultant in accordance with its terms and conditions, and the consent of no other entity or person is required for Consultant to fully perform all of its obligations herein; (c) Consultant shall comply with and act in accordance with any and all applicable federal, provincial and local laws, rules, and regulations, and other legal obligations of all governmental authorities; (d) no non-emergency repairs or maintenance in the Stores or Distribution Centres will be conducted without Merchant's prior written consent; (e) Consultant will not take any disciplinary action against any employee of Merchant; and (f) Consultant is not a non-resident of Canada pursuant to the *Income Tax Act* and shall provide the Merchant with its relevant sales tax numbers prior to the Sale.

3) The Merchant shall collect all sales taxes and shall be solely responsible for reporting and paying the same to the appropriate taxing authorities in accordance with applicable law.

4) The Merchant shall seek Court approval of this Agreement and the Sale Guidelines pursuant to the Approval Order. The Parties expressly acknowledge and agree that the entering into of this Agreement by the Merchant is subject to the issuance of the Approval Order approving, among other things, this Agreement, the Sale Guidelines and the conduct of the Sale and that should the Approval Order not be obtained, this Agreement shall have no force or effect.

5) The Consultant shall conduct the Sale in accordance with the terms of this Agreement, the Approval Order and the Sales Guidelines.

#### **N. Termination**

The following shall constitute “Termination Events” hereunder:

1) A Merchant’s or the Consultant’s failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting Party;

2) Any representation or warranty made by a Merchant or the Consultant is untrue in any material respect as of the date made or at any time and throughout the Sale Term; or

3) The Sale is terminated or materially interrupted or impaired for any reason, including but not limited to an order of the Court, other than as a result of an Event of Default (as defined below) by the Consultant or the Merchant.

If a Termination Event occurs, (i) the non-defaulting Party in the event of a Termination Event arising under subparagraphs (1) or (2) above (an “**Event of Default**”), or (ii) either Party in the event of a Termination Event arising under subparagraph (c) above, may, in its discretion, elect to terminate this Agreement by providing seven (7) business days’ written notice thereof to the other Party and, in the case of an Event of Default, in addition to terminating this Agreement, pursue any and all rights and remedies and damages resulting from such Event of Default.

If this Agreement is terminated, the Merchant shall be obligated to pay the Consultant all amounts due and owing by the Merchant to the Consultant under this Agreement through and including the termination date of the Agreement, subject to the rights of Merchant in the event of an Event of Default by the Consultant.

#### **O. Notices**

All notices, certificates, approvals, and payments provided for herein shall be sent by electronic mail or by recognized overnight delivery service as follows: (a) to Merchant: at the address listed above, with a copy to counsel to the Merchant: Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9, Attn: Elizabeth Pillon, Email: [epillon@stikeman.com](mailto:epillon@stikeman.com); (b) to Consultant: Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: T. Kellan Grant, Email: [kgrant@hilcoglobal.com](mailto:kgrant@hilcoglobal.com), with a copy to counsel to the Consultant at: Cassels Brock & Blackwell LLP, Suite 3200, Bay Adelaide Centre — North Tower, 40 Temperance St, Toronto, Ontario M5H 0B4 Canada, Attn: Monique Sassi, Esq., Email: [msassi@cassels.com](mailto:msassi@cassels.com); or (c) such other address as may be designated in writing by Merchant or Consultant, and in either case, with a copy to the Monitor at: Alvarez & Marsal Canada Inc., 200 Bay St., Toronto, ON M5J 2J1, Attn: Greg Karpel, Email: [gkarpel@alvarezandmarsal.com](mailto:gkarpel@alvarezandmarsal.com), with a copy to the Monitor’s counsel: Bennett Jones LLP, One First Canadian Place, Suite 3400, P.O. Box 130, Toronto, Ontario, M5X 1A4, Attn: Sean Zweig & Mike Shakra, Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com) / [shakram@bennettjones.com](mailto:shakram@bennettjones.com).

#### **P. Independent Consultant**

Consultant’s relationship to Merchant is that of an independent contractor without the capacity to bind Merchant in any respect. No employer/employee, principal/agent, joint venture or other such relationship is created by this Agreement. Merchant shall have no control over the hours that Consultant or its employees or assistants or the Supervisors work or the means or manner in which the services that will be provided are performed and

Consultant is not authorized to enter into any contracts or agreements on behalf of Merchant or to otherwise create any obligations of Merchant to third parties, unless authorized in writing to do so by Merchant, with the consent of the Monitor.

**Q. Non-Assignment**

Neither this Agreement nor any of the rights hereunder may be transferred or assigned by either Party without the prior written consent of the other Party; provided, however, that Consultant may syndicate this transaction with one or more third parties upon notice to, but not the consent of Merchant. No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party to this Agreement unless made in writing and signed by a duly authorized representative or agent of such Party. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

**R. Severability**

If any term or provision of this Agreement, as applied to either Party or any circumstance, for any reason shall be declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, inoperative or otherwise ineffective, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. If the surviving portions of the Agreement fail to retain the essential understanding of the Parties, the Agreement may be terminated by mutual consent of the Parties.

**S. Governing Law, Venue, Jurisdiction and Jury Waiver**

This Agreement, and its validity, construction and effect, shall be governed by and enforced in accordance with the laws of the Province of Ontario (without reference to the conflicts of laws provisions therein) and the laws of Canada applicable therein. Merchant and Consultant waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Consultant against Merchant or Merchant against Consultant on any matter whatsoever arising out of, or in any way connected with, this Agreement, the relationship between Merchant and Consultant, any claim of injury or damage or the enforcement of any remedy under any law, statute or regulation, emergency or otherwise, now or hereafter in effect.

**T. Entire Agreement**

Other than with respect to the Confidentiality Agreement, this Agreement, together with all additional schedules and exhibits attached hereto, constitutes a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party except as specifically set forth in this Agreement. All prior agreements, discussions and negotiations are entirely superseded by this Agreement.

**U. Execution**

This Agreement may be executed simultaneously in counterparts (including by means of electronic mail, facsimile or portable document format (pdf) signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. This Agreement, and any amendments hereto, to the extent signed and delivered by means of electronic mail, a facsimile machine or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original thereof and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.



**V. Canadian Dollars**

The Expense Budget expresses amounts in Canadian dollars. All references to monetary amounts in this Agreement are in Canadian dollars.

**W. Choice of Language.**

The parties have specifically required that this Agreement and all related documents be drafted and executed in English. *Les parties aux présentes ont formellement demandé à ce que la présente convention et tous les documents auxquels celle-ci réfère soient rédigés et signés en langue anglaise.*

*[Remainder of Page Intentionally Left Blank]  
[Signatures Appear Next Page]*

IN WITNESS WHEREOF, the Merchant and the Consultant have executed this Agreement or caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first written above.

**MERCHANT:**

**HUDSON'S BAY COMPANY ULC**

By: \_\_\_\_\_

Name:

Its:

**CONSULTANT:**

**HILCO MERCHANT RETAIL SOLUTIONS ULC**

By: \_\_\_\_\_

Name:

Its:

*[Signature page to HBC Consulting Agreement]*

**Exhibit “1A”**

**List of Stores**

Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1101	HB	Vancouver	674 Granville Street	Vancouver	BC	V6C 1Z6	636,828	268,615
1104	HB	Vernon	4900 27th Street	Vernon	BC	V1T 2C7	83,036	52,427
1106	HB	Kamloops	1320 Trans Canada Highway	Kamloops	BC	V1S 1J1	123,289	75,263
1107	HB	Langley	19705 Fraser Highway	Langley	BC	V3A 7E9	131,146	75,947
1108	HB	Mayfair	3125 Douglas Street	Victoria	BC	V8Z 3K3	166,073	98,462
1109	HB	Prince George	1602 15th Avenue	Prince George	BC	V2L 3X3	111,500	65,549
1111	HB	Richmond	6060 Minoru Boulevard	Richmond	BC	V6Y 1Y2	169,692	99,185
1112	HB	Saskatoon	201 First Avenue S	Saskatoon	SK	S7K 3M1	174,306	104,744
1114	HB	Calgary	200 8th Avenue SW	Calgary	AB	T2P 1B5	448,834	156,145
1116	HB	Red Deer	4900 Molly Bannister Drive	Red Deer	AB	T4R 1N9	110,672	63,783
1117	HB	St Vital	1225 St. Mary's Road	Winnipeg	MB	R2M 5E5	122,002	72,272
1118	HB	Nanaimo	6631 Island Highway N	Nanaimo	BC	V9T 4T7	146,452	89,289
1119	HB	Kelowna	2271 Harvey Avenue	Kelowna	BC	V1Y 6H3	127,290	73,739
1125	HB	Southgate	5015 111 Street NW	Edmonton	AB	T6H 4M7	236,551	136,448
1127	HB	Metrotown	4850 Kingsway	Burnaby	BC	V5H 4P2	140,545	83,246
1135	HB	Londonderry	137 Avenue NW & 66 Street NW	Edmonton	AB	T5C 3C8	119,058	60,549
1136	HB	Medicine Hat	3292 Dunmore Road SE	Medicine Hat	AB	T1B 2R4	93,217	59,070
1138	HB	Chinook	6455 Macleod Trail SW	Calgary	AB	T2H 0L1	206,514	118,832
1139	HB	Victoria	1150 Douglas Street	Victoria	BC	V8W 2C8	229,275	109,432
1140	HB	Polo Park	1485 Portage Avenue	Winnipeg	MB	R3G 0W4	212,086	106,864
1142	HB	Guildford	1400 Guildford Town Centre	Surrey	BC	V3W 7B7	174,462	100,799
1144	HB	Market Mall	3625 Shaganappi Trail NW	Calgary	AB	T3A 0E2	200,000	116,182
1145	HB	St Albert	330 St. Albert Road	St. Albert	AB	T8N 0P9	93,313	59,398
1147	HB	West Edmonton	8882 170 Street NW	Edmonton	AB	T5T 3J7	164,250	91,907
1148	HB	Lethbridge	200 4th Avenue S	Lethbridge	AB	T1J 4C8	133,243	71,559
1149	HB	Penticton	2111 Main Street	Penticton	BC	V2A 6V1	94,643	57,885
1150	HB	Sunridge	2525 36 Street NE	Calgary	AB	T1Y 5T4	161,330	93,940
1161	HB	Park Royal	725 Park Royal N	West Vancouver	BC	V7T 1H9	171,924	103,516
1162	HB	Abbotsford	32900 S Fraser Way	Abbotsford	BC	V2S 5A1	128,739	71,378
1164	HB	Southcentre	100 Anderson Road SE	Calgary	AB	T2J 3V1	164,514	97,362
1171	HB	Coquitlam	2929 Barnet Highway	Port Coquitlam	BC	V3B 5R9	120,086	72,222
1183	HB	Kingsway	1 Kingsway Garden Mall NW	Edmonton	AB	T5G 3A6	153,264	92,124

Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1512	HB	Eglinton	1 Eglinton Square	Scarborough	ON	M1L 2K1	115,205	64,994
1514	HB	Fairview	1800 Sheppard Avenue E	Willowdale	ON	M2J 5A7	152,420	96,733
1515	HB	Centrepont	6500 Yonge Street	Willowdale	ON	M2M 3X4	122,502	34,631
1517	HB	Bramalea	25 Peel Centre Drive	Bramalea	ON	L6T 3R5	131,438	75,220
1518	HB	Mississauga	100 City Centre Drive	Mississauga	ON	L5B 2C9	204,174	110,446
1522	HB	Woodbine	500 Rexdale Boulevard	Rexdale	ON	M9W 6K5	139,953	84,972
1523	HB	Erin Mills	5100 Erin Mills Parkway	Mississauga	ON	L5M 4Z5	140,526	76,858
1526	HB	Oshawa	419 King Street W	Oshawa	ON	L1J 2K5	122,624	73,332
1527	HB	Masonville	1680 Richmond Street	London	ON	N6G 3Y9	84,928	54,906
1530	HB	Oakville	240 Leighland Avenue	Oakville	ON	L6H 3H6	119,428	69,559
1531	HB	New Market	17600 Yonge Street N	Newmarket	ON	L3Y 4Z1	142,780	80,911
1532	HB	Markham	5000 Highway 7	Markham	ON	L3R 4M9	140,094	81,170
1533	HB	Pickering	1355 Kingston Road	Pickering	ON	L1V 1B8	121,730	71,396
1535	HB	Barrie	465 Bayfield Street	Barrie	ON	L4M 4Z9	90,748	56,199
1537	HB	Mapleview	900 Maple Avenue	Burlington	ON	L7R 3X5	129,066	83,235
1541	HB	London White Oaks	1105 Wellington Road	London	ON	N6A 1V4	165,759	101,430
1542	HB	Kitchener	3050 Kingsway Drive	Kitchener	ON	N2G 2J7	184,714	94,018
1543	HB	Windsor	3030 Howard Avenue	Windsor	ON	N8X 3Y8	165,584	61,418
1544	HB	Sherway	25 The West Mall	Etobicoke	ON	M9C 1B8	223,477	119,194
1546	HB	Scarborough	300 Borough Drive	Scarborough	ON	M1P 4P5	231,759	129,964
<del>1547</del>	<del>HB</del>	<del>Hillcrest</del>	<del>9350 Yonge Street</del>	<del>Richmond Hill</del>	<del>ON</del>	<del>L4C 5G2</del>	<del>136,915</del>	<del>80,318</del>
1550	HB	Limeridge	999 Upper Wentworth Street	Hamilton	ON	L9A 4X5	146,801	77,335
<del>1554</del>	<del>HB</del>	<del>Yorkdale</del>	<del>3401 Dufferin Street</del>	<del>Toronto</del>	<del>ON</del>	<del>M6A 2T9</del>	<del>303,438</del>	<del>165,789</del>
<del>1560</del>	<del>HB</del>	<del>Queen Street</del>	<del>176 Yonge Street</del>	<del>Toronto</del>	<del>ON</del>	<del>M5C 2L7</del>	<del>675,722</del>	<del>579,031</del>
1573	HB	Pen Centre	221 Glendale Avenue	St. Catharines	ON	L2T 2K9	150,110	75,661
1575	HB	Waterloo	550 King Street N	Waterloo	ON	N2L 5W6	130,580	83,625
1576	HB	Cambridge	355 Hespeler Road	Cambridge	ON	N1R 8J9	131,453	71,171
<del>1601</del>	<del>HB</del>	<del>Montreal Main</del>	<del>585 St. Catherine Street W</del>	<del>Montreal</del>	<del>QC</del>	<del>H3B 3Y5</del>	<del>655,396</del>	<del>241,978</del>
1606	HB	Laval	1600 Le Corbusier Boulevard	Chomedey	QC	H7S 1Y9	134,377	38,112
1607	HB	Rockland	2435 Rockland Avenue	Mount Royal	QC	H3P 2Z3	147,594	88,086
1610	HB	St Bruno	800 Boulevard des Promenades	St. Bruno	QC	J3V 5J9	131,808	78,644
<del>1611</del>	<del>HB</del>	<del>Pointe Claire</del>	<del>6790 Autoroute Trans-Canadienn</del>	<del>Pointe Claire</del>	<del>QC</del>	<del>H9R 1C5</del>	<del>179,578</del>	<del>104,383</del>

Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1612	HB	Anjou	7895 Boulevard des Galeries-d'Anjou	Anjou	QC	H1M 1W6	176,474	119,601
<del>1613</del>	<del>HB</del>	<del>Carrefour Laval</del>	<del>3045 Boulevard le Carrefour</del>	<del>Laval</del>	<del>QC</del>	<del>H7T 1C7</del>	<del>177,022</del>	<del>98,907</del>
1616	HB	Sherbrooke	3000 Boulevard de Portland	Sherbrooke	QC	J1L 1R8	116,265	56,485
1617	HB	Angrignon Montreal - Lasalle	7091 Boulevard Newman	LaSalle	QC	H8N 1X1	128,888	73,983
1618	HB	Place D'orleans	110 Place D'Orleans Drive	Orleans	ON	K1C 2L9	115,501	74,136
1631	HB	Rideau	73 Rideau Street	Ottawa	ON	K1N 5W8	305,305	160,171
1633	HB	St Laurent	1200 St. Laurent Boulevard	Ottawa	ON	K1K 3B8	145,074	95,501
1634	HB	Bayshore	100 Bayshore Drive	Ottawa	ON	K2B 8C1	180,696	101,440
1637	HB	Gatineau	1100 Ouest Boulevard	Gatineau	QC	J8T 6G3	140,364	70,247
1638	HB	Rosemere	401 Boulevard Labelle	Rosemere	QC	J7A 3T2	132,483	82,338
1640	HB	La Capitale	5401 Boulevard des Galeries	Quebec City	QC	G2K 1N4	163,034	90,476
1644	HB	Kingston	945 Gardiner Road	Kingston	ON	K7M 7H4	113,054	71,657
1646	HB	Dartmouth	21 Micmac Road	Dartmouth	NS	B3A 4K7	151,303	87,363
1647	HB	Sydney	800 Grand Lake Road	Sydney	NS	B1P 6S9	82,944	49,355
1649	HB	Brossard	2150 Boulevard Lapiniere	Brossard	QC	J4W 2T5	143,786	80,882
7315	SO5	Tanger Outlet Ottawa	8555 Campeau Drive	Kanata	ON	K2T 1B7	28,357	28,357
7316	SO5	The Outlet Collection	300 Taylor Road	Niagara on the Lake	ON	L0S 1J0	32,387	32,387
7317	SO5	Vaughan Mills	1 Bass Pro Mills Drive	Vaughan	ON	L4K 0A2	34,992	34,992
7318	SO5	Premium Outlets Halton Hills	13850 Steeles Avenue W	Trafalgar	ON	L7G 0J1	24,887	24,887
7319	SO5	Crossiron Mills	261055 Crossiron Boulevard	Calgary	AB	T0M 0E0	30,009	30,009
7320	SO5	Sherway / Queensway	1950 The Queensway	Toronto	ON	M9C 5H5	27,042	27,042
7322	SO5	Rideau Downtown	73 Rideau Street	Ottawa	ON	K1N 5W8	34,887	34,887
7324	SO5	Tsawwassen Mills	5000 Canoe Pass Way	Tsawwassen	BC	V4M 0B3	32,733	32,733
7326	SO5	Outlet Collection	555 Sterling Lyon Parkway	Winnipeg	MB	R3P 1J9	32,204	32,204
7327	SO5	Place Ste. Foy	2450 Boulevard Laurier	Quebec City	QC	G1V 2L1	33,254	33,254
7329	SO5	Pickering Town Centre	1355 Kingston Road	Pickering	ON	L1V 1B8	30,033	30,033
7332	SO5	Skyview	13554 137 Avenue NW	Edmonton	AB	T5L 5E9	30,026	30,026
7333	SO5	Park Royal	755 Park Royal N	North Vancouver	BC	V7T 1H9	33,300	33,300
8356	Saks	Toronto	176 Yonge Street	Toronto	ON	M5C 2L7	168,153	168,153
8357	Saks	Sherway Gardens	25 The West Mall	Toronto	ON	M9C 1B8	140,475	140,475
8358	Saks	Chinook Centre	6455 Macleod Trail SW	Calgary	AB	T2H 0K8	126,996	126,996

**Exhibit “1B”**  
**List of Distribution Centres**

## Distribution Centres

<b>Center</b>	<b>City</b>	<b>Prov.</b>	<b>GLA</b>	<b>Landlord</b>
Scarborough Logistics Center	Toronto	ON	738,102	100 Metropolitan Portfolio Inc
Vancouver Logistics Center	Richmond	BC	416,900	PIRET (18111 Blundell Road) Holdings Inc.
Eastern Big Ticket Center	Toronto	ON	501,000	ONTARI Holdings Ltd.
Toronto Logistics Center	Toronto	ON	221,244	BCIMC Realty Corporation



**Exhibit “B”**  
**Sale Guidelines**

## SALE GUIDELINES

The following procedures (the “**Sale Guidelines**”) shall apply to the sale (the “**Sale**”) of any merchandise, inventory, furniture, fixtures and equipment at the Hudson’s Bay Company ULC Compagnie de la Baie D’Hudson SRI’s (“**Merchant**”) retail stores (collectively, the “**Stores**”), each set out in Exhibits to the Consulting Agreement (as defined below).

Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the amended and restated initial order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted on March 19, 2025 in the CCAA Proceedings (as may be amended and restated from time to time, the “**Initial Order**”), or the Consulting Agreement (as defined below), as applicable.

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court granted on March 21, 2025 in the CCAA Proceedings (the “**Approval Order**”), approving the Consulting Agreement between a contractual joint venture comprised of Hilco Merchant Retail Solutions, ULC, Gordon Brothers Canada ULC, Tiger Asset Solutions, ULC, GA Capital Solutions Canada, Inc. (fka B. Riley Retail Canada, ULC) (“**Consultant**”) and Merchant, dated March 20, 2025 (as amended from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder, (ii) any further Order of the Court, or (iii) any subsequent written agreement between Merchant and its applicable landlord(s) (individually, a “**Landlord**” and, collectively, the “**Landlords**”) and approved by Consultant, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements for each of the affected Stores (individually, a “**Lease**” and, collectively, the “**Leases**”). However, nothing contained herein shall be construed so as to create or impose upon Merchant or Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the applicable premises vacate date for each Store under the Consulting Agreement (the “**Vacate Date**”), and in all cases no later than June 30, 2025. Rent payable under the respective Leases shall be paid as provided in the Initial Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” or similar theme sale at the Stores (provided, however, that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale, unless otherwise agreed between the Consultant and Landlord, it being understood that the French equivalent of “clearance” is “liquidation” and is permitted to be used). Forthwith upon request from a Landlord, the Landlord’s counsel, Merchant or the Monitor, Consultant shall provide the proposed signage packages along with proposed dimensions by email to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, Merchant, Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a

separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used unless explicitly permitted by the applicable Lease; and (ii) where such banners are not explicitly permitted by the applicable Lease and the applicable Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the service list for the CCAA Proceedings. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of Consultant.

5. Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are “final” and customers with any questions or complaints are to call Merchant’s hotline number.
7. Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, save that Consultant may solicit customers in the Stores themselves. Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the applicable Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or otherwise agreed to by the Landlord.
8. At the conclusion of the Sale in each Store, Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E (as defined below) for clarity) may be removed without the applicable Landlord’s written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Approval Order. In addition to the foregoing, Merchant shall remove all of its personal property including, without limitation, any inventory, trade fixtures, furnishings, furniture and equipment from each Store. With the consent of the applicable Landlord, any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been disclaimed by Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of such Landlord. Nothing in this paragraph shall derogate from or expand upon Consultant’s obligations under the Consulting Agreement.
9. Subject to the terms of paragraph 8 above, Consultant may also sell existing furniture, fixtures and equipment owned by Merchant and located in the Stores during the Sale that are (i) fully owned by Merchant; (ii) owned jointly by Merchant and one or more third-party vendors of Merchant, as directed by Merchant with the consent of the Monitor and agreed to by such third-parties; or (iii) fully owned by a third party if agreed to by such third-party and Merchant with the consent of the Monitor (collectively, the “**FF&E**”). For greater certainty, FF&E does not include any fixtures and affixed equipment that comprise all or any portion of the Stores’ mechanical, electrical, plumbing, security, HVAC, fire suppression and fire alarm or sprinkler systems. Merchant and Consultant may advertise the sale of FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the applicable Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove such FF&E either through the back shipping areas designated by the applicable Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if such FF&E can fit in a shopping

bag, with the Landlord's supervision as required by the Landlord and in accordance with the Initial Order and the Approval Order. Consultant shall repair any damage to the Stores or the shopping mall resulting from the removal of any FF&E by Consultant or by third party purchasers of FF&E from the Consultant.

10. Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
11. Merchant hereby provides notice to the Landlords of Merchant and Consultant's intention to sell and remove FF&E from the Stores. Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with Consultant to identify FF&E subject to the Sale. The relevant Landlord shall be entitled upon request to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between Merchant, Consultant and such Landlord, or by further Order of the Court upon application by Merchant on at least two (2) days' notice to such Landlord and the Monitor. If Merchant has disclaimed or resiliated the Lease governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to Merchant's or Consultant's claim to FF&E in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then: (i) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving Merchant, the Monitor and Consultant twenty-four (24) hours' prior written notice; and (ii) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against Merchant in respect of such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
13. Consultant and its agents and representatives shall have the same access rights to the Stores as Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order).
14. Merchant and Consultant shall not conduct any auctions of Merchandise or FF&E at any of the Stores.
15. Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Consultant shall be Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: T. Kellan Grant, Email: [kgrant@hilcoglobal.com](mailto:kgrant@hilcoglobal.com), with a copy to counsel to the Consultant at: Cassels Brock & Blackwell LLP, Suite 3200, Bay Adelaide Centre — North Tower, 40 Temperance St, Toronto, Ontario M5H 0B4 Canada, Attn: Monique Sassi, Esq., Email: [msassi@cassels.com](mailto:msassi@cassels.com). If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days' written notice to the other party or parties and the Monitor, during which time Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, Consultant shall not be required to take any such banner down pending determination of any dispute.

16. Consultant shall be entitled to include in the Sale additional inventory and other goods ("**Additional Goods**"), provided that: (i) the Additional Goods are currently in the possession or control of Merchant (including any distribution centre used by Merchant) or has previously been ordered by or on behalf of Merchant and is currently in transit to Merchant (including any distribution centre used by Merchant) or a Store, or is ordered from an existing supplier in respect of Merchant's existing SKUs by or on behalf of a Merchant; and (ii) the additional merchandise is of like kind or category and no lesser quality to the Merchandise.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between Consultant, Merchant and the applicable Landlord, in consultation with the Monitor; provided, however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.
19. If there is a conflict between the Approval Order, the Consulting Agreement and these Sale Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) the Approval Order; (2) these Sale Guidelines; and (3) the Consulting Agreement.

**Exhibit “C”**  
**Expense Budget**

**HBC**  
**Exhibit B**

<b>Expense Budget (1)*</b>
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**Advertising**

Digital & Media	1,622,550
Signs (2)	3,046,430
Sign Walkers	<u>802,575</u>
Subtotal Advertising	5,471,555

**Supervision**

Fees / Wages / Expenses (3)	<u>8,807,478</u>
Subtotal Supervision	8,807,478

**Miscellaneous**

Miscellaneous /Legal (4)	<u>-</u>
Subtotal Miscellaneous	-

Total Expenses	<u><u>14,279,033</u></u>
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**Notes:**

1. This Expense Budget contemplates a sale term of March 18, 2025 through June 8, 2025. The Expense Budget remains subject to modification in the event that this
2. Includes Sales Tax.
3. Includes Deferred Compensation and Insurance.
4. Any legal expenses associated with issues raised by or disputes with landlords, including (without limitation) negotiations in respect of landlord side letters, shall be in addition to and not part of the budgeted legal expenses.

\*To be updated as the Store List in Exhibit "A1" is modified.

**EXHIBIT "B"**  
referred to in the Affidavit of  
**PHILIP YANG**  
Sworn March 26, 2025

*B. Ketivaroo*

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Commissioner for Taking Affidavits



## **CONSULTING AGREEMENT**

This Consulting Agreement, dated as of March \_\_, 2025 (this “Agreement”) is made by and between **HUDSON’S BAY COMPANY ULC COMPAGNIE DE LA BAIE D’HUDSON SRI** (collectively, the “Merchant”) and **HILCO MERCHANT RETAIL SOLUTIONS ULC** (the “Consultant”, and together with the Merchant, the “Parties” and each a “Party”), under which Consultant shall act as the exclusive consultant for the purpose of conducting a sale of certain Merchandise and FF&E (each as defined below) at eighty-seven (87) of the Merchant’s ninety-three (93) stores as set forth on Exhibit “1A” as may be amended from time to time (a “Store”, and collectively the “Stores”), as such Exhibit may be amended by the Merchant with the consent of the Monitor to add or remove Stores in accordance with Section B(4) below, and as located at the Distribution Centres set forth on Exhibit “1B” annexed hereto (the “Distribution Centres”) through a “Store Closing”, “Everything Must Go”, “Everything on Sale” or similar themed sale (the “Sale”) in accordance with the terms of the sale guidelines substantially in the form attached hereto as Exhibit “B” (the “Sale Guidelines”). Only Merchant-approved Sale terminology, as set out in the Sales Guidelines, will be utilized at each Store.

### **R E C I T A L S :**

**WHEREAS**, the Merchant operates a network of 93 retail stores under the “Hudson’s Bay”, “The Bay”, “Saks Fifth Avenue”, and “Saks OFF 5TH” banners in Ontario, British Columbia, Alberta, Manitoba, Nova Scotia, Saskatchewan, and Quebec, three (3) distribution centres in Ontario and one (1) in British Columbia, and a corporate office in Ontario.

**WHEREAS**, Merchant is subject to an Initial Order (as amended, restated or otherwise modified from time to time, the “Initial Order”) of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated March 7, 2025 pursuant to which, among other things, it has received protection under the *Companies’ Creditors Arrangement Act* (the “CCAA Proceedings”), Alvarez & Marsal Canada Inc. has been appointed as monitor of the Merchant (in such capacity, the “Monitor”).

**WHEREAS** the Merchant intends to seek an order in the CCAA Proceedings approving, among other things, this Agreement and the conduct of the Sale, in accordance with the terms hereof and the Sale Guidelines (the “Approval Order”).

**WHEREAS**, the Merchant intends to seek an additional order amending and restating the Initial Order on or before March 17, 2025 which will seek court approval for, amongst other things a stay extension (such an order being, the “ARIO”).

**WHEREAS**, Consultant is willing to serve as the Merchant’s exclusive consultant for the purpose of providing such consulting services, upon the terms and conditions and in the manner set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

#### **A. Merchandise**

For purposes hereof, “Merchandise” shall mean all inventory that is owned by any Merchant and actually sold in the Stores during the Sale Term (as defined below) and consigned goods at concession stands in the Stores as may be added from time to time to the Sale with the consent of the Consultant and the applicable licensor (“Added Concession Merchandise”) pursuant to a concession agreement (a “Concession Agreement”), the aggregate amount of which shall be determined using the gross rings inventory taking method, which may include inventory that (i) is located at, or in transit to the Stores as of the Sale

Commencement Date, and/or (ii) is located at or in transit to the Merchant's Distribution Centres and is earmarked for sale in the Stores by the Merchant prior to the Sale Commencement Date; provided, however, the Merchant and the Consultant agree that "Merchandise" shall expressly exclude:

- (1) goods which belong to sublessees, licensees or concessionaires of Merchant not constituting Added Concession Merchandise;
- (2) goods held by the Merchant on memo or consignment (including Consignment Goods (as defined below), unless otherwise agreed to by Merchant and Consultant;
- (3) partially owned, third party owned and/or leased furnishings, trade fixtures, equipment and/or improvements to real property that are located in the Stores and the Distribution Centres;
- (4) owned furnishings, trade fixtures, equipment, machinery, office supplies, conveyor systems, racking, rolling stock, any vehicles or other modes of transportation, and other personal property, or improvements to real property, that are located in the Stores, Distribution Centres but excluding the conveyor system at the Distribution Centre in Scarborough (collectively, "FF&E");
- (5) damaged or defective merchandise that cannot be sold;
- (6) Additional Consultant Goods (as defined below);
- (7) gift cards (third party and Merchant branded); and
- (8) any goods excluded from the definition of Merchandise in accordance with this Section A.

## **B. Sale Term**

1) For each Store, the Sale shall commence on the first business day following the entry of the Approval Order, which shall in no event be later than March 24, 2025 (the "Sale Commencement Date") and conclude no later than June 15, 2025 (the "Sale Termination Date"); provided, however, that the Parties may, in consultation with the Monitor, mutually agree in writing to extend the Sale Termination Date or to terminate the Sale at any Store prior to the Sale Termination Date. The period between the Sale Commencement Date and the Sale Termination Date shall be referred to as the "Sale Term."

2) At the conclusion of the Sale, Consultant shall surrender the premises for each Store to Merchant (a) in "broom swept" and clean condition, subject to Consultant's right pursuant to Section F below to abandon in a neat and orderly manner all unsold FF&E, and (b) if requested by Merchant, in accordance with the lease requirements for such premises or, if applicable, the Concession Agreement unless otherwise agreed with the landlord or the licensor of such Store; provided, however, that, if Merchant requests that Consultant surrender any premises in accordance with the lease requirements, Merchant shall bear all costs and expenses associated with surrendering the premises in accordance with the lease requirements or Concession Agreement for such premises, to the extent such expenses were incurred by Consultant in accordance with a budget mutually agreed to in writing between the Consultant and Merchant prior to surrender of the premises. At the conclusion of the Sale at each Store, Consultant shall photographically document the condition of each such Store and provide such photographs to Merchant within ten (10) days. Photographs shall reference with specificity each Store by number, name and/or location.

3) At the conclusion of the Sale Term, to the extent there is any Merchandise remaining on the Sale Termination Date (the "**Remaining Merchandise**"), such Remaining Merchandise shall, subject to the terms hereof, be sold on behalf of Merchant or otherwise disposed of by the Consultant as directed by the Merchant, in consultation with the Monitor. The costs and expenses of removing and disposing of the Remaining Merchandise shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget (as defined below)), to be established from time to time by mutual agreement of the Parties with the consent of the Monitor (the "Remaining Merchandise Costs"). Any associated expenses shall be paid by the Merchant as Remaining Merchandise Costs and in accordance with the budget referred to herein, and the gross receipts thereof (net of sales taxes) shall be included in the calculation of the Base Fee,

Concession Fee, and Removal Fee, (each as defined below) due to the Consultant. To the extent any proceeds from any sale or disposition of any Remaining Merchandise is received by the Consultant after the applicable Sale Termination Date, such proceeds shall be treated in accordance with Section G (Payments & Accounting).

4) Merchant may provide a revised Exhibit “1A” to Consultant, either adding or removing any one or more of the Stores, provided that the number of remaining Stores is not less than 25, and Exhibit “1A” will be deemed amended for all purposes hereunder. For clarity, a location that has been removed from Exhibit “1A” in accordance with this provision (a) shall not, after, its removal from Exhibit “1A”, constitute a Store for purposes of the Sale, and no further Sale of Merchandise or FF&E at such location shall be undertaken pursuant to this Agreement; and (b) may be re-added to Exhibit “1A” upon delivery of a further revised Exhibit “1A” to Consultant in accordance with this provision and the Merchant’s agreement to pay Costs. If a Store is removed from the Sale the Consultant shall be entitled to the Base Fee, Wholesale Fee, Concession Fee and FF&E Commissions accrued to such date that the Store is removed from the Sale, *plus* a flat fee (the “Removal Fee”) of \$40,000 per removed Store until May 1, 2025 and \$20,000 thereafter.

### **C. Project Management**

#### **1) Consulting Services**

The Merchant will seek the Approval Order from the Court. Subject to the entry of and the terms of the Approval Order, the Merchant hereby retain the Consultant, and the Consultant hereby agrees to serve as an independent consultant to the Merchant, in connection with the conduct of the Sale as set forth herein. With respect to the Sale, the Consultant shall serve as the exclusive consultant to the Merchant relative thereto throughout the Sale Term and may not be compensated by any other party, except as provided for herein.

The Merchant and Consultant shall agree on an allocation of Merchandise across Stores to support or optimize the Sale.

#### **2) Consultant’s Undertakings**

During the Sale Term, Consultant shall, in collaboration with Merchant and the Monitor, (a) provide qualified supervisors (the “Supervisors”) engaged by Consultant to oversee the management of the Stores and the Sale; (b) recommend appropriate point-of-sale and external advertising for the Stores, approved in advance by Merchant; (c) recommend appropriate discounts of Merchandise, staffing levels for the Stores, and appropriate bonus and incentive programs, if any, for the Stores’ employees, in each case approved in advance by Merchant in consultation with the Monitor; (d) oversee display of Merchandise for the Stores; (e) to the extent that information is available, evaluate sales of Merchandise by category and sales reporting and monitor expenses; (f) maintain the confidentiality of all proprietary or non-public information regarding Merchant or their affiliates, the Stores and underlying lease agreements and Concession Agreements, in accordance with the provisions of the confidentiality agreements signed by the Parties; (g) assist Merchant in connection with managing and controlling loss prevention and employee relations matters; (h) to the extent necessary, assist Merchant in obtaining all required permits and governmental consents required to conduct the Sale except as otherwise provided in the Approval Order; and (i) provide such other related services deemed necessary or appropriate by Merchant and Consultant, in consultation with the Monitor.

The Consultant shall provide qualified supervision to oversee the conduct of the Sale in the Stores as may be required to maximize sales, the expense for which is included in the Expense Budget (defined below). In connection with the Sale, the Consultant shall indirectly retain and engage the Supervisors. The Supervisors shall not be deemed to be employees or consultants of the Merchant in any manner whatsoever; nor do the Supervisors have any relationship with the Merchant by virtue of this Agreement or otherwise

which creates any liability or responsibility on behalf of the Merchant for the Supervisors. During the Sale Term, the Supervisors shall perform the services provided for herein during normal Store operating hours and for the period of time prior to the Stores opening and subsequent to the Stores closing, as required in connection with the Sale, in the Consultant's discretion and direction. In consideration of Consultant's engagement of the Supervisors, the Merchant agrees to pay the Consultant, as a Cost of the Sale (defined below), the amount of reasonable and documented Supervisor-related wages, fees paid to arm's length third parties, travel, expenses, deferred compensation and third party payroll costs and expenses, in accordance with and subject to the Expense Budget (collectively, the "Supervisor Costs"). The Supervisor Costs set forth in the Expense Budget include, among other things, industry standard deferred compensation. The Merchant shall reimburse Consultant for all Supervisor Costs weekly, based upon invoices or other documentation reasonably satisfactory to the Merchant and the Monitor.

All right, title and interest of the Merchant in and to all Merchandise and FF&E shall remain with Merchant at all times during the Sale Term until such Merchandise (and Remaining Merchandise) and FF&E is sold or otherwise disposed of in accordance with the terms hereof and of the Approval Order. Although the Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the benefits to the Merchant, the Merchant expressly acknowledges that the Consultant is not guaranteeing the results of the Sale. All Sales of Merchandise and FF&E in the Stores or through the Distribution Centres shall be made in the name and on behalf of the Merchant, and all sales during the Sale Term shall be final with no returns accepted or allowed. All sales of Merchandise shall be by cash, gift card, debit card or credit card in accordance with Merchant's policies and subject to the terms of the ARIIO and Approval Order. The Parties acknowledge and agree that no Stores will honor returns with respect to any items purchased during the Sale. The Stores shall accept gift cards and similar items issued by the Merchant prior to the Sale Commencement Date up to and including April 6, 2025. Stores shall not accept any loyalty programs but shall accept employee and retiree discounts reduced to 10% on all items except when the item is categorized as clearance up to and including April 6, 2025. Sales will continue through the Websites up to and including April 15, 2025. No refunds or exchanges will be accepted.

Without limiting the generality of the foregoing or the terms of the confidentiality agreements between Merchant and Consultant (the "Confidentiality Agreements"), all information of a business nature relating to the pricing, sales, promotions, marketing, assets, liabilities or other business affairs of the Merchant, their customers, employees, or affiliated entities constitutes the Merchant's confidential, trade secret information (the "Merchant's Confidential Information"), which is and shall remain the exclusive intellectual property of Merchant and shall be treated as strictly confidential by the Consultant in accordance with and subject to the Confidentiality Agreements. The Consultant agrees to maintain strict confidentiality in accordance with the Confidentiality Agreements and agrees that it may use the Merchant's Confidential Information only as reasonably necessary to perform its obligations related to the Sale. If and to the extent the use or other handling of any Personal Information (as defined below) is necessary for the Consultant to perform its obligations hereunder, the Consultant shall comply with all Data Security Requirements (as defined below) and such other reasonable restrictions requested by the Merchant. For purposes of this Agreement, "Personal Information" means any natural person's name, street address, telephone number, e-mail address, social insurance number, driver's license number, passport number, credit card number, or user or account number, or any other piece of information that, individually or when combined with other information, allows the identification of a natural person or is otherwise considered personally identifiable information or personal data protected under any applicable Data Security Requirement. For purposes of this Agreement, "Data Security Requirements" means, collectively, all of the following to the extent relating to privacy, security, or security breach notification requirements: (i) each Merchant's own rules, policies and procedures; (ii) all applicable statutes and regulations; (iii) industry standards applicable to the industry in which any Merchant's business is conducted; and (iv) contracts into which any Merchant has entered or by which it is otherwise bound, provided such contracts (or the requirements of such contracts) are provided to the Consultant.

The Parties expressly acknowledge and agree that Merchant shall have no liability to the Supervisors for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from Consultant's hiring or engagement of the Supervisors, and the Supervisors shall not be considered employees of Merchant.

3) Merchant's Undertakings

During the Sale Term, Merchant as applicable, shall: (a) be the employer of the Stores' and Distribution Centres' employees, other than the Supervisors; (b) be responsible for all taxes, costs, expenses, accounts payable, and other liabilities relating to the Stores and Distribution Centres, the Stores' and Distribution Centres' employees and other representatives of Merchant (in accordance with the terms of this Agreement); (c) prepare and process all tax forms and other documentation with respect thereto; (d) collect all HST/GST and other applicable taxes assessed on the sale of the Merchandise, Additional Consultant Goods and FF&E and pay them to the appropriate taxing authorities; (e) use reasonable efforts to cause Merchant's employees to cooperate with Consultant and the Supervisors; (f) execute all agreements mutually determined by the Merchant and Consultant, in consultation with the Monitor, to be necessary or desirable for the operation of the Stores or Distribution Centres during the Sale; (g) arrange for the ordinary maintenance of all point-of-sale equipment required for the Stores; and (h) use reasonable efforts to ensure that Consultant has quiet access to and use of the Stores and Distribution Centres for the Sale Term in order to perform its obligations under this Agreement.

Merchant shall provide throughout the Sale Term central administrative services necessary for the Sale, including (without limitation) customary POS administration, sales audit, cash reconciliation, accounting, and payroll processing, as currently available through the Merchant's existing accounting and IT systems, all at no cost to Consultant.

The Parties expressly acknowledge and agree that Consultant shall have no liability to Merchant's employees for wages, bonuses, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from Merchant's employment, hiring or retention of its employees, and such employees shall not be considered employees of Consultant.

**D. The Sale**

All sales of Merchandise and FF&E shall be made on behalf of Merchant. Consultant does not have, nor shall it have, any right, title or interest in the Merchandise, FF&E. All sales of Merchandise and FF&E shall be by cash, gift card, or credit or debit card and, at Merchant's discretion or otherwise in accordance with Merchant's policies and in each case subject to the terms of the Approval Order, and shall be "final" with no returns accepted or allowed, unless otherwise directed by Merchant. Merchant and Consultant shall not sell gift cards during the Sale Term.

**E. Consultant Fee and Expenses in Connection with the Sale**

(1) In consideration of its services hereunder, subject to Section B(4) above, Merchant shall pay Consultant a "Base Fee" equal to two percent (2.0%) of the Gross Proceeds of Merchandise sold at the Stores. Merchant shall pay Consultant a "Concession Fee" equal to five percent (5%) of the Gross Proceeds of Added Concession Merchandise, or as otherwise agreed between the Consultant, Merchant and applicable consignee/licensee in lieu of the Base Fee. Consultant shall earn a base wholesale fee of seven and one half percent (7.5%) of the Gross Proceeds of Merchandise sold through Consultant's wholesale channels (the "Wholesale Fee"). For purposes of this Agreement, "Gross Proceeds" means gross receipts from sales of Merchandise (as applicable) during the Sale Term and shall not include sales generated from merchandise sold from the Distribution Centres via the Merchant's webstores or e-commerce websites (collectively, the "Websites"), net of applicable HST/GST.



(2) Merchant shall be responsible for all expenses of the Sale, including (without limitation) all Store-level operating expenses, all Distribution Centre expenses, all costs and expenses related to Merchant's other retail store operations, and all of Consultant's reasonable and documented out of pocket expenses incurred pursuant to the Expense Budget (the "Costs"). To control Costs, Merchant and Consultant have established an aggregate budget (the "Expense Budget") of certain delineated expenses, including (without limitation) payment of the costs of supervision, advertising and signage costs, and other miscellaneous expenses incurred by Consultant, including reasonable legal fees. The Expense Budget for the Sale is attached hereto as Exhibit "C". The Expense Budget may only be modified with the consent of the Monitor and by mutual written (including email) agreement of Consultant and Merchant. The costs of supervision set forth on Exhibit "C" include, among other things, industry standard deferred compensation. Notwithstanding anything herein to the contrary, unless consented to by the Monitor and otherwise agreed to by Merchant in writing, Merchant shall not be obligated to pay costs of supervision and advertising costs that have not been included, or provided for, in the Expense Budget, as may be amended in accordance with the terms of this Agreement. Merchant shall reimburse Consultant for all Costs actually incurred by the Consultant up to the aggregate budgeted amount set forth in the Expense Budget.

#### **F. Furniture, Fixtures and Equipment**

Consultant shall undertake to sell the FF&E that is owned by the Merchant in the Stores, Distribution Centers from the facilities themselves. Merchant shall be responsible for all reasonable and documented costs and expenses incurred by Consultant in connection with the sale of the FF&E, which costs and expenses shall be incurred pursuant to a written budget or budgets (in addition to the Expense Budget) to be established from time to time with the consent of the Monitor and by mutual agreement of the Parties (such costs and expenses, not including the Costs, shall be referred to as the "FF&E Costs"). Consultant shall have the right to abandon at the facilities any unsold FF&E.

In consideration for providing the services set forth in this Section F, Consultant shall be entitled to a commission from the sale of the FF&E equal to fifteen percent (15.0%) of the gross proceeds of the sale of the FF&E (net only of applicable HST/GST) (the "FF&E Commission").

Notwithstanding anything in this Agreement to the contrary, Consultant shall not have any obligation whatsoever to cap any electrical or plumbing outlets or purchase, sell, make, store, handle, treat, dispose, or remove any hazardous materials from the Stores, Distribution Centres, or otherwise. Consultant shall have no liability to any party for any environmental action brought: (a) that is related to the storage, handling, treatment, disposition, generation, or transportation of hazardous materials, or (b) in connection with any remedial actions associated therewith. The Merchant (and not Consultant) shall be solely responsible to cap all electrical items and plumbing outlets and to remove all hazardous materials from the Stores and Distribution Centres.

#### **G. Payments & Accounting**

All proceeds of sales of Merchandise and FF&E through the Sale shall be collected by Merchant's Store management personnel and deposited into existing Merchant deposit accounts. During the Sale Term, all accounting matters (including, without limitation, the determination of the Costs, FF&E Commission, FF&E Costs and all other fees, expenses, or other amounts reimbursable or payable hereunder) shall be reconciled by the Parties, in consultation with the Monitor, on every Wednesday for the prior calendar week and the amounts determined to be owing for such prior calendar week pursuant to such reconciliation shall be paid within seven (7) days after each such weekly reconciliation.

The Parties shall, in consultation with the Monitor, complete a final reconciliation and settlement of all amounts payable pursuant to this Agreement (including, without limitation, the determination of the Base Fee, Wholesale Fee, Removal Fee, Additional Consultant Goods Fee (as defined below), Consignment Goods Fee, Concession Fee, Costs, FF&E Commission, FF&E Costs and all other fees, expenses, or other

amounts reimbursable or payable hereunder) no later than forty five (45) days following (a) the Sale Termination Date for the last Store (the “Final Reconciliation”), or (b) the date upon which this Agreement is terminated in accordance with its terms. Within ten (10) days after the Final Reconciliation, (a) any amounts that are determined to be owing by Merchant to the Consultant shall be paid by the Merchant to the Consultant, and (b) any amounts that are determined to be owing by the Consultant to the Merchant as a result of any overpayments shall be paid by the Consultant to the Merchant.

The fees paid to Consultant hereunder have been agreed by the Parties based on the total number of Stores subject to this Agreement as set forth on Exhibit “1A”, as may be amended from time to time. To the extent Merchant voluntarily adds or eliminates Stores from the Sale, the Merchant shall be responsible for Consultant’s actual expenses incurred, as defined in the Expense Budget and accrued in connection with the Sale in each removed Store or expenses accrued as a result of the Merchant adding a new location to Exhibit “1A”.

In addition, The Merchant and Consultant shall consult in respect of the manner in which any Additional Consultant Goods and/or Consignment Goods located at the Stores which are removed or added, are to be addressed.

#### **H. Additional Consultant Goods**

Subject to the Approval Order, Consultant shall have the right to supplement the Merchandise in the Sale at the Stores with additional goods procured by Consultant which are of like kind and category, and no lesser quality to the Merchandise in the Sale at the Stores (“Additional Consultant Goods”); ~~provided that the Additional Consultant Goods sold as part of the Sale will not exceed \$50,000,000~~35,000,000 at cost in the aggregate; ~~and (ii) the inclusion of the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and shall be~~ consistent with any restriction on usage of the Stores set out in the applicable leases. The Additional Consultant Goods will be distributed amongst the Stores such that no Store receives more than 10% of value of the aggregate Merchandise sold at such Store during the Sale in Additional Consultant Goods.

The Consultant agrees that no less than 60% of the vendors of Additional Consultant Goods shall be existing vendors of HBC or have supplied inventory to HBC in the past and that as at the Sale Commencement Date, all Additional Consultant Goods are either en route to or in Canada. The Additional Consultant Goods shall comprise of soft and hard home, rugs, bath, kitchen, branded apparel for men, women, and kids, luxury jewelry, premium denim, footwear, toys, health and beauty/wellness, and similar products.

The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Stores and such purchase and transportation costs shall be incurred by the Consultant. Sales of Additional Consultant Goods shall be run through Merchant’s cash register systems; provided, however, that Merchant shall assist with marking, and Consultant shall mark the Additional Consultant Goods, using either a “dummy” SKU or department number, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. For the avoidance of doubt, the Merchant shall provide the Consultant with “dummy” SKUs or unique “fee codes” within seven (7) days of the Sale Commencement Date. Consultant and Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, Consultant shall provide signage in the Stores notifying customers that the Additional Consultant Goods have been included in the Sale.

Consultant shall pay to Merchant an amount equal to six and a half percent (6.5%) of the gross proceeds (excluding sales taxes) from the sale of Additional Consultant Goods completed during the Sale Term (the “Additional Consultant Goods Fee”) plus the applicable sales tax, including, GST/HST or QST, and Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Any

amount due from Consultant to Merchant in respect of the sale of Additional Consultant Goods in accordance with this Section H shall be paid not later than three (3) business days following the Parties' completion of each weekly reconciliation with respect to sales of Additional Consultant Goods sold by Consultant during the prior week (or at such other mutually agreed upon time).

Consultant and Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from Consultant to Merchant in all respects and not a consignment for security purposes. Subject solely to Consultant's obligations to pay to Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. Merchant shall, at Consultant's sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with Merchant's insurers. Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

Merchant acknowledges, and the Approval Order shall provide, that the Additional Consultant Goods shall be consigned to Merchant as a true consignment under applicable law. Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods and (ii) the Additional Consultant Goods proceeds, and Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties and which security interest shall be deemed perfected pursuant to the Approval Order without the requirement of any such filings or providing notifications to any prior secured parties (provided that Consultant is hereby authorized to deliver all required notices and file all necessary financing statements and amendments thereof under applicable law identifying Consultant's interest in the Additional Consultant Goods as consigned goods thereunder and the Merchant as the consignee therefor, and Consultant's security interest in and lien upon such Additional Consultant Goods and Additional Consultant Goods proceeds).

## **I. Consignment Goods**

Merchant and Consultant shall have the right to continue to procure and sell Consignment Goods in the Stores pursuant to the Consignment Agreement dated August 1, 2024. Sales of goods provided to Merchant under the Consignment Agreement (the "Consignment Goods") shall be run through the Merchant's cash register / point of sale systems; provided, however, that the Merchant shall assist with marking, and the Consultant shall mark the Consignment Goods, using "dummy" SKUs or unique "fee codes" or department numbers, or in such other manner so as to distinguish the sale of Consignment Goods from the sale of Merchandise. Purchase and transportation costs related to the Consignment Goods shall be incurred by the Consultant.

The Consultant shall pay to the Merchant an amount equal to six and a half percent (6.5%) of the gross proceeds (excluding sales taxes) from the sale of Consignment Goods completed during the Sale Term (the "Consignment Goods Fee") plus the applicable sales including, GST/HST or QST, and the Consultant shall retain all remaining amounts from the sale of the Consignment Goods. Any amount due from the Consultant to the Merchant in respect of the sale of Consignment Goods in accordance with this Section I shall be paid not later than three (3) business days following the Parties' completion of each weekly reconciliation with respect to sales of Consignment Goods sold by the Consultant during the prior week (or at such other mutually agreed upon time).

Subject to the submission of any applicable Tax election, the Merchant shall collect and remit all HST/GST or QST and other applicable sales taxes assessed on the sale of the Consignment Goods or Additional Consultant Goods to the taxing authorities (or to Consultant if Consultant is responsible for submission to the taxing authorities) (collectively, "**Taxes**") in accordance with the applicable law (other than taxes payable on the income of the Consultant or other taxes, which taxes shall be paid by Consultant to



the applicable taxing authority on a timely basis). Merchant shall collect and remit any such Taxes, on behalf of Consultant, to the applicable taxing authority on a timely basis.

The Consultant and the Merchant intend that the transactions relating to the Consignment Goods are, and shall be construed as, a true consignment from the Consultant to the Merchant in all respects and not a consignment for security purposes. Subject solely to the Consultant's obligations to pay to the Merchant the Consignment Goods Fee, at all times and for all purposes the Consignment Goods and their proceeds shall be the exclusive property of the Consultant, and no other person or entity shall have any claim against any of the Consignment Goods or their proceeds. The Merchant shall, at the Consultant's sole cost and expense, insure the Consignment Goods and, if required, promptly file any proofs of loss with regard to same with the Merchant's insurers. The Consultant shall be responsible for payment of any deductible under any such insurance in the event of any casualty affecting the Consignment Goods.

The Merchant acknowledges that the Consignment Goods shall be consigned to the Merchant as a true consignment under applicable law. Subject to the Court's issuance of the Approval Order, the Consultant is hereby granted a first priority security interest in and charge and lien upon (i) the Consignment Goods; and (ii) the Consignment Goods proceeds, and the Consultant is hereby authorized to make any filings and provide notifications to any prior secured parties.

## **J. Indemnification**

### **1) Merchant's Indemnification**

Merchant shall indemnify, defend, and hold Consultant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, affiliates, and Supervisors (collectively, "Consultant Indemnified Parties" and each a "Consultant Indemnified Party") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to: (a) the willful or negligent acts or omissions of Merchant or the Merchant Indemnified Parties (as defined below); (b) the material breach of any provision of this Agreement by Merchant; (c) any liability or other claims, including, without limitation, product liability claims, asserted by customers, any Store employees (under a collective bargaining agreement or otherwise), or any other person (excluding Consultant Indemnified Parties) against Consultant or a Consultant Indemnified Party, except claims arising from Consultant's negligence, willful misconduct, gross negligence, unlawful behavior or the sale of any Additional Consultant Goods; (d) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Consultant Indemnified Parties or Merchant's customers by Merchant or Merchant Indemnified Parties; and (e) Merchant's failure to pay over to the appropriate taxing authority any taxes required to be paid by Merchant during the Sale Term in accordance with applicable law.

### **2) Consultant's Indemnification**

Consultant shall indemnify, defend and hold Merchant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, and affiliates (other than the Consultant or the Consultant Indemnified Parties) (collectively, "Merchant Indemnified Parties" and each a "Merchant Indemnified Party") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to (a) the willful or negligent acts or omissions of Consultant or the Consultant Indemnified Parties; (b) the breach of any provision of, or the failure to perform any obligation under, this Agreement by Consultant; (c) any liability or other claims made by Consultant Indemnified Parties or any other person (excluding Merchant Indemnified Parties) against a Merchant Indemnified Party arising out of or related to Consultant's conduct of the Sale, except claims arising from Merchant's negligence, willful misconduct, gross negligence, or unlawful behavior; (d) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Merchant Indemnified

Parties, or Merchant's customers by Consultant or any of the Consultant Indemnified Parties; (e) any claims made by any party engaged by Consultant as an employee, agent, representative or independent contractor arising out of such engagement, including, without limitation, the Supervisors; and (f) the sale of any Additional Consultant Goods.

## **K. Insurance**

### **1) Merchant's Insurance Obligations**

Merchant shall maintain throughout the Sale Term, liability insurance policies (including, without limitation, products liability (to the extent currently provided), comprehensive public liability insurance and auto liability insurance) covering injuries to persons and property in or in connection with the Stores or Distribution Centres, and shall, to the extent reasonably practicable, cause Consultant to be named an additional insured with respect to all such policies. At Consultant's request, Merchant shall provide Consultant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, Merchant shall maintain throughout the Sale Term, in such amounts as it currently has in effect, workers compensation insurance in compliance with all statutory requirements.

### **2) Consultant's Insurance Obligations**

Consultant shall maintain (at its sole cost and expense) throughout the Sale Term, liability insurance policies (including, without limitation, products liability/completed operations, contractual liability, comprehensive public liability and auto liability insurance) on an occurrence basis in an amount of at least two million dollars (\$2,000,000) and an aggregate basis of at least five million dollars (\$5,000,000) covering injuries to persons and property in or in connection with Consultant's provision of services at the Stores. Consultant shall name Merchant as an additional insured and loss payee under such policy, and upon execution of this Agreement provide Merchant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, Consultant shall maintain throughout the Sale Term, workers' compensation insurance in compliance with all statutory requirements. Further, should Consultant employ or engage third parties to perform any of Consultant's undertakings with regard to this Agreement, Consultant will ensure that such third parties are covered by Consultant's insurance or maintain all of the same insurance as Consultant is required to maintain pursuant to this paragraph and name Merchant as an additional insured and loss payee under the policy for each such insurance.

## **L. Going Concern Sale**

- (a) The Parties acknowledge and agree that in the event of one or more going concern transactions, including to any related party, for any Merchant's business or any portion thereof, Merchant shall be entitled to add/remove any Stores from the Sale in accordance with Section B(4) and:
  - (i) the Parties shall work cooperatively and in good faith to modify the transaction contemplated hereunder appropriately and the Parties shall:
    - (A) agree to a revised Expense Budget to reflect the Costs of running the Sale at the Stores (including for any Added Concession Merchandise); and
    - (B) agree on appropriate advertising regarding the Sale to be included on the Websites, at the Merchant's expense including, without limitation, with respect to store locator and a headline banner promoting the Sale;
  - (ii) Merchant shall not, and shall use commercially reasonable efforts to ensure that any going concern buyer does not, offer for sale through the Websites or other

e-commerce platform, any goods included among the Merchandise at an effective price, determined on an item-by-item and SKU basis (after accounting for all applicable discounts, promotions, coupons, programs), less than the then-current price offered in the Stores for such items as part of the Sale; and

- (iii) notwithstanding anything contained herein, the Base Fee and FF&E Commission will not apply to any Merchandise or FF&E included in the applicable going concern transaction(s), and no other fees, expenses, or other amounts arising following the date on which the applicable Stores are removed from Exhibit "1A" in accordance with Section B(4) will be payable to the Consultant hereunder in connection with such Merchandise and FF&E. For the avoidance of doubt, nothing in this paragraph shall be construed to relieve Merchant of any obligations, fees, expenses or other amounts specified under Section B(4).

#### **M. Representations, Warranties, Covenants and Agreements**

1) Merchant warrants, represents, covenants and agrees that, subject to the issuance of the Approval Order: (a) Merchant is a limited partnership duly formed, validly existing and in good standing under the laws of the province of Ontario, with full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of Merchant and this Agreement constitutes a valid and binding obligation of Merchant enforceable against Merchant in accordance with its terms and conditions, and the consent of no other entity or person is required for Merchant to fully perform all of its obligations herein; (c) all ticketing of Merchandise at the Stores has been and will be done in accordance with Merchant's customary ticketing practices; (d) all normal course hard markdowns on the Merchandise have been, and will be, taken consistent with Merchant's customary practices, and (e) subject to the Sale Guidelines and this Agreement, the Stores and Distribution Centres will be operated in the ordinary course of business in all respects, except as otherwise expressly agreed to by Merchant and Consultant, in consultation with the Monitor.

2) Each party comprising the Consultant warrants, represents, covenants and agrees that: (a) Consultant is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute and deliver this Agreement and to perform the Consultant's obligations hereunder; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary actions of Consultant and this Agreement constitutes a valid and binding obligation of Consultant enforceable against Consultant in accordance with its terms and conditions, and the consent of no other entity or person is required for Consultant to fully perform all of its obligations herein; (c) Consultant shall comply with and act in accordance with any and all applicable federal, provincial and local laws, rules, and regulations, and other legal obligations of all governmental authorities; (d) no non-emergency repairs or maintenance in the Stores or Distribution Centres will be conducted without Merchant's prior written consent; (e) Consultant will not take any disciplinary action against any employee of Merchant; and (f) Consultant is not a non-resident of Canada pursuant to the *Income Tax Act* and shall provide the Merchant with its relevant sales tax numbers prior to the Sale.

3) The Merchant shall collect all sales taxes and shall be solely responsible for reporting and paying the same to the appropriate taxing authorities in accordance with applicable law.

4) The Merchant shall seek Court approval of this Agreement and the Sale Guidelines pursuant to the Approval Order. The Parties expressly acknowledge and agree that the entering into of this Agreement by the Merchant is subject to the issuance of the Approval Order approving, among other things, this Agreement, the Sale Guidelines and the conduct of the Sale and that should the Approval Order not be obtained, this Agreement shall have no force or effect.

5) The Consultant shall conduct the Sale in accordance with the terms of this Agreement, the Approval Order and the Sales Guidelines.

**N. Termination**

The following shall constitute “Termination Events” hereunder:

1) A Merchant’s or the Consultant’s failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting Party;

2) Any representation or warranty made by a Merchant or the Consultant is untrue in any material respect as of the date made or at any time and throughout the Sale Term; or

3) The Sale is terminated or materially interrupted or impaired for any reason, including but not limited to an order of the Court, other than as a result of an Event of Default (as defined below) by the Consultant or the Merchant.

If a Termination Event occurs, (i) the non-defaulting Party in the event of a Termination Event arising under subparagraphs (1) or (2) above (an “**Event of Default**”), or (ii) either Party in the event of a Termination Event arising under subparagraph (c) above, may, in its discretion, elect to terminate this Agreement by providing seven (7) business days’ written notice thereof to the other Party and, in the case of an Event of Default, in addition to terminating this Agreement, pursue any and all rights and remedies and damages resulting from such Event of Default.

If this Agreement is terminated, the Merchant shall be obligated to pay the Consultant all amounts due and owing by the Merchant to the Consultant under this Agreement through and including the termination date of the Agreement, subject to the rights of Merchant in the event of an Event of Default by the Consultant.

**O. Notices**

All notices, certificates, approvals, and payments provided for herein shall be sent by electronic mail or by recognized overnight delivery service as follows: (a) to Merchant: at the address listed above, with a copy to counsel to the Merchant: Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9, Attn: Elizabeth Pillon, Email: epillon@stikeman.com; (b) to Consultant: Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: T. Kellan Grant, Email: kgrant@hilcoglobal.com, with a copy to counsel to the Consultant at: Cassels Brock & Blackwell LLP, Suite 3200, Bay Adelaide Centre — North Tower, 40 Temperance St, Toronto, Ontario M5H 0B4 Canada, Attn: Monique Sassi, Esq., Email: msassi@cassels.com; or (c) such other address as may be designated in writing by Merchant or Consultant, and in either case, with a copy to the Monitor at: Alvarez & Marsal Canada Inc., 200 Bay St., Toronto, ON M5J 2J1, Attn: Greg Karpel, Email: gkarpel@alvarezandmarsal.com, with a copy to the Monitor’s counsel: Bennett Jones LLP, One First Canadian Place, Suite 3400, P.O. Box 130, Toronto, Ontario, M5X 1A4, Attn: Sean Zweig & Mike Shakra, Email: zweigs@bennettjones.com / shakram@bennettjones.com.

**P. Independent Consultant**

Consultant’s relationship to Merchant is that of an independent contractor without the capacity to bind Merchant in any respect. No employer/employee, principal/agent, joint venture or other such relationship is created by this Agreement. Merchant shall have no control over the hours that Consultant or its employees or assistants or the Supervisors work or the means or manner in which the services that will be provided are

performed and Consultant is not authorized to enter into any contracts or agreements on behalf of Merchant or to otherwise create any obligations of Merchant to third parties, unless authorized in writing to do so by Merchant, with the consent of the Monitor.

**Q. Non-Assignment**

Neither this Agreement nor any of the rights hereunder may be transferred or assigned by either Party without the prior written consent of the other Party; provided, however, that Consultant may syndicate this transaction with one or more third parties upon notice to, but not the consent of Merchant. No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party to this Agreement unless made in writing and signed by a duly authorized representative or agent of such Party. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

**R. Severability**

If any term or provision of this Agreement, as applied to either Party or any circumstance, for any reason shall be declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, inoperative or otherwise ineffective, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. If the surviving portions of the Agreement fail to retain the essential understanding of the Parties, the Agreement may be terminated by mutual consent of the Parties.

**S. Governing Law, Venue, Jurisdiction and Jury Waiver**

This Agreement, and its validity, construction and effect, shall be governed by and enforced in accordance with the laws of the Province of Ontario (without reference to the conflicts of laws provisions therein) and the laws of Canada applicable therein. Merchant and Consultant waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Consultant against Merchant or Merchant against Consultant on any matter whatsoever arising out of, or in any way connected with, this Agreement, the relationship between Merchant and Consultant, any claim of injury or damage or the enforcement of any remedy under any law, statute or regulation, emergency or otherwise, now or hereafter in effect.

**T. Entire Agreement**

Other than with respect to the Confidentiality Agreement, this Agreement, together with all additional schedules and exhibits attached hereto, constitutes a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party except as specifically set forth in this Agreement. All prior agreements, discussions and negotiations are entirely superseded by this Agreement.

**U. Execution**

This Agreement may be executed simultaneously in counterparts (including by means of electronic mail, facsimile or portable document format (pdf) signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. This Agreement, and any amendments hereto, to the extent signed and delivered by means of electronic mail, a facsimile machine or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original thereof and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

**V. Canadian Dollars**

The Expense Budget expresses amounts in Canadian dollars. All references to monetary amounts in this Agreement are in Canadian dollars.

**W. Choice of Language.**

The parties have specifically required that this Agreement and all related documents be drafted and executed in English. *Les parties aux présentes ont formellement demandé à ce que la présente convention et tous les documents auxquels celle-ci réfère soient rédigés et signés en langue anglaise.*

*[Remainder of Page Intentionally Left Blank]  
[Signatures Appear Next Page]*

IN WITNESS WHEREOF, the Merchant and the Consultant have executed this Agreement or caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first written above.

**MERCHANT:**

**HUDSON'S BAY COMPANY ULC**

By: \_\_\_\_\_

Name:

Its:

**CONSULTANT:**

**HILCO MERCHANT RETAIL SOLUTIONS ULC**

By: \_\_\_\_\_

Name:

Its:

**Exhibit “1A”**

**List of Stores**



Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1101	HB	Vancouver	674 Granville Street	Vancouver	BC	V6C 1Z6	636,828	268,615
1104	HB	Vernon	4900 27th Street	Vernon	BC	V1T 2C7	83,036	52,427
1106	HB	Kamloops	1320 Trans Canada Highway	Kamloops	BC	V1S 1J1	123,289	75,263
1107	HB	Langley	19705 Fraser Highway	Langley	BC	V3A 7E9	131,146	75,947
1108	HB	Mayfair	3125 Douglas Street	Victoria	BC	V8Z 3K3	166,073	98,462
1109	HB	Prince George	1602 15th Avenue	Prince George	BC	V2L 3X3	111,500	65,549
1111	HB	Richmond	6060 Minoru Boulevard	Richmond	BC	V6Y 1Y2	169,692	99,185
1112	HB	Saskatoon	201 First Avenue S	Saskatoon	SK	S7K 3M1	174,306	104,744
1114	HB	Calgary	200 8th Avenue SW	Calgary	AB	T2P 1B5	448,834	156,145
1116	HB	Red Deer	4900 Molly Bannister Drive	Red Deer	AB	T4R 1N9	110,672	63,783
1117	HB	St Vital	1225 St. Mary's Road	Winnipeg	MB	R2M 5E5	122,002	72,272
1118	HB	Nanaimo	6631 Island Highway N	Nanaimo	BC	V9T 4T7	146,452	89,289
1119	HB	Kelowna	2271 Harvey Avenue	Kelowna	BC	V1Y 6H3	127,290	73,739
1125	HB	Southgate	5015 111 Street NW	Edmonton	AB	T6H 4M7	236,551	136,448
1127	HB	Metrotown	4850 Kingsway	Burnaby	BC	V5H 4P2	140,545	83,246
1135	HB	Londonderry	137 Avenue NW & 66 Street NW	Edmonton	AB	T5C 3C8	119,058	60,549
1136	HB	Medicine Hat	3292 Dunmore Road SE	Medicine Hat	AB	T1B 2R4	93,217	59,070
1138	HB	Chinook	6455 Macleod Trail SW	Calgary	AB	T2H 0L1	206,514	118,832
1139	HB	Victoria	1150 Douglas Street	Victoria	BC	V8W 2C8	229,275	109,432
1140	HB	Polo Park	1485 Portage Avenue	Winnipeg	MB	R3G 0W4	212,086	106,864
1142	HB	Guildford	1400 Guildford Town Centre	Surrey	BC	V3W 7B7	174,462	100,799
1144	HB	Market Mall	3625 Shaganappi Trail NW	Calgary	AB	T3A 0E2	200,000	116,182
1145	HB	St Albert	330 St. Albert Road	St. Albert	AB	T8N 0P9	93,313	59,398
1147	HB	West Edmonton	8882 170 Street NW	Edmonton	AB	T5T 3J7	164,250	91,907
1148	HB	Lethbridge	200 4th Avenue S	Lethbridge	AB	T1J 4C8	133,243	71,559
1149	HB	Penticton	2111 Main Street	Penticton	BC	V2A 6V1	94,643	57,885
1150	HB	Sunridge	2525 36 Street NE	Calgary	AB	T1Y 5T4	161,330	93,940
1161	HB	Park Royal	725 Park Royal N	West Vancouver	BC	V7T 1H9	171,924	103,516
1162	HB	Abbotsford	32900 S Fraser Way	Abbotsford	BC	V2S 5A1	128,739	71,378
1164	HB	Southcentre	100 Anderson Road SE	Calgary	AB	T2J 3V1	164,514	97,362
1171	HB	Coquitlam	2929 Barnet Highway	Port Coquitlam	BC	V3B 5R9	120,086	72,222
1183	HB	Kingsway	1 Kingsway Garden Mall NW	Edmonton	AB	T5G 3A6	153,264	92,124

Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1512	HB	Eglinton	1 Eglinton Square	Scarborough	ON	M1L 2K1	115,205	64,994
1514	HB	Fairview	1800 Sheppard Avenue E	Willowdale	ON	M2J 5A7	152,420	96,733
1515	HB	Centrepont	6500 Yonge Street	Willowdale	ON	M2M 3X4	122,502	34,631
1517	HB	Bramalea	25 Peel Centre Drive	Bramalea	ON	L6T 3R5	131,438	75,220
1518	HB	Mississauga	100 City Centre Drive	Mississauga	ON	L5B 2C9	204,174	110,446
1522	HB	Woodbine	500 Rexdale Boulevard	Rexdale	ON	M9W 6K5	139,953	84,972
1523	HB	Erin Mills	5100 Erin Mills Parkway	Mississauga	ON	L5M 4Z5	140,526	76,858
1526	HB	Oshawa	419 King Street W	Oshawa	ON	L1J 2K5	122,624	73,332
1527	HB	Masonville	1680 Richmond Street	London	ON	N6G 3Y9	84,928	54,906
1530	HB	Oakville	240 Leighland Avenue	Oakville	ON	L6H 3H6	119,428	69,559
1531	HB	New Market	17600 Yonge Street N	Newmarket	ON	L3Y 4Z1	142,780	80,911
1532	HB	Markham	5000 Highway 7	Markham	ON	L3R 4M9	140,094	81,170
1533	HB	Pickering	1355 Kingston Road	Pickering	ON	L1V 1B8	121,730	71,396
1535	HB	Barrie	465 Bayfield Street	Barrie	ON	L4M 4Z9	90,748	56,199
1537	HB	Mapleview	900 Maple Avenue	Burlington	ON	L7R 3X5	129,066	83,235
1541	HB	London White Oaks	1105 Wellington Road	London	ON	N6A 1V4	165,759	101,430
1542	HB	Kitchener	3050 Kingsway Drive	Kitchener	ON	N2G 2J7	184,714	94,018
1543	HB	Windsor	3030 Howard Avenue	Windsor	ON	N8X 3Y8	165,584	61,418
1544	HB	Sherway	25 The West Mall	Etobicoke	ON	M9C 1B8	223,477	119,194
1546	HB	Scarborough	300 Borough Drive	Scarborough	ON	M1P 4P5	231,759	129,964
<del>1547</del>	<del>HB</del>	<del>Hillcrest</del>	<del>9350 Yonge Street</del>	<del>Richmond Hill</del>	<del>ON</del>	<del>L4C 5G2</del>	<del>136,915</del>	<del>80,318</del>
1550	HB	Limeridge	999 Upper Wentworth Street	Hamilton	ON	L9A 4X5	146,801	77,335
<del>1554</del>	<del>HB</del>	<del>Yorkdale</del>	<del>3401 Dufferin Street</del>	<del>Toronto</del>	<del>ON</del>	<del>M6A 2T9</del>	<del>303,438</del>	<del>165,789</del>
<del>1560</del>	<del>HB</del>	<del>Queen Street</del>	<del>176 Yonge Street</del>	<del>Toronto</del>	<del>ON</del>	<del>M5C 2L7</del>	<del>675,722</del>	<del>579,031</del>
1573	HB	Pen Centre	221 Glendale Avenue	St. Catharines	ON	L2T 2K9	150,110	75,661
1575	HB	Waterloo	550 King Street N	Waterloo	ON	N2L 5W6	130,580	83,625
1576	HB	Cambridge	355 Hespeler Road	Cambridge	ON	N1R 8J9	131,453	71,171
<del>1601</del>	<del>HB</del>	<del>Montreal Main</del>	<del>585 St. Catherine Street W</del>	<del>Montreal</del>	<del>QC</del>	<del>H3B 3Y5</del>	<del>655,396</del>	<del>241,978</del>
1606	HB	Laval	1600 Le Corbusier Boulevard	Chomedey	QC	H7S 1Y9	134,377	38,112
1607	HB	Rockland	2435 Rockland Avenue	Mount Royal	QC	H3P 2Z3	147,594	88,086
1610	HB	St Bruno	800 Boulevard des Promenades	St. Bruno	QC	J3V 5J9	131,808	78,644
<del>1611</del>	<del>HB</del>	<del>Pointe Claire</del>	<del>6790 Autoroute Trans-Canadienn</del>	<del>Pointe Claire</del>	<del>QC</del>	<del>H9R 1C5</del>	<del>179,578</del>	<del>104,383</del>

Store List
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Loc #	Concept/Banner	Name	Address	City	Province	Postal Code	Gross Sq. Ft.	Selling Sq. Ft.
1612	HB	Anjou	7895 Boulevard des Galeries-d'Anjou	Anjou	QC	H1M 1W6	176,474	119,601
<del>1613</del>	<del>HB</del>	<del>Carrefour Laval</del>	<del>3045 Boulevard Le Carrefour</del>	<del>Laval</del>	<del>QC</del>	<del>H7T 1C7</del>	<del>177,022</del>	<del>98,907</del>
1616	HB	Sherbrooke	3000 Boulevard de Portland	Sherbrooke	QC	J1L 1R8	116,265	56,485
1617	HB	Angrignon Montreal - Lasalle	7091 Boulevard Newman	LaSalle	QC	H8N 1X1	128,888	73,983
1618	HB	Place D'orleans	110 Place D'Orleans Drive	Orleans	ON	K1C 2L9	115,501	74,136
1631	HB	Rideau	73 Rideau Street	Ottawa	ON	K1N 5W8	305,305	160,171
1633	HB	St Laurent	1200 St. Laurent Boulevard	Ottawa	ON	K1K 3B8	145,074	95,501
1634	HB	Bayshore	100 Bayshore Drive	Ottawa	ON	K2B 8C1	180,696	101,440
1637	HB	Gatineau	1100 Ouest Boulevard	Gatineau	QC	J8T 6G3	140,364	70,247
1638	HB	Rosemere	401 Boulevard Labelle	Rosemere	QC	J7A 3T2	132,483	82,338
1640	HB	La Capitale	5401 Boulevard des Galeries	Quebec City	QC	G2K 1N4	163,034	90,476
1644	HB	Kingston	945 Gardiner Road	Kingston	ON	K7M 7H4	113,054	71,657
1646	HB	Dartmouth	21 Micmac Road	Dartmouth	NS	B3A 4K7	151,303	87,363
1647	HB	Sydney	800 Grand Lake Road	Sydney	NS	B1P 6S9	82,944	49,355
1649	HB	Brossard	2150 Boulevard Lapiniere	Brossard	QC	J4W 2T5	143,786	80,882
7315	SO5	Tanger Outlet Ottawa	8555 Campeau Drive	Kanata	ON	K2T 1B7	28,357	28,357
7316	SO5	The Outlet Collection	300 Taylor Road	Niagara on the Lake	ON	L0S 1J0	32,387	32,387
7317	SO5	Vaughan Mills	1 Bass Pro Mills Drive	Vaughan	ON	L4K 0A2	34,992	34,992
7318	SO5	Premium Outlets Halton Hills	13850 Steeles Avenue W	Trafalgar	ON	L7G 0J1	24,887	24,887
7319	SO5	Crossiron Mills	261055 Crossiron Boulevard	Calgary	AB	T0M 0E0	30,009	30,009
7320	SO5	Sherway / Queensway	1950 The Queensway	Toronto	ON	M9C 5H5	27,042	27,042
7322	SO5	Rideau Downtown	73 Rideau Street	Ottawa	ON	K1N 5W8	34,887	34,887
7324	SO5	Tsawwassen Mills	5000 Canoe Pass Way	Tsawwassen	BC	V4M 0B3	32,733	32,733
7326	SO5	Outlet Collection	555 Sterling Lyon Parkway	Winnipeg	MB	R3P 1J9	32,204	32,204
7327	SO5	Place Ste. Foy	2450 Boulevard Laurier	Quebec City	QC	G1V 2L1	33,254	33,254
7329	SO5	Pickering Town Centre	1355 Kingston Road	Pickering	ON	L1V 1B8	30,033	30,033
7332	SO5	Skyview	13554 137 Avenue NW	Edmonton	AB	T5L 5E9	30,026	30,026
7333	SO5	Park Royal	755 Park Royal N	North Vancouver	BC	V7T 1H9	33,300	33,300
8356	Saks	Toronto	176 Yonge Street	Toronto	ON	M5C 2L7	168,153	168,153
8357	Saks	Sherway Gardens	25 The West Mall	Toronto	ON	M9C 1B8	140,475	140,475
8358	Saks	Chinook Centre	6455 Macleod Trail SW	Calgary	AB	T2H 0K8	126,996	126,996

**Exhibit “1B”**  
**List of Distribution Centres**

## Distribution Centres

Center	City	Prov.	GLA	Landlord
Scarborough Logistics Center	Toronto	ON	738,102	100 Metropolitan Portfolio Inc
Vancouver Logistics Center	Richmond	BC	416,900	PIRET (18111 Blundell Road) Holdings Inc.
Eastern Big Ticket Center	Toronto	ON	501,000	ONTARI Holdings Ltd.
Toronto Logistics Center	Toronto	ON	221,244	BCIMC Realty Corporation

**Exhibit “B”**  
**Sale Guidelines**

## SALE GUIDELINES

The following procedures (the “**Sale Guidelines**”) shall apply to the sale (the “**Sale**”) of any merchandise, inventory, furniture, fixtures and equipment at the Hudson’s Bay Company ULC Compagnie de la Baie D’Hudson SRI’s (“**Merchant**”) retail stores (collectively, the “**Stores**”), each set out in Exhibits to the Consulting Agreement (as defined below).

Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the amended and restated initial order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted on March 19, 2025 in the CCAA Proceedings (as may be amended and restated from time to time, the “**Initial Order**”), or the Consulting Agreement (as defined below), as applicable.

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Court granted on March 21, 2025 in the CCAA Proceedings (the “**Approval Order**”), approving the Consulting Agreement between a contractual joint venture comprised of Hilco Merchant Retail Solutions, ULC, Gordon Brothers Canada ULC, Tiger Asset Solutions, ULC, GA Capital Solutions Canada, Inc. (fka B. Riley Retail Canada, ULC) (“**Consultant**”) and Merchant, dated March 20, 2025 (as amended from time to time, the “**Consulting Agreement**”) and the transactions contemplated thereunder, (ii) any further Order of the Court, or (iii) any subsequent written agreement between Merchant and its applicable landlord(s) (individually, a “**Landlord**” and, collectively, the “**Landlords**”) and approved by Consultant, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements for each of the affected Stores (individually, a “**Lease**” and, collectively, the “**Leases**”). However, nothing contained herein shall be construed so as to create or impose upon Merchant or Consultant any additional restrictions not contained in the applicable Lease.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the applicable premises vacate date for each Store under the Consulting Agreement (the “**Vacate Date**”), and in all cases no later than June 30, 2025. Rent payable under the respective Leases shall be paid as provided in the Initial Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise set out herein or ordered by the Court.
4. All display and hanging signs used by Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, Consultant may advertise the Sale at the Stores as a “everything on sale”, “everything must go”, “store closing” or similar theme sale at the Stores (provided, however, that no signs shall advertise the Sale as a “bankruptcy”, a “liquidation” or a “going out of business” sale, unless otherwise agreed between the Consultant and Landlord, it being understood that the French equivalent of “clearance” is “liquidation” and is permitted to be used). Forthwith upon request from a Landlord, the Landlord’s counsel, Merchant or the Monitor, Consultant shall provide the proposed signage packages along with proposed dimensions by email to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten “you pay” or “topper” signs may be used). If a Landlord is concerned with “Store Closing” signs being placed in the front window of a Store or with the number or size of the signs in the front window, Merchant, Consultant and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease and shall otherwise be subject to all applicable laws. In addition, Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a

separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used unless explicitly permitted by the applicable Lease; and (ii) where such banners are not explicitly permitted by the applicable Lease and the applicable Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the service list for the CCAA Proceedings. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of Consultant.

5. Consultant shall be permitted to utilize sign-walkers and street signage; provided, however, such sign-walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are “final” and customers with any questions or complaints are to call Merchant’s hotline number.
7. Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord’s property, save that Consultant may solicit customers in the Stores themselves. Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the applicable Landlord, and no advertising trucks shall be used on Landlord property or mall ring roads, except as explicitly permitted under the applicable Lease or otherwise agreed to by the Landlord.
8. At the conclusion of the Sale in each Store, Consultant shall arrange that the premises for each Store are in “broom-swept” and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E (as defined below) for clarity) may be removed without the applicable Landlord’s written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Approval Order. In addition to the foregoing, Merchant shall remove all of its personal property including, without limitation, any inventory, trade fixtures, furnishings, furniture and equipment from each Store. With the consent of the applicable Landlord, any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been disclaimed by Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of such Landlord. Nothing in this paragraph shall derogate from or expand upon Consultant’s obligations under the Consulting Agreement.
9. Subject to the terms of paragraph 8 above, Consultant may also sell existing furniture, fixtures and equipment owned by Merchant and located in the Stores during the Sale that are (i) fully owned by Merchant; (ii) owned jointly by Merchant and one or more third-party vendors of Merchant, as directed by Merchant with the consent of the Monitor and agreed to by such third-parties; or (iii) fully owned by a third party if agreed to by such third-party and Merchant with the consent of the Monitor (collectively, the “**FF&E**”). For greater certainty, FF&E does not include any fixtures and affixed equipment that comprise all or any portion of the Stores’ mechanical, electrical, plumbing, security, HVAC, fire suppression and fire alarm or sprinkler systems. Merchant and Consultant may advertise the sale of FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the applicable Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove such FF&E either through the back shipping areas designated by the applicable Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if such FF&E can fit in a shopping



bag, with the Landlord's supervision as required by the Landlord and in accordance with the Initial Order and the Approval Order. Consultant shall repair any damage to the Stores or the shopping mall resulting from the removal of any FF&E by Consultant or by third party purchasers of FF&E from the Consultant.

10. Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
11. Merchant hereby provides notice to the Landlords of Merchant and Consultant's intention to sell and remove FF&E from the Stores. Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with Consultant to identify FF&E subject to the Sale. The relevant Landlord shall be entitled upon request to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between Merchant, Consultant and such Landlord, or by further Order of the Court upon application by Merchant on at least two (2) days' notice to such Landlord and the Monitor. If Merchant has disclaimed or resiliated the Lease governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to Merchant's or Consultant's claim to FF&E in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then: (i) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving Merchant, the Monitor and Consultant twenty-four (24) hours' prior written notice; and (ii) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against Merchant in respect of such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
13. Consultant and its agents and representatives shall have the same access rights to the Stores as Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings and the terms of the Initial Order).
14. Merchant and Consultant shall not conduct any auctions of Merchandise or FF&E at any of the Stores.
15. Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Consultant shall be Hilco Merchant Retail Solutions, ULC c/o Hilco Merchant Resources, LLC, 5 Revere Drive, Suite 206, Northbrook, IL 60062, Attention: T. Kellan Grant, Email: [kgrant@hilcoglobal.com](mailto:kgrant@hilcoglobal.com), with a copy to counsel to the Consultant at: Cassels Brock & Blackwell LLP, Suite 3200, Bay Adelaide Centre — North Tower, 40 Temperance St, Toronto, Ontario M5H 0B4 Canada, Attn: Monique Sassi, Esq., Email: [msassi@cassels.com](mailto:msassi@cassels.com). If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days' written notice to the other party or parties and the Monitor, during which time Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, Consultant shall not be required to take any such banner down pending determination of any dispute.

16. Consultant shall be entitled to include in the Sale additional inventory and other goods ("**Additional Goods**"), provided that: (i) the Additional Goods are currently in the possession or control of Merchant (including any distribution centre used by Merchant) or has previously been ordered by or on behalf of Merchant and is currently in transit to Merchant (including any distribution centre used by Merchant) or a Store, or is ordered from an existing supplier in respect of Merchant's existing SKUs by or on behalf of a Merchant; and (ii) the additional merchandise is of like kind or category and no lesser quality to the Merchandise.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be a sale, assignment or transfer of any Lease to the Consultant nor a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights in relation to the sale, assignment or transfer of any Lease than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between Consultant, Merchant and the applicable Landlord, in consultation with the Monitor; provided, however, that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving such amended Sale Guidelines.
19. If there is a conflict between the Approval Order, the Consulting Agreement and these Sale Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) the Approval Order; (2) these Sale Guidelines; and (3) the Consulting Agreement.

**Exhibit “C”**  
**Expense Budget**

**HBC**  
**Exhibit B**

<b>Expense Budget (1)*</b>
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**Advertising**

Digital & Media	1,622,550
Signs (2)	3,046,430
Sign Walkers	<u>802,575</u>
Subtotal Advertising	5,471,555

**Supervision**

Fees / Wages / Expenses (3)	<u>8,807,478</u>
Subtotal Supervision	8,807,478

**Miscellaneous**

Miscellaneous /Legal (4)	<u>-</u>
Subtotal Miscellaneous	-

Total Expenses	<u><u>14,279,033</u></u>
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**Notes:**

1. This Expense Budget contemplates a sale term of March 18, 2025 through June 8, 2025. The Expense Budget remains subject to modification in the event that this
2. Includes Sales Tax.
3. Includes Deferred Compensation and Insurance.
4. Any legal expenses associated with issues raised by or disputes with landlords, including (without limitation) negotiations in respect of landlord side letters, shall be in addition to and not part of the budgeted legal expenses.

\*To be updated as the Store List in Exhibit "A1" is modified.

**EXHIBIT "C"**  
referred to in the Affidavit of  
**PHILIP YANG**  
Sworn March 26, 2025

*B. Ketwaroo*

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Commissioner for Taking Affidavits

## RESTRUCTURING FRAMEWORK AGREEMENT

### Hudson Bay Company ULC

Dated as of March 26, 2025

<b>BORROWER:</b>	Hudson Bay Company ULC (the “ <b>Borrower</b> ”).
<b>GUARANTORS:</b>	HBC Canada Parent Holdings 2 Inc., HBC Canada Parent Holdings Inc., The Bay Holdings ULC, The Bay Limited Partnership, HBC Bay Holdings I Inc., and HBC Bay Holdings II ULC (collectively, the “ <b>Guarantors</b> ”).
<b>LOAN PARTIES:</b>	The Borrower and the Guarantors (collectively, the “ <b>Loan Parties</b> ”, and “ <b>Loan Party</b> ” means each of them).
<b>Pre-Filing ABL Agent</b>	Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent
<b>Pre-Filing FILO Agent</b>	Restore Capital, LLC in its capacity as agent for the FILO Term Lenders under the Pre-Filing ABL Credit Agreement
<b>Pre-Filing Term Loan Agent</b>	Pathlight Capital LP, in its capacity as administrative agent under the Pre-Filing Term Loan Credit Agreement.
<b>Agents</b>	Collectively, the Pre-ABL Agent, the Pre-Filing FILO Agent and Pre-Filing Term Loan Agent

**WHEREAS** on March 7, 2025 (the “**Filing Date**”) the Loan Parties, together with certain affiliated entities, commenced proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and Alvarez & Marsal Canada Inc. was appointed as monitor (the “**Monitor**”).

**AND WHEREAS**, pursuant to the Initial Order, the Court, among other things, approved the terms of a Junior DIP Term Sheet dated March 7, 2025 (the “**Initial Order**”) providing the borrowing of an aggregate principal amount of \$16,000,000 (the “**DIP Facility**”) on a junior basis, subject to certain Permitted Priority Liens.

**AND WHEREAS**, on March 24, 2025, the Court granted an amended and restated Initial Order (the “**ARIO**”), and orders approving an Orderly Liquidation, SISP and Lease Solicitation Process.

**AND WHEREAS** pursuant to the order of the Court, the Loan Parties commenced an Orderly Liquidation at their retail stores on March 24, 2025, excluding six retail stores (the “**Excluded Stores**”) which were excluded from the liquidation to assist the Loan Parties in their pursuit of a Permitted Restructuring Transaction in respect of such Excluded Stores.

**AND WHEREAS** the Agents each assert Liens in respect of the Collateral for the benefit of themselves and the lenders they represent securing outstanding liabilities in the aggregate principal amount in excess of \$250,000,000.

**AND WHEREAS** the Loan Parties require the continued use of Collateral in order to finance the pursuit of an Orderly Liquidation or Permitted Restructuring Transaction, including by way of the SISP and the Lease Solicitation Process, and, to induce the Agents to support the Court orders approving the Orderly Liquidation, Lease Solicitation Process and SISP, the Loan Parties have agreed to use the Collateral solely in accordance with the terms hereof and to seek Court approval of this Agreement.

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **DEFINED TERMS** Unless otherwise defined herein, capitalized words and phrases used in this Agreement have the meanings given thereto in Schedule “A” and capitalized terms used herein and not otherwise defined herein or in Schedule “A” hereto shall have the meanings ascribed to them in the SISP.
2. **PURPOSE AND PERMITTED PAYMENTS:** To facilitate the repayment of the Borrower’s obligations, the Borrower shall use its cash solely for the following purposes and in the following order, in each case in accordance with the Budget, the Initial Order and the ARIO and the purposes of advancing and implementing an Orderly Liquidation or a Permitted Restructuring Transaction:
  - (a) to pay the reasonable and documented legal and financial advisory fees and expenses of (i) the Loan Parties, (ii) the Monitor (i.e. the Monitor’s fees and those of its legal counsel), and (iii) the Agents, in each case pursuant to the terms hereof;
  - (b) to fund, in accordance with the Budget, the Loan Parties’ operating expenditures during the CCAA Proceedings, including the working capital and other general corporate funding requirements of the Loan Parties during such period, including any post filing obligations under any Liquidation Services Agreement, the Memo Consignment Agreement and with Participating Concession Vendors; and
  - (c) to pay the interest on the amounts owing in connection with the Pre-Filing ABL Credit Agreement and the Pre-Filing Term Loan Credit Agreement at the default rates currently being charged under such agreements and provided for in the Budget and to pay fees and expenses owing in connection with the Pre-Filing ABL Credit Agreement (including without limitation any costs, expenses and exposure resulting from fluctuations in exchange rates affecting any Revolving Obligations (as defined in the Pre-Filing ABL Credit Agreement)) and the Pre-Filing Term Loan Credit Agreement.

For greater certainty, and other than as expressly set out herein, the Loan Parties may not use their cash to pay any obligations of the Loan Parties and Non-Applicant Stay Parties arising or relating to the period prior to the Filing Date (including for greater certainty Sales Taxes accrued prior to the Filing Date, whether or not due and payable after the Filing Date) without prior

written consent of the Agents unless the payment of such pre-Filing Date obligations are specifically identified in the Budget and authorized pursuant to the ARIO or any subsequent Court Order.

3. **INTER-COMPANY ADVANCES:** No intercompany advances, distributions, or other payments may be made unless provided for in the Budget or consented to by the Agents and the Monitor and for greater certainty, no intercompany advances, distributions or other payments shall be made to Non-Loan Party Applicants unless provided for in the Budget, consented to by the Agents and the Monitor, or authorized by Court Order.
4. **PERMITTED LIENS AND PRIORITY** All of the Collateral will be free and clear of all Liens except for Permitted Liens.
5. **PRE-FILING ABL AGENT CONSENT AND CONSULTATION RIGHTS** Following the fulfillment of the Loan Parties obligations under Section 13(e) hereof, the Pre-Filing ABL Agent shall no longer have any of the consent or consultation rights contemplated hereby.
6. **APPLICATION OF PROCEEDS:** Proceeds of Collateral (for the avoidance of doubt, net of any fees or commissions arising under any Liquidation Services Agreement) shall be applied in accordance with the priority waterfall set on Schedule “**B**” (the “**Priority Waterfall**”) and all proceeds applied to ABL Obligations shall be applied as set forth in Section 8.03 of the Pre-Filing ABL Credit Agreement. Any distribution of such proceeds shall be subject to further order of the Court.
7. **MONITOR** The monitor in the CCAA Proceedings shall remain Alvarez and Marsal Canada Inc. (the “**Monitor**”).
8. **BUDGET:** Attached hereto as Schedule “**C**” is a copy of the agreed summary Budget (excluding supporting documentation provided to the Agents in connection therewith) as in effect on the date hereof (the “**Budget**”) which the Agents acknowledge and agree is in form and substance satisfactory to the Agents. Such Budget shall be the Budget referenced in this Agreement unless and until such time as an Updated Budget has been approved by the Agents in accordance with this Section 8.

- (a) At the written request of any of the Agents (including by email), (b) at the election of the Borrower, or (c) upon a material change or a material change reasonably anticipated by the Borrower, to any item set forth in the Budget, the Borrower shall update and propose a revised 13-week Budget (the “**Updated Budget**”). The Agents may make such request up to once every two weeks and if such request is made, the Borrower shall submit the Updated Budget no later than five Business Days following receipt of the request. Such Updated Budget shall have been reviewed and approved by the Monitor prior to submission to the Agents. If the Agents determine that the Budget is not acceptable, it shall provide written notice to the Borrower and



the Monitor within three Business Days following receipt of the Updated Budget stating that the Updated Budget is not acceptable and setting out the reasons why such Updated Budget is not acceptable. For greater certainty, until the Borrower has delivered a revised Updated Budget acceptable to the Agents, the prior Budget shall remain in effect and if the Agents do not respond within three Business Days to a submitted Updated Budget, they shall be deemed to have accepted such Updated Budget.

9. **VARIANCE  
REPORTING:**

On or before 3:00 p.m. Eastern Time on the Wednesday of every week commencing with the first full week after the date hereof (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower shall deliver to the Monitor, the Agents and their legal and financial advisors a variance calculation (the “**Variance Report**”) setting forth actual receipts and disbursements for the preceding week and on a cumulative basis (each a “**Testing Period**”) as against the then-current Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof for such Testing Period in the Budget; each such Variance Report to be promptly discussed with the Agents and their legal and financial advisors, if so requested. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period.

10. **EXCESS CASH:**

In the event the Loan Parties have Excess Cash, the Excess Cash shall be deposited in the Monitor’s Trust Account and, in the Monitor’s discretion, may be advanced to the Borrower to satisfy post-filing payment obligations incurred in accordance with the Budget to the extent the Loan Parties have insufficient cash on hand to satisfy such obligations.

11. **REPRESENTATIONS AND  
WARRANTIES:**

The Loan Parties represent and warrant to the Agents upon which the Agents are relying in entering into this Agreement, that:

(a) This Agreement and the performance of the obligations of the Loan Parties contemplated by this Agreement upon the granting of the ARIQ:

- (i) are within the powers of the Loan Parties;
- (ii) have been duly executed and delivered by or on behalf of the Loan Parties;
- (iii) constitute legal, valid and binding obligations of the Loan Parties, enforceable against the Loan Parties in accordance with their terms;
- (iv) do not require any material authorization from, the consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any third party; and

- (v) will not violate the charter documents, articles by-laws or other constating documents of the Loan Parties or any Applicable Law relating to the Loan Parties;
- (b) The business operations of the Loan Parties have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out;
- (c) The Loan Parties own their assets and undertaking free and clear of all Liens other than Permitted Liens;
- (d) The Loan Parties have been duly formed and are validly existing under the laws of their jurisdictions of incorporation or formation;
- (e) All Material Contracts are in full force and effect and are valid, binding and enforceable by the Loan Parties in accordance with their terms and the Loan Parties have no knowledge of any material default that has occurred and is continuing thereunder (other than those defaults arising as a result of the commencement of the CCAA Proceedings) or are not otherwise stayed by the ARIIO;
- (f) The Loan Parties are not aware of any introduction, amendment, repeal or replacement of any law or regulation being made or proposed which could reasonably be expected to have a material adverse effect on the Loan Parties or their business;
- (g) No Default or Event of Default has occurred and is continuing; and
- (h) *Pension Plans*
  - (i) Each Pension Plan is duly registered under the ITA and applicable pension standards legislation. Each Pension Plan is and has been administered in accordance with Applicable Law and the terms of such plan, and no event has occurred which could cause the loss of the registered status of any such Pension Plan. All obligations of each Loan Party (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Pension Plans and the funding agreements thereunder have been performed on a timely basis.
  - (ii) All employee and employer contributions (including special payments and any other payments in respect of any funding deficiencies or shortfalls) or premiums required to be made or remitted by any Loan Party to the Pension Plans under the terms of the applicable plan and Applicable Law have been properly made, or withheld and remitted to the funding arrangement for the plan in accordance with the terms of the applicable plan and Applicable Law, and no unfunded

liability or solvency deficiency exists under any Pension Plans.

**12. LIQUIDATION**

In the event that the Loan Parties have not received a firm commitment in respect of a Permitted Restructuring Transaction in connection with the Excluded Stores on or before April 7, 2025 then such Excluded Stores shall be included in the liquidation starting April 8, 2025, provided, however, that if Reflect Advisors, LLC, in consultation with the Monitor, provides written confirmation to the Loan Parties, the Monitor and the Agents that it is of the view that there is a reasonable prospect that one or more of the Excluded Stores will be the subject of a Qualified Bid in the SISF that will provide incremental proceeds greater than the incremental cost of leaving such Excluded Stores out of the liquidation, such date may be extended to a date determined to be appropriate by Reflect Advisors, LLC in consultation with the Monitor.

**13. AFFIRMATIVE COVENANTS:**

The Loan Parties agree to do, or cause to be done, the following:

- (a) Allow representatives or advisors of the Agents reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Loan Parties, and cause management, the financial advisor and/or legal counsel of the Loan Parties to cooperate with reasonable requests for information by the Agents and its legal and financial advisors, in each case subject to (A) solicitor-client privilege, (B) all Court Orders and (C) applicable privacy laws;
- (b) Deliver to the Agents the reporting and other information from time to time reasonably requested by it and as set out in this Agreement including, without limitation, the Variance Reports at the times set out herein;
- (c) Use any cash receipts received from and after the Filing Date only in accordance with the restrictions set out in this Agreement and pursuant to the Budget and the Court Orders;
- (d) Comply with the provisions of the ARIO, including paragraph 10(b) relating to payment of rent to certain Non-Applicant Stay Parties, and all other Court Orders;
- (e) From Excess Cash within three weeks of the date hereof, in accordance with the Budget, utilize cash receipts from the sale of inventory to (i) cash collateralize all L/C Obligations (in an amount equal to 104% of the face amounts thereof) and to provide cash collateral for Bank Product Obligations, cash management obligations, costs, expenses, fee amounts and contingent reimbursement or unasserted contingent indemnification obligations in an amount reasonably agreed to by the Pre-Filing ABL Agent, and (ii) (subject to prior

confirmation of the validity and enforceability of the security interests of the Pre-Filing ABL Agent by the Monitor's independent counsel) repay (including authorizing the Pre-Filing ABL Agent to apply all cash held in the bank account ending in xx8203 to the foregoing cash collateralization and repayment) all such obligations as they become due and owing (other than Excess ABL Obligations). In the event the Pre-Filing ABL Agent releases cash collateral back to the Loan Parties, such cash collateral will be deposited into the Monitor's Trust Account and will not be available to be reborrowed and will be distributed in accordance with the Priority Waterfall following Court approval;

- (f) Preserve, renew and keep in full force their corporate existence subject to the liquidation pursuant to the Liquidation Services Agreement;
- (g) Preserve, renew and keep in full force and effect all licenses and permits necessary to carry on their business;
- (h) Conduct their businesses in accordance with, and otherwise comply with, the Budget, subject to the Permitted Variance;
- (i) Promptly notify the Agents of the occurrence of any Default or Event of Default;
- (j) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to any Court Order;
- (k) Provide the Agents and their counsel draft copies of all motions, applications, proposed Court Orders and other materials or documents that the Loan Parties intend to file in the CCAA Proceedings at least two Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible and in any event not less than one day prior to the date on which such motion, application, proposed Court Order or other materials or documents are served on the service list in respect of the applicable CCAA Proceedings; provided that motion materials and similar pleadings that affect the Agents shall be reasonably satisfactory to the Agents;
- (l) Promptly provide notice to the Agents and their counsel and keep them otherwise apprised of any material developments in respect of any Material Contract, subject to the terms of the Lease Solicitation Process and the SISP;
- (m) At all times maintain adequate insurance coverage of such kind and such amounts and against such risks as is customary for the business of the Loan Parties with financial sound and

reputable insurers in coverage and scope acceptable to the Agents;

- (n) Promptly, upon becoming aware thereof, provide details of the following to the Agents:
  - (i) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Loan Parties, by or before any court, tribunal, Governmental Authority or regulatory body, which are not stayed by the ARIO and would be reasonably likely to result, individually or in the aggregate, in a judgment not covered by insurance in excess of \$1,000,000;
  - (ii) any existing (or threatened in writing) default or dispute with respect to any of the Material Contracts which are not stayed by the ARIO; and
  - (iii) subject to appropriate confidentiality arrangements and the terms of the SISP, any indications of interest, proposals or offers for any of the Collateral received by any Loan Party or the Monitor as part of the SISP or otherwise outside the ordinary course of business.
- (o) Consult with the Agents with respect to the proposed termination or disclaimer of any Real Property Lease, subject to the Lease Solicitation Process;
- (p) Comply with the Milestones set forth on Schedule “D” hereof; and
- (q) Deliver the Budgets and Variance Reports required under Section 8.

**14. NEGATIVE  
COVENANTS:**

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 Agents or as otherwise determined by the Court:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking outside of the ordinary course of business, except for any disposition permitted under any Liquidation Services Agreement or the disposition of obsolete or worn-out equipment or assets consistent with past practice, or assets of nominal value unless in accordance with the ARIO, SISP, Lease Solicitation Process or any subsequent Court Order and this Agreement;
- (b) Make any payment, including, without limitation, any payment of principal, interest or fees, in respect of pre-Filing Date indebtedness, or in respect of any other pre-Filing Date

liabilities, including payments with respect to pre-Filing Date trade or unsecured liabilities of the Borrower, other than in accordance with the ARIO or any subsequent Court Order and the Budget; provided that the Loan Parties shall (i) remit (x) any fees owing under the Liquidation Services Agreement or Memo Consignment Agreement, or (y) proceeds in respect of Consigned Goods, (ii) pay interest on the amounts owing in connection with the Pre-Filing ABL Credit Agreement and the Pre-Filing Term Loan Credit Agreement at the default rates currently being charged under such agreements and provided for in the Budget and fees and expenses of the Pre-Filing ABL Agent and Pre-Filing FILO Agent pursuant to the terms of this Agreement, and (iv) pay the expenses of the Pre-Filing Term Loan Agent pursuant to the terms of this Agreement and provided for in the Budget.

- (c) (i) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date of this Agreement, including fees, interest and expenses that may be capitalized from time to time to the principal amount of the Term Loan Obligations or the ABL Obligations, and (B) post-filing trade payables or other unsecured obligations incurred in the ordinary course of business on or following the Filing Date in accordance with the Budget and the ARIO, or (ii) make or give any financial assurances, in the form of bonds, letter of credit, financial guarantees or otherwise to any Person or Governmental Authority other than those existing as of the date of this Agreement or with the prior written consent of the Agents;
- (d) Other than with the prior written consent of the Agents or as provided for in the Budget make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon);
- (e) Other than in accordance with the Budget or with the prior written consent of the Agents, make any investments or acquisitions of any kind, direct or indirect, in any other business or otherwise;
- (f) Pay, incur any obligation to pay, or establish any retainer with respect to the fees, expenses or disbursements of a legal, financial or other advisor of any party, (other than (i) the Monitor and its legal counsel, (ii) the respective legal, financial and other advisors of the Loan Parties, (iii) respective legal advisors of the Agents to the terms of this Agreement and provided for in the Budget (or paid out of

proceeds of ABL Priority Collateral and Term Loan Priority Collateral respectively) unless such fees, expenses or disbursements, as applicable, are reviewed and confirmed in advance by the Agents, and (iv) any advisor other than in accordance with the Liquidation Services Agreement or the Lease Solicitation Process approved by the Court;

- (g) Create or permit to exist any Liens on any of their properties or assets other than the Permitted Liens;
- (h) Create or establish any employee retention plan or similar benefit plan for any employees of the Loan Parties, except as reflected in the approved Budget;
- (i) Make any payments or expenditures (including capital expenditures) other than in accordance with this Agreement and the Budget, subject to the Permitted Variance;
- (j) Terminate or disclaim any Material Contract or amend any Material Contract in any material adverse manner except with the prior consent of the Agents, acting reasonably;
- (k) Seek to obtain, or consent to or fail to oppose a motion brought by any other Person for, approval by the Court of any Restructuring Transaction other than a Permitted Restructuring Transaction;
- (l) Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except pursuant to (i) a Permitted Restructuring Transaction or (ii) a Restructuring Transaction other than a Permitted Restructuring Transaction;
- (m) Make an announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business except in connection with the Lease Solicitation Process, a Permitted Restructuring Transaction or the Liquidation Services Agreement;
- (n) Enter into any settlement agreement or agree to any settlement arrangements in an amount involving a payment of \$1,000,000 or greater with any Governmental Authority or regulatory authority in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are (to the knowledge of the Borrower) threatened or pending against any one of them, or make any payments or refunds to retail customers outside the

ordinary course of business, in either case, other than those set out in the Budget;

- (o) Without the approval of the Court or the prior written consent of the Agents, cease to carry on its business or activities or any material component thereof as currently being conducted or modify or alter in any material manner the nature and type of its operations or business except liquidations contemplated by the Liquidation Services Agreement;
- (p) Seek, or consent to the appointment of, a receiver, interim receiver, or trustee in bankruptcy or any similar official in any jurisdiction; or
- (q) Unless and until all Senior Indebtedness is repaid in full, notwithstanding anything else in this Agreement, pay any Sales Taxes accrued prior to the Filing Date (whether or not due or payable after the Filing Date) in excess of \$6.8 million.

**15. EVENTS OF  
DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this Agreement:

- (a) Failure of the Loan Parties to perform or comply with any covenant under Section 14 hereof;
- (b) Failure of the Loan Parties to perform or comply with any term, condition, covenant or obligation pursuant to this Agreement and such failure remains unremedied for more than five Business Days, *provided that*, where another provision in this Section 15 provides for a shorter or no cure period in respect of a particular Event of Default, such other provision shall apply;
- (c) Issuance of any Court Order (i) dismissing the CCAA Proceedings or lifting the stay of proceedings therein to permit the enforcement of any security against the Loan Parties or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receivership order against or in respect of any of the Loan Parties, in each case which order is not stayed pending appeal thereof, and other than in respect of non-material assets not required for the operations of the Loan Parties business and which is subject to a Permitted Priority Lien, (ii) modifying this Agreement without the prior written consent of the Agents, or (iii) approving a Restructuring Transaction, other than a Permitted Restructuring Transaction, that has not been previously consented to in writing by the Agents.



- (d) Unless consented to in writing by the Agents, the expiry without further extension of the stay of proceedings provided for in the ARIO;
- (e) a Variance Report or Updated Budget is not delivered when due under this Agreement or (ii) in respect of any Testing Period, there shall exist a variance in excess of the Permitted Variance for the period for which the Variance Report is prepared;
- (f) Unless the Agents have consented thereto in writing, the filing by any Loan Party of any motion or proceeding that (i) is not consistent with any provision of this Agreement or the ARIO, as applicable, (ii) could otherwise be expected to have a material adverse effect on the interests of the Agents, (iii) seeks to continue the CCAA Proceedings under the jurisdiction of a court other than the Court, or (iv) seeks to initiate any restructuring or insolvency proceedings other than the CCAA Proceedings in any court or jurisdiction;
- (g) Any proceeding, motion or application shall be commenced or filed by any Loan Party, or if commenced by another party, supported, remain unopposed or otherwise consented to by any Loan Party, seeking approval of any Restructuring Transaction (other than a Permitted Restructuring Transaction) without the prior written consent of the Agents;
- (h) The making by any Loan Party of a payment of any kind that is not permitted by this Agreement or is not in accordance with the Budget, subject to the Permitted Variance;
- (i) Except as stayed by the ARIO or consented to by the Agents, a default under, revocation or cancellation of, any Material Contract;
- (j) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Agreement;
- (k) Except as stayed by Court Order, the entry of one or more final judgements, writs of execution, garnishment or attachment representing a claim in excess of \$1,000,000 in the aggregate, against any Collateral or any Loan Party that is not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 30 days after their entry, commencement or levy;
- (l) Any creditor, encumbrancer or other Person seizes or levies upon any Collateral or exercises any right of distress, execution, foreclosure or similar enforcement process against any Collateral, in each case, with an aggregate value in excess of \$1,000,000; or
- (m) Any Milestone set forth on Schedule “D” hereof shall not be satisfied.

16. **REMEDIES** Upon the occurrence of an Event of Default, the Agents may, subject to the Court Orders including any notice provision contained therein:
- (a) apply to the Court to not permit further use of cash collateral by the Loan Parties;
  - (b) apply to the Court for the appointment of a chief restructuring officer, receiver, an interim receiver or a receiver and manager over any of the Loan Parties or the Collateral, or for the appointment of a trustee in bankruptcy of any of the Loan Parties;
  - (c) with the Monitor's consent, apply to the Court to seek to expand the powers of the Monitor to take management and control of the Loan Parties or any of the Collateral, on such terms as the Court may direct and the Agents may agree;
  - (d) apply to the Court to exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario), or any federal, provincial, territorial legislation of similar effect; and/or
  - (e) apply to Court to exercise all such other rights and remedies under this Agreement, the Court Orders and Applicable Law.
17. **AGENT APPROVALS** All consents, approvals, waivers, or instructions of the Agents hereunder shall be in their sole and absolute discretion and shall be in writing unless otherwise expressly set out herein and shall be an independent right to consent, approval, waiver or instructions by each of the Pre-Filing ABL Agent, Pre-Filing FILO Agent and Pre-Filing Term Loan Agent. Any consent, approval, instruction or other expression of the Agents to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.
18. **GENERAL** This Agreement, including the schedules hereto, constitute the entire agreement between the parties relating to the subject matter hereof. No rights or obligations hereunder may be assigned without the consent of the other parties hereto or with the authorization of the Court.
19. **AMENDMENTS, WAIVERS, ETC.** No waiver or delay on the part of the Agents in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing (including by e-mail) by the Agents and delivered in accordance with the terms of this Agreement, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
20. **NO THIRD PARTY BENEFICIARY:** No Person, other than the Loan Parties, the Agents, and the Monitor, is entitled to rely upon this Agreement, and the parties expressly agree that this Agreement does not confer rights upon any other party.
21. **INTERCREDITOR AGREEMENT** This Agreement is subject to the terms of the Intercreditor Agreement in all respects. In the event of any conflict between the provisions of this

Agreement and the provisions of the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall govern and control.

22. **COUNTERPARTS AND SIGNATURES:** This Agreement may be executed in any number of counterparts and delivered by electronic transmission including “pdf email”, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.
23. **NOTICES:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent email to such Person at its address set out in Schedule “E”, with a copy to counsel. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel.
- Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. Eastern Time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.
24. **ENGLISH LANGUAGE:** The parties hereto confirm the use of the English language. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*
25. **GOVERNING LAW AND JURISDICTION:** This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.
26. **EFFECTIVE DATE:** This Agreement shall take effect on repayment in full of all DIP Financing Obligations (as defined in the Junior DIP Term Sheet dated March 7, 2025), at which time, the Junior DIP Term Sheet dated March 7, 2025 shall terminate and be of no further force or effect.

**IN WITNESS HEREOF**, the parties hereby execute this Agreement as at the date first above mentioned.

**BANK OF AMERICA, N.A.** (including acting through branches and affiliates) in its capacity as administrative and collateral agent under the Pre-Filing ABL Credit Agreement

By:

Name: \_\_\_\_\_

Title:

**PATHLIGHT CAPITAL LP**, in its capacity as administrative agent under the Pre-Filing Term Loan Credit Agreement

By:

Name: \_\_\_\_\_

Title:

**RESTORE CAPITAL, LLC** in its capacity as FILO agent under the Pre-Filing ABL Credit Agreement

By:

Name: \_\_\_\_\_

Title:

**HUDSON BAY COMPANY ULC, as Borrower**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC CANADA PARENT HOLDINGS 2 INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC CANADA PARENT HOLDINGS INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BAY HOLDINGS ULC, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BAY LIMITED PARTNERSHIP, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC BAY HOLDINGS I INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC BAY HOLDINGS II ULC, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **SCHEDULE “A” DEFINED TERMS**

“**ABL Obligations**” has the meaning given thereto in the Intercreditor Agreement.

“**ABL Priority Collateral**” has the meaning given thereto in the Intercreditor Agreement.

“**Administration Charge**” means a priority charge over the Property granted by the Court pursuant to the Initial Order in an aggregate amount not exceeding \$2,800,000 to secure the fees and expenses of (i) the legal and financial advisors of the Loan Parties and (ii) the Monitor and its counsel, in each case in connection with the CCAA Proceedings.

“**Agents**” has the meaning given thereto in the Recitals.

“**Agreement**” means this agreement, as further amended, restated or otherwise modified from time to time.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law.

“**ARIO**” has the meaning given thereto in the Recitals.

“**Borrower**” has the meaning given thereto in the Recitals.

“**Budget**” has the meaning given thereto in Section 8.

“**Business Day**” means any day other than a Saturday, Sunday or any other day on which banks in Toronto, Ontario are not open for business.

“**CCAA**” has the meaning given thereto in the Recitals.

“**CCAA Proceedings**” has the meaning given thereto in the Recitals.

“**Collateral**” means all current or future assets, businesses, undertakings and properties of the Loan Parties, real and personal, tangible or intangible, including all proceeds thereof over which the Agents, or any one of them, hold valid security. For greater certainty, Collateral excludes any Consigned Goods and merchandise subject to arrangements with Participating Concession Vendors.

“**Comeback Date**” means the date scheduled by the Court, to be within 10 days of the Filing Date, to consider additional relief requested by the Loan Parties relating to the Liquidation Services Agreement, among other things.

“**Comeback Hearing**” means the hearing scheduled on the Comeback Date to consider additional relief requested by the Loan Parties relating to the Liquidation Services Agreement, among other things.

“**Consigned Goods**” means inventory on order from, in transit to, or in the possession of, a Loan Party pursuant to the terms of a true consignment agreement and the proceeds thereof; provided that such proceeds (i) are held in trust for the benefit of such true consignor or otherwise separate and apart so that such proceeds are identifiable and traceable. For greater certainty, all Memo Merchandise and inventory supplied to the Loan Parties from time to time pursuant to the Memo Consignment Agreement shall constitute Consigned Goods.

“**Court**” has the meaning given thereto in the Recitals.

“**Court Order**” means any order, judgment, direction, endorsement or opinion issued by the Court in the CCAA Proceedings.

“**Default**” means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

“**DIP Facility**” has the meaning given thereto in the Recitals.

“**Directors’ Charge**” means a priority charge over the Property granted by the Court pursuant to the Initial Order securing the indemnity granted by the Loan Parties in favour of the directors and officers of the Loan Parties, on such terms more particularly set out in the ARIO, in an aggregate amount not exceeding \$49,200,000.

“**Distribution Order**” means an order of the Court authorizing the Monitor to make a distribution of Surplus Cash in accordance with the Priority Waterfall.

“**Event of Default**” has the meaning given thereto in Section 15.

“**Excess ABL Obligations**” has the meaning given thereto in the Intercreditor Agreement.

“**Excess Cash**” means cash proceeds from the sale of inventory of the Loan Parties, including any inventory sold in accordance with the Orderly Liquidation, in excess of \$15 million, as tested on the last Business Day of each week but calculated on the Monday thereafter (and for the avoidance of doubt, such proceeds shall be net of any fees or commissions due but not yet paid to any advisor in accordance with the Liquidation Services Agreement), starting on the week of March 31, 2025.

“**Excess Term Loan Obligations**” has the meaning given thereto in the Intercreditor Agreement.

“**Excluded Stores**” has the meaning given thereto in the Recitals.

“**Filing Date**” has the meaning given thereto in the Recitals.

“**Governmental Authority**” means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

“**Guarantors**” has the meaning given thereto in the Recitals.

“**Initial Order**” has the meaning given thereto in the Recitals.

“**Intercreditor Agreement**” means the Second Amended and Restated Intercreditor Agreement dated as of December 23, 2024 between the Pre-Filing ABL Agent and the Pre-Filing Term Loan Agent.

“**ITA**” means the *Income Tax Act* (Canada), as amended from time to time.

“**KERP**” means a key employee retention plan.

“**KERP Charge**” means a priority charge over the Property granted by the Court pursuant to the Initial Order or subsequent Court Order in an amount not to exceed \$3 million to secure the obligations of the

Loan Parties to certain key employees pursuant to the terms of a KERP in an amount to be set forth in the ARIQ.

**“Lease Solicitation Process”** means the process approved by the Court pursuant to which the Loan Parties seek offers related to the assignment and assumption of their Real Property Leases or a certain subset thereof.

**“Lenders”** means the lenders under the Pre-Filing ABL Credit Agreement and Pre-Filing Term Loan Credit Agreement.

**“Liens”** means (a) all liens, hypothecs, charges, mortgages, deeds of trusts, trusts, deemed trusts (statutory or otherwise), constructive trusts, encumbrances, security interests, and statutory preferences of every kind and nature whatsoever that secured payment or performance of an obligation, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

**“Liquidation Services Agreement”** means an agreement approved by the Court at the Comeback Hearing providing for the liquidation of the inventory in all of the Loan Parties’ retail stores (or such lower number of stores in accordance with the terms of the Liquidation Services Agreement).

**“Loan Parties”** has the meaning given to it in the Recitals.

**“Material Contract”** means any contract, licence, agreement or Real Property Lease (i) to which any Loan Party is a party or is bound, (ii) which is necessary in the operation of the business of the Loan Parties, and (iii) the breach or termination of, or default under, would reasonably be expected to have a material adverse effect on the Loan Parties taken as a whole if such contract, licence, agreement or Real Property Lease was not replaced by an alternative comparable contract with comparable commercial terms in a commercially reasonable timeframe.

**“Memo Consignment Agreement”** means that certain Master Service Agreement for Consignment of Memo Merchandise dated as of April 4, 2024, between the Borrower and Gordon Brothers Canada ULC as and as may be amended, restated, supplemented or otherwise modified and in effect from time to time.

**“Memo Merchandise”** has the meaning given to it in the Memo Consignment Agreement.

**“Monitor”** has the meaning given thereto in the Recitals.

**“Monitor’s Trust Account”** an interest-bearing trust account in the name of, and designated by, the Monitor.

**“Non-Applicant Stay Parties”** has the meaning given thereto in the Initial Order.

**“Non-Loan Party Applicant”** means HBC Centrepont GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc. Snopmis Limited, 2472596 Ontario Inc. and 2472598 Ontario Inc.

**“Orderly Liquidation”** means the liquidation of the retail inventory of the Loan Parties and certain related Collateral (including furniture, fixtures and equipment), pursuant to the terms of the Liquidation Services Agreement, as approved by the Court.

**“Other Collateral”** means any and all Property other than the ABL Priority Collateral and the Term Loan Priority Collateral.



**“Participating Concession Vendors”** means such vendors providing merchandise to the Loan Parties for in-store sales pursuant to one or more concession or licensor agreements (other than pursuant to the Memo Consignment Agreement) in respect of Consigned Goods or other goods title to which remains with such vendors at all times, who have continued to provide merchandise post filing, including during the inventory liquidation process.

**“Pension Plan”** means a “registered pension plan”, as such term is defined in subsection 248(1) of the ITA, which is sponsored, administered or contributed to, or required to be contributed to, by any Loan Party or under which any Loan Party has any actual or contingent liability.

**“Permitted Liens”** means: (i) any charges created under the Initial Order or other Court Order; (ii) validly perfected Liens existing prior to the date hereof; (iii) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (iv) the Permitted Priority Liens.

**“Permitted Priority Liens”** means: (i) the Administration Charge, the Directors Charge and the KERP Charge; (ii) ABL Priority Liens; (iii) the Term Loan Priority Liens; (iv) any amounts payable by the Loan Parties for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are given priority by Applicable Law; and (v) obligations of the Loan Parties to any defined benefit or defined contribution pension plan sponsored by the Loan Parties solely to the extent that (a) such amounts are given priority by Applicable Law.

**“Permitted Restructuring Transaction”** means a transaction that provides for repayment in full in cash on closing of the amounts reasonably anticipated by (i) the Loan Parties (in consultation with the Monitor and the Financial Advisor), (ii) the Pre-Filing Term Loan Agent, (iii) the Pre-Filing ABL Agent, and (iv) the Pre-Filing FILO Agent to be outstanding under the Senior Indebtedness following completion of the Lease Solicitation Process and the liquidation under the Liquidation Services Agreement or is otherwise satisfactory to the Agents.

**“Permitted Variance”** means an adverse variance of not more than 15%, measured on a cumulative basis for disbursements being Payroll – Non Corp, Payroll - Corp./Shared Svcs, Occupancy Costs, Accrued Vacation, Corporate KERP, Chargeback Reserve/Deposits, Store Ops, Inventory Purchases, and interest. For certainty this shall exclude all fees and expenses of all Loan Parties’ professional advisors, the Monitor and its counsel, the fees and expenses of the Agents and all other professional fees and expenses for which the Loan Parties are responsible. The Permitted Variance shall be tested starting the Monday of the first full week after the Comeback Hearing.

**“Person”** means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

**“Plan”** means any plan of compromise, arrangement, reorganization or similar arrangement filed pursuant to the CCAA or any other statute in any jurisdiction, in respect of the Loan Parties.

**“Pre-Filing ABL Agent”** has the meaning given thereto in the Recitals.

**“Pre-Filing ABL Credit Agreement”** means that certain second amended and restated credit agreement dated as of December 23, 2024 among the Borrower, as “Lead Borrower”, the other “Borrowers” named therein, the “Guarantors” from time to time party thereto, the “Lenders” from time to time party thereto,

the Pre-Filing ABL Agent and Restore Capital, LLC, as “FILO Agent”, as amended, restated, supplemented or otherwise modified and in effect from time to time.

“**Pre-Filing FILO Agent**” has the meaning given thereto in the Recitals.

“**Pre-Filing Term Loan Agent**” has the meaning given thereto in the Recitals.

“**Pre-Filing Term Loan Credit Agreement**” means that certain amended and restated term loan credit Agreement dated as of December 23, 2024 among the Borrower, as “Lead Borrower”, the other “Borrowers” named therein, the “Guarantors” from time to time party thereto, the “Lenders” from time to time party thereto and the Pre-Filing Term Loan Agent, as amended, restated, supplemented or otherwise modified and in effect from time to time.

“**Priority Waterfall**” has the meaning given thereto in Section 6.

“**Property**” has the meaning given to it in the ARIO.

“**Real Property Leases**” means the real property leases under which a Loan Party is a tenant in connection with any retail store operated by a Loan Party.

“**Restructuring Transaction**” means any restructuring, financing, refinancing, recapitalization, sale, liquidation, workout, Plan or other material transaction of, or in respect of the Borrower or its respective assets and liabilities.

“**RioCan-HBC Charge**” means a priority charge over the Property granted by the Court pursuant to the ARIO securing any amounts due and payable by the Loan Parties to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership that are not paid during the CCAA Proceedings under a JV Lease, including interest thereon at the same rate as the DIP Facility.

“**Sales Taxes**” means all goods and services taxes, harmonized sales taxes and other applicable sales taxes.

“**Second Lien Obligations**” has the meaning given thereto in the first lien/second lien intercreditor agreement dated as of December 23, 2024 among the Pre-Filing ABL Agent, the Pre-Filing Term Loan Agent and 2171948 Ontario Inc.

“**Senior Indebtedness**” means the ABL Obligations and the Term Loan Obligations.

“**SISP**” means the sale and investment solicitation process whereby the Loan Parties will seek to enter into a Permitted Restructuring Transaction, which process shall include any equity interest of the Loan Parties in RioCan HBC Limited Partnership and any intellectual property of the Loan Parties.

“**Surplus Cash**” means amounts held by the Monitor on the Friday of the week ending immediately prior to the distribution contemplated by the Distribution Order that exceed \$35 million or such other amount as the parties may agree upon, acting reasonably, provided that, in the event that the forecasted Total Disbursements up to such date are greater than amounts actually disbursed up to such date, the difference between forecasted Total Disbursements up to such date in the Budget and amounts actually disbursed up to such date shall be added to the \$35 million threshold amount.

“**Term Loan Obligations**” has the meaning given thereto in the Intercreditor Agreement.

“**Term Loan Priority Collateral**” has the meaning given thereto in the Intercreditor Agreement.

**“Testing Period”** has the meaning given thereto in Section 9.

**“Updated Budget”** has the meaning given thereto in Section 8.

**“Variance Report”** has the meaning given thereto in Section 9.

**SCHEDULE “B”  
PRIORITY WATERFALL**

<b>Priority Ranking</b>	<b>ABL Priority Collateral</b>	<b>Term Loan Priority Collateral</b>	<b>Other Collateral</b>
1 <sup>st</sup>	Administration Charge obligations	Administration Charge obligations	Administration Charge obligations
2 <sup>nd</sup>	KERP Charge obligations	KERP Charge Obligations	KERP Charge obligations
3 <sup>rd</sup>	ABL Obligations (other than Excess ABL Obligations)	Term Loan Obligations (other than Excess Term Loan Obligations)	Directors’ Charge indemnity obligations up to \$13.5 million
4 <sup>th</sup>	Directors’ Charge indemnity obligations up to \$13.5 million	ABL Obligations (other than Excess ABL Obligations)	RioCan-HBC Charge obligations
5 <sup>th</sup>	RioCan-HBC Charge obligations	Directors’ Charge indemnity obligations up to \$13.5 million	Directors’ Charge indemnity obligations up to \$35.7 million
6 <sup>th</sup>	Director’s Charge indemnity obligations up to \$35.7 million	RioCan-HBC Charge obligations	
7 <sup>th</sup>	Term Loan Obligations (other than Excess Term Loan Obligations)	Directors’ Charge indemnity obligations up to \$35.7 million	
8 <sup>th</sup>	Excess ABL Obligations	Excess Term Loan Obligations	
9 <sup>th</sup>	Excess Term Loan Obligations	Excess ABL Obligations	
10 <sup>th</sup>	Second Lien Obligations (to the extent that any ABL Priority Collateral secures any Second Lien Obligations)	Second Lien Obligations (to the extent that any Term Loan Priority Collateral secures any Second Lien Obligations)	

**SCHEDULE “C”  
BUDGET**

**SCHEDULE “D”  
MILESTONES**

1. The Court shall have issued the ARIO by no later than March 21, 2025.
2. By no later than the March 21, 2025 the Court shall have issued an order approving the Liquidation Services Agreement, the Lease Solicitation Process and the SISP.
3. All milestones contemplated by the Lease Solicitation Process and the SISP shall be complied with in all material respects by the Loan Parties.
4. By no later than May 15, 2025, the Court shall have issued the Distribution Order and the distribution contemplated thereby shall be made within two Business Days of the issuance of the Distribution Order.

Notwithstanding the above, a specific Milestone may be (a) extended or waived with the express prior written consent of the Agents or (b) extended to the extent necessary to accommodate the Court’s calendar.

**SCHEDULE "E"**

**NOTICE**

If to Loan Parties

Stikeman Elliott  
5300 Commerce Court West  
199 Bay St.  
Toronto, ON  
M5L 1B9

Attention: Ashley Taylor  
Email: [ataylor@stikeman.com](mailto:ataylor@stikeman.com)

If to Monitor

Alvarez & Marsal Canada Inc.  
2900 – 200 Bay St. South Tower  
Royal Bank Plaza  
Toronto ON  
M5J 2J1

Attention: Greg Karpel  
Email: [gkarpel@alvarezandmarsal.com](mailto:gkarpel@alvarezandmarsal.com)

With copy to:

Bennett Jones LLP  
100 King St W, Suite 3400  
Toronto, ON  
M5X 1A4

Attention: Sean Zweig  
Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com)

If to the Pre-Filing FILO Agent: Restore Capital LLC

Attention: Dan Rubin  
Email: [dan.rubin@restore-cap.com](mailto:dan.rubin@restore-cap.com)

With copy to:

Blake, Cassels & Graydon LLP  
199 Bay St, Suite 4000  
Toronto, Ontario  
M5L 1A9

Attention: Linc Rogers / Aimee Yee  
Email: [linc.rogers@blakes.com](mailto:linc.rogers@blakes.com) / [aimee.yee@blakes.com](mailto:aimee.yee@blakes.com)

And to:

Ropes & Gray LLP  
1211 Avenue of the Americas  
New York, NY

10036-8704

Attention: Gregg Galardi / Max Silverstein

Email: [Gregg.galardi@ropesgray.com](mailto:Gregg.galardi@ropesgray.com) /  
[max.silverstein@ropesgray.com](mailto:max.silverstein@ropesgray.com)

If to the Pre-Filing ABL Agent [●]

If to the Pre-Filing Term Loan [●]

Agent



**EXHIBIT "D"**  
referred to in the Affidavit of  
**PHILIP YANG**  
Sworn March 26, 2025

*B. Ketwaroo*

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Commissioner for Taking Affidavits

# RESTRUCTURING ~~SUPPORT~~FRAMEWORK AGREEMENT

## Hudson Bay Company ULC

Dated as of March ~~24~~26, 2025

**BORROWER:** Hudson Bay Company ULC (the “**Borrower**”).

**GUARANTORS:** HBC Canada Parent Holdings 2 Inc., HBC Canada Parent Holdings Inc., The Bay Holdings ULC, The Bay Limited Partnership, HBC Bay Holdings I Inc., and HBC Bay Holdings II ULC (collectively, the “**Guarantors**”).

**LOAN PARTIES:** The Borrower and the Guarantors (collectively, the “**Loan Parties**”, and “**Loan Party**” means each of them).

**Pre-Filing ABL Agent** Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent

**Pre-Filing FILO Agent** Restore Capital, LLC in its capacity as agent for the FILO Term Lenders under the Pre-Filing ABL Credit Agreement

**Pre-Filing Term Loan Agent** Pathlight Capital LP, in its capacity as administrative agent under the Pre-Filing Term Loan Credit Agreement.

Agents Collectively, the Pre-ABL Agent, the Pre-Filing FILO Agent and Pre-Filing Term Loan Agent

**WHEREAS** on March 7, 2025 (the “**Filing Date**”) the Loan Parties, together with certain affiliated entities, commenced proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and Alvarez & Marsal Canada Inc. was appointed as monitor (the “**Monitor**”).

**AND WHEREAS**, pursuant to the Initial Order, the Court, among other things, approved the terms of a Junior DIP Term Sheet dated March 7, 2025 (the “**Initial Order**”) providing the borrowing of an aggregate principal amount of \$16,000,000 (the “**DIP Facility**”) on a junior basis, subject to certain Permitted Priority Liens.

**AND WHEREAS**, on March 24, 2025, the Court granted an amended and restated Initial Order (the “**ARIO**”), and orders approving an Orderly Liquidation, SISP and Lease Solicitation Process.

**AND WHEREAS** ~~The pursuant to the order of the Court, the~~ Loan Parties’ ~~business operations and the Budget support the repayment of the DIP Facility and, notwithstanding the Priority Waterfall, Pre-ABL Agent, Pre-Filing FILO Agent and Pre-Filing Term Loan Agent (collectively, the “**Agents**”) have consented to the repayment of the DIP Facility.~~ commenced an Orderly Liquidation at their retail stores on March 24, 2025, excluding six retail stores (the “**Excluded Stores**”) which were excluded from the liquidation to assist the Loan Parties in their pursuit of a Permitted Restructuring Transaction in respect of such Excluded Stores.

**AND WHEREAS** the Agents each assert Liens in respect of the Collateral for the benefit of themselves and the lenders they represent securing outstanding liabilities in the aggregate principal amount in excess of ~~+\$250,000,000~~.

**AND WHEREAS** the Loan Parties require the continued use of Collateral in order to finance the pursuit of an Orderly Liquidation or Permitted Restructuring Transaction, including by way of the SISP and the Lease Solicitation Process, and, to induce the Agents to support the Court orders approving the Orderly Liquidation-Sale, Lease Solicitation Process and SISP, the Loan Parties have agreed to use the Collateral solely in accordance with the terms hereof and to seek Court approval of this Agreement.

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **DEFINED TERMS** Unless otherwise defined herein, capitalized words and phrases used in this Agreement have the meanings given thereto in Schedule “A” and capitalized terms used herein and not otherwise defined herein or in Schedule “A” hereto shall have the meanings ascribed to them in the SISP.
2. **PURPOSE AND PERMITTED PAYMENTS:** To facilitate the repayment of the Borrower’s obligations, the Borrower shall use its cash solely for the following purposes and in the following order, in each case in accordance with the Budget, the Initial Order and the ARIO and the purposes of advancing and implementing an Orderly Liquidation or a Permitted Restructuring Transaction:
  - (a) to pay the reasonable and documented legal and financial advisory fees and expenses of (i) the Loan Parties, (ii) the Monitor (i.e. the Monitor’s fees and those of its legal counsel), and (iii) the Agents, in each case pursuant to the terms hereof;
  - (b) to fund, in accordance with the Budget, the Loan Parties’ operating expenditures during the CCAA Proceedings, including the working capital and other general corporate funding requirements of the Loan Parties during such period, including any post filing obligations under any Liquidation Services Agreement, the Memo Consignment Agreement and with Participating Concession Vendors; and
  - (c) to pay the interest on the amounts owing in connection with the Pre-Filing ABL Credit Agreement and the Pre-Filing Term Loan Credit Agreement at the default rates currently being charged under such agreements and provided for in the Budget and to pay fees and expenses owing in connection with the Pre-Filing ABL Credit Agreement (including without limitation any costs, expenses and exposure resulting from fluctuations in exchange rates affecting any Revolving Obligations (as defined in the Pre-Filing ABL Credit Agreement)) and the Pre-Filing Term Loan Credit Agreement.

For greater certainty, and other than as expressly set out herein, the Loan Parties may not use their cash to pay any obligations of the Loan Parties and Non-Applicant Stay Parties arising or relating to the period prior to the Filing Date (including for greater certainty Sales Taxes accrued prior to the Filing Date, whether or not due and payable after the Filing Date) without prior written consent of the Agents unless the payment of such pre-Filing Date obligations are specifically identified in the Budget and authorized pursuant to the ~~Initial Order~~ [ARIO](#) or any subsequent Court Order.

3. **INTER-COMPANY ADVANCES:** No intercompany advances, distributions, or other payments may be made unless provided for in the Budget or consented to by the Agents and the Monitor and for greater certainty, no intercompany advances, distributions or other payments shall be made to Non-Loan Party Applicants unless provided for in the Budget, consented to by the Agents and the Monitor, or authorized by Court Order.
4. **PERMITTED LIENS AND PRIORITY** All of the Collateral will be free and clear of all Liens except for Permitted Liens.
5. **PRE-FILING ABL AGENT CONSENT AND CONSULTATION RIGHTS** Following the fulfillment of the Loan Parties obligations under Section ~~12(e)~~ [13\(c\)](#) hereof, the Pre-Filing ABL Agent shall no longer have any of the consent or consultation rights contemplated hereby.
6. **APPLICATION OF PROCEEDS:** Proceeds of Collateral (for the avoidance of doubt, net of any fees or commissions arising under any Liquidation Services Agreement) shall be applied in accordance with the priority waterfall set on Schedule “B” (the “**Priority Waterfall**”) and all proceeds applied to ABL Obligations shall be applied as set forth in Section 8.03 of the Pre-Filing ABL Credit Agreement. Any distribution of such proceeds shall be subject to further order of the Court.
7. **MONITOR** The monitor in the CCAA Proceedings shall remain Alvarez and Marsal Canada Inc. (the “**Monitor**”).
8. **BUDGET:** Attached hereto as Schedule “C” is a copy of the agreed summary Budget (excluding supporting documentation provided to the Agents in connection therewith) as in effect on the date hereof (the “**Budget**”) which the Agents acknowledge and agree is in form and substance satisfactory to the Agents. Such Budget shall be the Budget referenced in this Agreement unless and until such time as an Updated Budget has been approved by the Agents in accordance with this Section 8.
  - (a) At the written request of any of the Agents (including by email), (b) at the election of the Borrower, or (c) upon a material change or a material change reasonably anticipated by the Borrower, to any item set forth in the Budget, the Borrower shall update and propose a revised 13-week Budget (the “**Updated Budget**”). The Agents may make such request up to once every two weeks and if such

request is made, the Borrower shall submit the Updated Budget no later than five Business Days following receipt of the request. Such Updated Budget shall have been reviewed and approved by the Monitor prior to submission to the Agents. If the Agents determine that the Budget is not acceptable, it shall provide written notice to the Borrower and the Monitor within three Business Days following receipt of the Updated Budget stating that the Updated Budget is not acceptable and setting out the reasons why such Updated Budget is not acceptable. For greater certainty, until the Borrower has delivered a revised Updated Budget acceptable to the Agents, the prior Budget shall remain in effect and if the Agents do not respond within three Business Days to a submitted Updated Budget, they shall be deemed to have accepted such Updated Budget.

9. **VARIANCE  
REPORTING:**

On or before 3:00 p.m. Eastern Time on the Wednesday of every week commencing with the first full week after the date hereof (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower shall deliver to the Monitor, the Agents and their legal and financial advisors a variance calculation (the “**Variance Report**”) setting forth actual receipts and disbursements for the preceding week and on a cumulative basis (each a “**Testing Period**”) as against the then-current Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof for such Testing Period in the Budget; each such Variance Report to be promptly discussed with the Agents and their legal and financial advisors, if so requested. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period.

10. **EXCESS CASH:**

In the event the Loan Parties have Excess Cash, the Excess Cash shall be deposited in the Monitor’s Trust Account and, in the Monitor’s discretion, may be advanced to the Borrower to satisfy post-filing payment obligations incurred in accordance with the Budget to the extent the Loan Parties have insufficient cash on hand to satisfy such obligations.

11. **REPRESENTATIONS AND  
WARRANTIES:**

The Loan Parties represent and warrant to the Agents upon which the Agents are relying in entering into this Agreement, that:

(a) This Agreement and the performance of the obligations of the Loan Parties contemplated by this Agreement upon the granting of the ARIQ:

- (i) are within the powers of the Loan Parties;
- (ii) have been duly executed and delivered by or on behalf of the Loan Parties;
- (iii) constitute legal, valid and binding obligations of the Loan Parties, enforceable against the Loan Parties in accordance with their terms;

- (iv) do not require any material authorization from, the consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any third party; and
  - (v) will not violate the charter documents, articles by-laws or other constating documents of the Loan Parties or any Applicable Law relating to the Loan Parties;
- (b) The business operations of the Loan Parties have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out;
- (c) The Loan Parties own their assets and undertaking free and clear of all Liens other than Permitted Liens;
- (d) The Loan Parties have been duly formed and are validly existing under the laws of their jurisdictions of incorporation or formation;
- (e) All Material Contracts are in full force and effect and are valid, binding and enforceable by the Loan Parties in accordance with their terms and the Loan Parties have no knowledge of any material default that has occurred and is continuing thereunder (other than those defaults arising as a result of the commencement of the CCAA Proceedings) or are not otherwise stayed by the ~~Initial~~ Order ARIO;
- (f) The Loan Parties are not aware of any introduction, amendment, repeal or replacement of any law or regulation being made or proposed which could reasonably be expected to have a material adverse effect on the Loan Parties or their business;
- (g) No Default or Event of Default has occurred and is continuing; and
- (h) *Pension Plans*
  - (i) Each Pension Plan is duly registered under the ITA and applicable pension standards legislation. Each Pension Plan is and has been administered in accordance with Applicable Law and the terms of such plan, and no event has occurred which could cause the loss of the registered status of any such Pension Plan. All obligations of each Loan Party (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Pension Plans and the funding agreements thereunder have been performed on a timely basis.
  - (ii) All employee and employer contributions (including special payments and any other payments in respect of any

funding deficiencies or shortfalls) or premiums required to be made or remitted by any Loan Party to the Pension Plans under the terms of the applicable plan and Applicable Law have been properly made, or withheld and remitted to the funding arrangement for the plan in accordance with the terms of the applicable plan and Applicable Law, and no unfunded liability or solvency deficiency exists under any Pension Plans.

## 12. LIQUIDATION

~~The liquidation will commence no later than March [24], 2025, provided however that a maximum of six of the Loan Parties' retail stores may be excluded from the liquidation to assist the Loan Parties in their pursuit of a Permitted Restructuring Transaction in respect of such excluded stores.~~ In the event that the Loan Parties have not received a firm commitment in respect of a Permitted Restructuring Transaction in connection with ~~such excluded stores~~ the Excluded Stores on or before April 47, 2025, then such ~~excluded stores~~ Excluded Stores shall be included in the liquidation starting April 58, 2025, provided, however, that if Reflect Advisors, LLC, in consultation with the Monitor, provides written confirmation to the Loan Parties, the Monitor and the Agents that it is of the view that there is a reasonable prospect that one or more of the Excluded Stores will be the subject of a Qualified Bid in the SISF that will provide incremental proceeds greater than the incremental cost of leaving such Excluded Stores out of the liquidation, such date may be extended to a date determined to be appropriate by Reflect Advisors, LLC in consultation with the Monitor.

## 13. AFFIRMATIVE COVENANTS:

The Loan Parties agree to do, or cause to be done, the following:

- (a) Allow representatives or advisors of the Agents reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Loan Parties, and cause management, the financial advisor and/or legal counsel of the Loan Parties to cooperate with reasonable requests for information by the Agents and its legal and financial advisors, in each case subject to (A) solicitor-client privilege, (B) all Court Orders and (C) applicable privacy laws;
- (b) Deliver to the Agents the reporting and other information from time to time reasonably requested by it and as set out in this Agreement including, without limitation, the Variance Reports at the times set out herein;
- (c) Use any cash receipts received from and after the Filing Date only in accordance with the restrictions set out in this Agreement and pursuant to the Budget and the Court Orders;
- (d) Comply with the provisions of the ARIQ, including paragraph 10(b) relating to payment of rent to certain

Non-Applicant Stay Parties, and all other Court Orders;

- (e) ~~Within~~From Excess Cash within three weeks of the date hereof, in accordance with the Budget, utilize cash receipts from the sale of inventory to (i) cash collateralize all L/C Obligations (in an amount equal to 104% of the face amounts thereof) and to provide cash collateral for Bank Product Obligations, cash management obligations, costs, expenses, fee amounts and contingent reimbursement or unasserted contingent indemnification obligations in an amount reasonably agreed to by the Pre-Filing ABL Agent, and (ii) (subject to prior confirmation of the validity and enforceability of the security interests of the Pre-Filing ABL Agent by the Monitor's independent counsel) repay (including authorizing the Pre-Filing ABL Agent to apply all cash held in the bank account ending in xx8203 to the foregoing cash collateralization and repayment) all such obligations as they become due and owing (other than Excess ABL Obligations). In the event the Pre-Filing ABL Agent releases cash collateral back to the Loan Parties, such cash collateral will be deposited into the Monitor's Trust Account and will not be available to be reborrowed and will be distributed in accordance with the Priority Waterfall following Court approval;
- (f) Preserve, renew and keep in full force their corporate existence subject to the liquidation pursuant to the Liquidation Services Agreement;
- (g) Preserve, renew and keep in full force and effect all licenses and permits necessary to carry on their business;
- (h) Conduct their businesses in accordance with, and otherwise comply with, the Budget, subject to the Permitted Variance;
- (i) Promptly notify the Agents of the occurrence of any Default or Event of Default;
- (j) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to any Court Order;
- (k) Provide the Agents and their counsel draft copies of all motions, applications, proposed Court Orders and other materials or documents that the Loan Parties intend to file in the CCAA Proceedings at least two Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible and in any event not less than one day prior to the date on which such motion, application, proposed Court Order or other



materials or documents are served on the service list in respect of the applicable CCAA Proceedings; provided that motion materials and similar pleadings that affect the Agents shall be reasonably satisfactory to the Agents;

- (l) Promptly provide notice to the Agents and their counsel and keep them otherwise apprised of any material developments in respect of any Material Contract, subject to the terms of the Lease Solicitation Process and the SISP;
- (m) At all times maintain adequate insurance coverage of such kind and such amounts and against such risks as is customary for the business of the Loan Parties with financial sound and reputable insurers in coverage and scope acceptable to the Agents;
- (n) Promptly, upon becoming aware thereof, provide details of the following to the Agents:
  - (i) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Loan Parties, by or before any court, tribunal, Governmental Authority or regulatory body, which are not stayed by the ~~Initial Order~~ ARIO and would be reasonably likely to result, individually or in the aggregate, in a judgment not covered by insurance in excess of \$1,000,000;
  - (ii) any existing (or threatened in writing) default or dispute with respect to any of the Material Contracts which are not stayed by the ~~Initial Order~~ ARIO; and
  - (iii) subject to appropriate confidentiality arrangements and the terms of the SISP, any indications of interest, proposals or offers for any of the Collateral received by any Loan Party or the Monitor as part of the SISP or otherwise outside the ordinary course of business.

~~(o) Strictly comply with the terms of all Court Orders; and~~

(o) ~~(p)~~ Consult with the Agents with respect to the proposed termination or disclaimer of any Real Property Lease, subject to the Lease Solicitation Process;

(p) ~~(q)~~ Comply with the Milestones set forth on Schedule “D” hereof; and

- (q) ~~(+)~~ Deliver the Budgets and Variance Reports required under Section 8.

14. **NEGATIVE  
COVENANTS:**

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 Agents or as otherwise determined by the Court:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking outside of the ordinary course of business, except for any disposition permitted under any Liquidation Services Agreement or the disposition of obsolete or worn-out equipment or assets consistent with past practice, or assets of nominal value unless in accordance with the ~~Initial-Order~~ARIO, SISP, Lease Solicitation Process or any subsequent Court Order and this Agreement;
- (b) Make any payment, including, without limitation, any payment of principal, interest or fees, in respect of pre-Filing Date indebtedness, or in respect of any other pre-Filing Date liabilities, including payments with respect to pre-Filing Date trade or unsecured liabilities of the Borrower, other than in accordance with the ~~Initial-Order~~ARIO or any subsequent Court Order and the Budget; provided that the Loan Parties shall (i) remit (x) any fees owing under the Liquidation Services Agreement or Memo Consignment Agreement, or (y) proceeds in respect of Consigned Goods, (ii) pay interest on the amounts owing in connection with the Pre-Filing ABL Credit Agreement and the Pre-Filing Term Loan Credit Agreement at the default rates currently being charged under such agreements and provided for in the Budget and fees and expenses of the Pre-Filing ABL Agent and Pre-Filing FILO Agent pursuant to the terms of this Agreement, and (iv) pay the expenses of the Pre-Filing Term Loan Agent pursuant to the terms of this Agreement and provided for in the Budget.
- (c) (i) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date of this Agreement, including fees, interest and expenses that may be capitalized from time to time to the principal amount of the Term Loan Obligations or the ABL Obligations, and (B) post-filing trade payables or other unsecured obligations incurred in the ordinary course of business on or following the Filing Date in accordance with the Budget and the ~~Initial-Order~~ARIO, or (ii) make or give any financial assurances, in the form of bonds, letter of credit, financial guarantees or otherwise to any Person or Governmental Authority other than those existing as of the date of this Agreement or with the prior written consent of the Agents;

- (d) Other than with the prior written consent of the Agents or as provided for in the Budget make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon);
- (e) Other than in accordance with the Budget or with the prior written consent of the Agents, make any investments or acquisitions of any kind, direct or indirect, in any other business or otherwise;
- (f) Pay, incur any obligation to pay, or establish any retainer with respect to the fees, expenses or disbursements of a legal, financial or other advisor of any party, (other than (i) the Monitor and its legal counsel, (ii) the respective legal, financial and other advisors of the Loan Parties<sup>+</sup>, (iii) respective legal advisors of the Agents to the terms of this Agreement and provided for in the Budget (or paid out of proceeds of ABL Priority Collateral and Term Loan Priority Collateral respectively) unless such fees, expenses or disbursements, as applicable, are reviewed and confirmed in advance by the Agents, and (iv) any advisor other than in accordance with the Liquidation Services Agreement or the Lease Solicitation Process approved by the Court;
- (g) Create or permit to exist any Liens on any of their properties or assets other than the Permitted Liens;
- (h) Create or establish any employee retention plan or similar benefit plan for any employees of the Loan Parties, except as reflected in the approved Budget;
- (i) Make any payments or expenditures (including capital expenditures) other than in accordance with this Agreement and the Budget, subject to the Permitted Variance;
- (j) Terminate or disclaim any Material Contract or amend any Material Contract in any material adverse manner except with the prior consent of the Agents, acting reasonably;
- (k) Seek to obtain, or consent to or fail to oppose a motion brought by any other Person for, approval by the Court of any Restructuring Transaction other than a Permitted Restructuring Transaction;

<sup>+</sup> ~~Removed so to allow for retention of advisors, as needed (e.g. KPMG for tax matters).~~

- (l) Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except pursuant to (i) a Permitted Restructuring Transaction or (ii) a Restructuring Transaction other than a Permitted Restructuring Transaction;
- (m) Make an announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business except in connection with the Lease Solicitation Process, a Permitted Restructuring Transaction or the Liquidation Services Agreement;

~~(n) Seek or obtain an order from the Court that materially adversely affects the Agents;~~

(n) ~~(n)~~ Enter into any settlement agreement or agree to any settlement arrangements in an amount involving a payment of \$1,000,000 or greater with any Governmental Authority or regulatory authority in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are (to the knowledge of the Borrower) threatened or pending against any one of them, or make any payments or refunds to retail customers outside the ordinary course of business, in either case, other than those set out in the Budget;

(o) ~~(p)~~ Without the approval of the Court or the prior written consent of the Agents, cease to carry on its business or activities or any material component thereof as currently being conducted or modify or alter in any material manner the nature and type of its operations or business except liquidations contemplated by the Liquidation Services Agreement;

(p) ~~(q)~~ Seek, or consent to the appointment of, a receiver, interim receiver, or trustee in bankruptcy or any similar official in any jurisdiction; or

(q) ~~(r)~~ Unless and until all Senior Indebtedness is repaid in full, notwithstanding anything else in this Agreement, pay any Sales Taxes accrued prior to the Filing Date (whether or not due or payable after the Filing Date) in excess of \$6.8 million; ~~or.~~

~~(s) Pay any rent or other amount to RioCan HBC Limited Partnership, HBC YSS 1 Limited Partnership HBC YSS 2 Limited Partnership or RioCan Hudson's Bay Ottawa~~

~~Limited Partnership under any Real Property Lease (collectively, the "JV Leases", and "JV Lease" means any of them) in excess of an aggregate amount of \$7,000,000 (plus applicable sales tax) in any calendar month (the "JV Monthly Cap"), which shall be payable on the same terms as all other Real Property Leases as provided for in the ARIQ, provided that (i) to the extent any JV Lease is disclaimed or terminated, the JV Monthly Cap shall automatically be reduced by an amount equal to the pro-rata amount attributable to such JV Lease based on the rent and other amounts payable under such JV Lease relative to all the other JV Leases, (ii) rent payable under the Real Property Leases for Georgian Mall and Oakville Place shall not be subject to the JV Monthly Cap, and the Loan Parties shall be permitted to pay such rent in accordance with the terms of such Real Property Leases in effect as at the commencement of the CCAA Proceedings, (iii) the JV Monthly Cap for March 2025 shall be reduced by the aggregate amount paid by the Loan Parties under the JV Leases for the period of March 1, 2025 to and including March 7, 2025, and (iv) any amounts due and payable under any JV Lease during the CCAA Proceedings not permitted to be paid under this Section 13(s) shall (A) accrue with interest at the same rate as the DIP Facility and (B) be secured by the RioCan HBC Charge.~~

**15. EVENTS OF DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this Agreement:

- (a) Failure of the Loan Parties to perform or comply with any covenant under Section ~~13~~14 hereof;
- (b) Failure of the Loan Parties to perform or comply with any term, condition, covenant or obligation pursuant to this Agreement and such failure remains unremedied for more than five Business Days, *provided that*, where another provision in this Section ~~14~~15 provides for a shorter or no cure period in respect of a particular Event of Default, such other provision shall apply;
- (c) Issuance of any Court Order (i) dismissing the CCAA Proceedings or lifting the stay of proceedings therein to permit the enforcement of any security against the Loan Parties or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receivership order against or in respect of any of the Loan Parties, in each case which order is not stayed pending appeal thereof, and other than in respect of non-material assets not required for the operations of the Loan Parties business and which is subject to a Permitted Priority Lien, (~~iii~~ii) modifying this Agreement without the prior written consent of the Agents, or (~~iv~~iii) approving a Restructuring Transaction, other than a Permitted Restructuring

Transaction, that has not been previously consented to in writing by the Agents.

- (d) Unless consented to in writing by the Agents, the expiry without further extension of the stay of proceedings provided for in the ~~Initial Order~~[ARIO](#);
- (e) a Variance Report or Updated Budget is not delivered when due under this Agreement or (ii) in respect of any Testing Period, there shall exist a variance in excess of the Permitted Variance for the period for which the Variance Report is prepared;
- (f) Unless the Agents have consented thereto in writing, the filing by any Loan Party of any motion or proceeding that (i) is not consistent with any provision of this Agreement or the ~~Initial Order~~[ARIO](#), as applicable, (ii) could otherwise be expected to have a material adverse effect on the interests of the Agents, (iii) seeks to continue the CCAA Proceedings under the jurisdiction of a court other than the Court, or (iv) seeks to initiate any restructuring or insolvency proceedings other than the CCAA Proceedings in any court or jurisdiction;
- (g) Any proceeding, motion or application shall be commenced or filed by any Loan Party, or if commenced by another party, supported, remain unopposed or otherwise consented to by any Loan Party, seeking approval of any Restructuring Transaction (other than a Permitted Restructuring Transaction) without the prior written consent of the Agents;
- (h) The making by any Loan Party of a payment of any kind that is not permitted by this Agreement or is not in accordance with the Budget, subject to the Permitted Variance;
- (i) Except as stayed by the ~~Initial Order~~[ARIO](#) or consented to by the Agents, a default under, revocation or cancellation of, any Material Contract;
- (j) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Agreement;
- (k) Except as stayed by Court Order, the entry of one or more final judgements, writs of execution, garnishment or attachment representing a claim in excess of \$1,000,000 in the aggregate, against any Collateral or any Loan Party that is not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 30 days after their entry, commencement or levy;
- (l) Any creditor, encumbrancer or other Person seizes or levies upon any Collateral or exercises any right of distress, execution, foreclosure or similar enforcement process against any Collateral,

in each case, with an aggregate value in excess of \$1,000,000; or

- (m) Any Milestone set forth on Schedule “D” hereof shall not be satisfied.

## 16. REMEDIES

Upon the occurrence of an Event of Default, the Agents may, subject to the Court Orders including any notice provision contained therein:

- (a) apply to the Court to not permit further use of cash collateral by the Loan Parties;
- (b) apply to the Court for the appointment of a chief restructuring officer, receiver, an interim receiver or a receiver and manager over any of the Loan Parties or the Collateral, or for the appointment of a trustee in bankruptcy of any of the Loan Parties;
- (c) with the Monitor’s consent, apply to the Court to seek to expand the powers of the Monitor to take management and control of the Loan Parties or any of the Collateral, on such terms as the Court may direct and the Agents may agree;
- (d) apply to the Court to exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario), or any federal, provincial, territorial legislation of similar effect; and/or
- (e) apply to Court to exercise all such other rights and remedies under this Agreement, the Court Orders and Applicable Law.

## 17. AGENT APPROVALS

All consents, approvals, waivers, or instructions of the Agents hereunder shall be in their sole and absolute discretion and shall be in writing unless otherwise expressly set out herein and shall be an independent right to consent, approval, waiver or instructions by each of the Pre-Filing ABL Agent, Pre-Filing FILO Agent and Pre-Filing Term Loan Agent. Any consent, approval, instruction or other expression of the Agents to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.

## 18. INDEMNITY AND RELEASE

~~The Loan Parties agree to indemnify and hold harmless the Agents and the Lenders and their respective directors, officers, employees, agents, attorneys, counsel and advisors (all such persons and entities being referred to hereafter as “Indemnified Persons”) from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person (collectively, “Claims”) as a result of or arising out of or in any way related to this Agreement and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, that the Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense~~



~~or liability (a) to the extent it resulted from the gross negligence, wilful misconduct or bad faith of any Indemnified Person as finally determined by a court of competent jurisdiction, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any Claims arising out of any act or omission on the part of the Loan Parties. None of the Agents, Lenders, the Indemnified Persons, nor the Loan Parties shall be responsible or liable to any other person for consequential or punitive damages.~~

~~Notwithstanding anything to the contrary herein, the indemnities granted under this Agreement shall survive any termination of this Agreement.~~

18. **GENERAL**  
~~9.~~

This Agreement, including the schedules hereto, constitute the entire agreement between the parties relating to the subject matter hereof. No rights or obligations hereunder may be assigned without the consent of the other parties hereto or with the authorization of the Court.

19. **AMENDMENTS,  
WAIVERS, ETC.**  
~~0.~~

No waiver or delay on the part of the Agents in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing (including by e-mail) by the Agents and delivered in accordance with the terms of this Agreement, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

20. **NO THIRD  
PARTY  
BENEFICIARY:**  
~~1.~~

No Person, other than the Loan Parties, the Agents, and the Monitor, is entitled to rely upon this Agreement, and the parties expressly agree that this Agreement does not confer rights upon any other party.

21. **INTERCREDITOR  
AGREEMENT**  
~~2.~~

This Agreement is subject to the terms of the Intercreditor Agreement in all respects. In the event of any conflict between the provisions of this Agreement and the provisions of the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall govern and control.

22. **COUNTERPARTS  
AND  
SIGNATURES:**  
~~3.~~

This Agreement may be executed in any number of counterparts and delivered by electronic transmission including "pdf email", each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

23. **NOTICES:**  
~~4.~~

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent email to such Person at its address set out in Schedule "E", with a copy to counsel. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel.

Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. Eastern Time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

24. **ENGLISH  
LANGUAGE:**  
~~5.~~

The parties hereto confirm the use of the English language. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs*



*furent rédigés en anglais à leur demande.*

25. **GOVERNING  
LAW AND  
JURISDICTION:**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.

26. **EFFECTIVE  
DATE:**

This Agreement shall take effect on repayment in full of all DIP Financing Obligations (as defined in the Junior DIP Term Sheet dated March 7, 2025), at which time, the Junior DIP Term Sheet dated March 7, 2025 shall terminate and be of no further force or effect.

IN WITNESS HEREOF, the parties hereby execute this Agreement as at the date first above mentioned.

**BANK OF AMERICA, N.A.** (including acting through branches and affiliates) in its capacity as administrative and collateral agent under the Pre-Filing ABL Credit Agreement

By:

Name:

Title:

**PATHLIGHT CAPITAL LP**, in its capacity as administrative agent under the Pre-Filing Term Loan Credit Agreement

By:

Name:

Title:

**RESTORE CAPITAL, LLC** in its capacity as FILO agent under the Pre-Filing ABL Credit Agreement

By:

Name:

Title:

**HUDSON BAY COMPANY ULC, as Borrower**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC CANADA PARENT HOLDINGS 2 INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC CANADA PARENT HOLDINGS INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BAY HOLDINGS ULC, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BAY LIMITED PARTNERSHIP, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC BAY HOLDINGS I INC., as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HBC BAY HOLDINGS II ULC, as Guarantor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Title:

## SCHEDULE “A” DEFINED TERMS

“**ABL Obligations**” has the meaning given thereto in the Intercreditor Agreement.

“**ABL Priority Collateral**” has the meaning given thereto in the Intercreditor Agreement.

“**Administration Charge**” means a priority charge over the ~~Collateral~~Property granted by the Court pursuant to the Initial Order in an aggregate amount not exceeding \$2,800,000 to secure the fees and expenses of (i) the legal and financial advisors of the Loan Parties and (ii) the Monitor and its counsel, in each case in connection with the CCAA Proceedings.

“**Agents**” has the meaning given thereto in the Recitals.

“**Agreement**” means this agreement, as further amended, restated or otherwise modified from time to time.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law.

“**ARIO**” ~~an amended and restated Initial Order, which amends, replaces, restates and supersedes the Initial Order~~has the meaning given thereto in the Recitals.

“**Borrower**” has the meaning given thereto in the Recitals.

“**Budget**” has the meaning given thereto in Section 8.

“**Business Day**” means any day other than a Saturday, Sunday or any other day on which banks in Toronto, Ontario are not open for business.

“**CCAA**” has the meaning given thereto in the Recitals.

“**CCAA Proceedings**” has the meaning given thereto in the Recitals.

~~“**Claim**” has the meaning given thereto in Section 17.~~

“**Collateral**” means all current or future assets, businesses, undertakings and properties of the Loan Parties, real and personal, tangible or intangible, including all proceeds thereof over which the Agents, or any one of them, hold valid security. For greater certainty, Collateral excludes any Consigned Goods and merchandise subject to arrangements with Participating Concession Vendors.

“**Comeback Date**” means the date scheduled by the Court, to be within 10 days of the Filing Date, to consider additional relief requested by the Loan Parties relating to the Liquidation Services Agreement, among other things.

“**Comeback Hearing**” means the hearing scheduled on the Comeback Date to consider additional relief requested by the Loan Parties relating to the Liquidation Services Agreement, among other things.

**“Consigned Goods”** means inventory on order from, in transit to, or in the possession of, a Loan Party pursuant to the terms of a true consignment agreement and the proceeds thereof; provided that such proceeds (i) are held in trust for the benefit of such true consignor or otherwise separate and apart so that such proceeds are identifiable and traceable. For greater certainty, all Memo Merchandise and inventory supplied to the Loan Parties from time to time pursuant to the Memo Consignment Agreement shall constitute Consigned Goods.

**“Court”** has the meaning given thereto in the Recitals.

**“Court Order”** means any order, judgment, direction, endorsement or opinion issued by the Court in the CCAA Proceedings.

**“Default”** means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

**“DIP Facility”** has the meaning given thereto in the Recitals.

**“Directors’ Charge”** means a priority charge over the ~~Collateral~~Property granted by the Court pursuant to the Initial Order securing the indemnity granted by the Loan Parties in favour of the directors and officers of the Loan Parties, on such terms more particularly set out in the ARIO, in an aggregate amount not exceeding \$49,200,000.

**“Distribution Order”** means an order of the Court authorizing the Monitor to make a distribution of Surplus Cash in accordance with the Priority Waterfall.

**“Event of Default”** has the meaning given thereto in Section ~~14~~15.

**“Excess ABL Obligations”** has the meaning given thereto in the Intercreditor Agreement.

**“Excess Cash”** means cash proceeds from the sale of inventory of the Loan Parties, including any inventory sold in accordance with the Orderly Liquidation, in excess of \$15 million, as tested on the last Business Day of each week but calculated on the Monday thereafter (and for the avoidance of doubt, such proceeds shall be net of any fees or commissions due but not yet paid to any advisor in accordance with the Liquidation Services Agreement), starting on the week of March 31, 2025.

**“Excess Term Loan Obligations”** has the meaning given thereto in the Intercreditor Agreement.

**“Excluded Stores”** has the meaning given thereto in the Recitals.

**“Filing Date”** has the meaning given thereto in the Recitals.

**“Governmental Authority”** means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

**“Guarantors”** has the meaning given thereto in the Recitals.

~~**“Indemnified Persons”** has the meaning given thereto in Section 17.~~

**“Initial Order”** has the meaning given thereto in the Recitals.

“**Intercreditor Agreement**” means the Second Amended and Restated Intercreditor Agreement dated as of December 23, 2024 between the Pre-Filing ABL Agent and the Pre-Filing Term Loan Agent.

“**ITA**” means the *Income Tax Act* (Canada), as amended from time to time.

~~“**JV Leases**” has the meaning given thereto in Section 13(s).~~

~~“**JV Monthly Cap**” has the meaning given thereto in Section 13(s).~~

“**KERP**” means a key employee retention plan.

“**KERP Charge**” means a priority charge over the ~~Collateral~~Property granted by the Court pursuant to the Initial Order or subsequent Court Order in an amount not to exceed \$3 million to secure the obligations of the Loan Parties to certain key employees pursuant to the terms of a KERP in an amount to be set forth in the ARI0.

“**Lease Solicitation Process**” means the process approved by the Court pursuant to which the Loan Parties seek offers related to the assignment and assumption of their Real Property Leases or a certain subset thereof.

“**Lenders**” means the lenders under the Pre-Filing ABL Credit Agreement and Pre-Filing Term Loan Credit Agreement.

“**Liens**” means (a) all liens, hypothecs, charges, mortgages, deeds of trusts, trusts, deemed trusts (statutory or otherwise), constructive trusts, encumbrances, security interests, and statutory preferences of every kind and nature whatsoever that secured payment or performance of an obligation, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“**Liquidation Services Agreement**” means an agreement approved by the Court at the Comeback Hearing providing for the liquidation of the inventory in all of the Loan Parties’ retail stores (or such lower number of stores in accordance with the terms of the Liquidation Services Agreement).

“**Loan Parties**” has the meaning given to it in the Recitals.

“**Material Contract**” means any contract, licence, agreement or Real Property Lease (i) to which any Loan Party is a party or is bound, (ii) which is necessary in the operation of the business of the Loan Parties, and (iii) the breach or termination of, or default under, would reasonably be expected to have a material adverse effect on the Loan Parties taken as a whole if such contract, licence, agreement or Real Property Lease was not replaced by an alternative comparable contract with comparable commercial terms in a commercially reasonable timeframe.

“**Memo Consignment Agreement**” means that certain Master Service Agreement for Consignment of Memo Merchandise dated as of April 4, 2024, between the Borrower and Gordon Brothers Canada ULC as and as may be amended, restated, supplemented or otherwise modified and in effect from time to time.

“**Memo Merchandise**” has the meaning given to it in the Memo Consignment Agreement.

“**Monitor**” has the meaning given thereto in the Recitals.

**“Monitor’s Trust Account”** an interest-bearing trust account in the name of, and designated by, the Monitor.

**“Non-Applicant Stay Parties”** has the meaning given thereto in the Initial Order.

**“Non-Loan Party Applicant”** means HBC Centrepont 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.

**“Orderly Liquidation”** means the liquidation of the retail inventory of the Loan Parties and certain related Collateral (including furniture, fixtures and equipment), pursuant to the terms of the Liquidation Services Agreement, as approved by the Court.

**“Other Collateral”** means any and all ~~Collateral~~Property other than the ABL Priority Collateral and the Term Loan Priority Collateral.

**“Participating Concession Vendors”** means such vendors providing merchandise to the Loan Parties for in-store sales pursuant to one or more concession or licensor agreements (other than pursuant to the Memo Consignment Agreement) in respect of Consigned Goods or other goods title to which remains with such vendors at all times, who have continued to provide merchandise post filing, including during the inventory liquidation process.

**“Pension Plan”** means a “registered pension plan”, as such term is defined in subsection 248(1) of the ITA, which is sponsored, administered or contributed to, or required to be contributed to, by any Loan Party or under which any Loan Party has any actual or contingent liability.

**“Permitted Liens”** means: (i) any charges created under the Initial Order or other Court Order; (ii) validly perfected Liens existing prior to the date hereof; (iii) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (iv) the Permitted Priority Liens.

**“Permitted Priority Liens”** means: (i) the Administration Charge, the Directors Charge and the KERP Charge; (ii) ABL Priority Liens; (iii) the Term Loan Priority Liens; (iv) any amounts payable by the Loan Parties for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are given priority by Applicable Law; and (v) obligations of the Loan Parties to any defined benefit or defined contribution pension plan sponsored by the Loan Parties solely to the extent that (a) such amounts are given priority by Applicable Law.

**“Permitted Restructuring Transaction”** means a transaction that provides for repayment in full in cash on closing of the amounts reasonably anticipated by (i) the Loan Parties (in consultation with the Monitor and the Financial Advisor), (ii) the Pre-Filing Term Loan Agent, (iii) the Pre-Filing ABL Agent, and (iv) the Pre-Filing FILO Agent to be outstanding under the Senior Indebtedness following completion of the Lease Solicitation Process and the liquidation under the Liquidation Services Agreement ~~and/or~~and is otherwise satisfactory to the Agents.

**“Permitted Variance”** means an adverse variance of not more than 15%, measured on a cumulative basis for disbursements being Payroll – Non Corp, Payroll - Corp./Shared Svcs, Occupancy Costs, Accrued Vacation, Corporate KERP, Chargeback Reserve/Deposits, Store Ops, Inventory Purchases, and interest, For certainty this shall exclude all fees and expenses of all Loan Parties’ professional advisors, the Monitor and its counsel, the fees and expenses of the Agents and all other professional fees



and expenses for which the Loan Parties are responsible. The Permitted Variance shall be tested starting the Monday of the first full week after the Comeback Hearing.

“**Person**” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“**Plan**” means any plan of compromise, arrangement, reorganization or similar arrangement filed pursuant to the CCAA or any other statute in any jurisdiction, in respect of the Loan Parties.

“**Pre-Filing ABL Agent**” has the meaning given thereto in the Recitals.

“**Pre-Filing ABL Credit Agreement**” means that certain second amended and restated credit agreement dated as of December 23, 2024 among the Borrower, as “Lead Borrower”, the other “Borrowers” named therein, the “Guarantors” from time to time party thereto, the “Lenders” from time to time party thereto, the Pre-Filing ABL Agent and Restore Capital, LLC, as “FILO Agent”, as amended, restated, supplemented or otherwise modified and in effect from time to time.

“**Pre-Filing FILO Agent**” has the meaning given thereto in the Recitals.

“**Pre-Filing Term Loan Agent**” has the meaning given thereto in the Recitals.

“**Pre-Filing Term Loan Credit Agreement**” means that certain amended and restated term loan credit Agreement dated as of December 23, 2024 among the Borrower, as “Lead Borrower”, the other “Borrowers” named therein, the “Guarantors” from time to time party thereto, the “Lenders” from time to time party thereto and the Pre-Filing Term Loan Agent, as amended, restated, supplemented or otherwise modified and in effect from time to time.

“**Priority Waterfall**” has the meaning given thereto in Section 6.

“**Property**” has the meaning given to it in the ARI0.

“**Real Property Leases**” means the real property leases under which a Loan Party is a tenant in connection with any retail store operated by a Loan Party.

“**Restructuring Transaction**” means any restructuring, financing, refinancing, recapitalization, sale, liquidation, workout, Plan or other material transaction of, or in respect of the Borrower or its respective assets and liabilities.

“**RioCan-HBC Charge**” means a priority charge over the ~~Collateral~~Property granted by the Court pursuant to the ARI0 securing any amounts due and payable by the Loan Parties to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership that are not paid during the CCAA Proceedings under a JV Lease, including interest thereon at the same rate as the DIP Facility.

“**Sales Taxes**” means all goods and services taxes, harmonized sales taxes and other applicable sales taxes.

“**Second Lien Obligations**” has the meaning given thereto in the first lien/second lien intercreditor agreement dated as of December 23, 2024 among the Pre-Filing ABL Agent, the Pre-Filing Term Loan Agent and 2171948 Ontario Inc.

**“Senior Indebtedness”** means the ABL Obligations and the Term Loan Obligations.

**“SISP”** means the sale and investment solicitation process whereby the Loan Parties will seek to enter into a Permitted Restructuring Transaction, which process shall include any equity interest of the Loan Parties in RioCan HBC Limited Partnership and any intellectual property of the Loan Parties.

**“Surplus Cash”** means amounts held by the Monitor on the Friday of the week ending immediately prior to the distribution contemplated by the Distribution Order that exceed \$35 million or such other amount as the parties may agree upon, acting reasonably, provided that, in the event that the forecasted Total Disbursements up to such date are greater than amounts actually disbursed up to such date, the difference between forecasted Total Disbursements up to such date in the ~~Cash Flow~~Budget and amounts actually disbursed up to such date shall be added to the \$35 million threshold amount.

**“Term Loan Obligations”** has the meaning given thereto in the Intercreditor Agreement.

**“Term Loan Priority Collateral”** has the meaning given thereto in the Intercreditor Agreement.

**“Testing Period”** has the meaning given thereto in Section 9.

**“Updated Budget”** has the meaning given thereto in Section 8.

**“Variance Report”** has the meaning given thereto in Section 9.

**SCHEDULE “B”  
PRIORITY WATERFALL**

Priority Ranking	ABL Priority Collateral	Term Loan Priority Collateral	Other Collateral
1 <sup>st</sup>	Administration Charge obligations	Administration Charge obligations	Administration Charge obligations
2 <sup>nd</sup>	KERP Charge obligations	KERP Charge Obligations	KERP Charge obligations
3 <sup>rd</sup>	ABL Obligations (other than Excess ABL Obligations)	Term Loan Obligations (other than Excess Term Loan Obligations)	Directors’ Charge indemnity obligations up to \$13.5 million
4 <sup>th</sup>	Directors’ Charge indemnity obligations up to \$13.5 million	ABL Obligations (other than Excess ABL Obligations)	<del>Directors’</del> <u>RioCan-HBC</u> Charge <del>indemnity</del> obligations <del>up to \$35.7 million</del>
5 <sup>th</sup>	RioCan-HBC Charge obligations	Directors’ Charge indemnity obligations up to \$13.5 million	<u>Directors’ Charge indemnity obligations up to \$35.7 million</u>
6 <sup>th</sup>	Director’s Charge indemnity obligations up to \$35.7 million	RioCan-HBC Charge obligations	
7 <sup>th</sup>	Term Loan Obligations (other than Excess Term Loan Obligations)	Directors’ Charge indemnity obligations up to \$35.7 million	
8 <sup>th</sup>	Excess ABL Obligations	Excess Term Loan Obligations	
9 <sup>th</sup>	Excess Term Loan Obligations	Excess ABL Obligations	
10 <sup>th</sup>	Second Lien Obligations (to the extent that any ABL Priority Collateral secures any Second Lien Obligations)	Second Lien Obligations (to the extent that any Term Loan Priority Collateral secures any Second Lien Obligations)	

**SCHEDULE “C”  
BUDGET**

## **SCHEDULE “D” MILESTONES**

1. The Court shall have issued the ARIO by no later than March 21, 2025.
2. By no later than the March 21, 2025 the Court shall have issued an order approving the Liquidation Services Agreement, the Lease Solicitation Process and the SISP.
3. All milestones contemplated by the Lease Solicitation Process and the SISP shall be complied with in all material respects by the Loan Parties.
4. By no later than May 15, 2025, the Court shall have issued the Distribution Order and the distribution contemplated thereby shall be made within two Business Days of the issuance of the Distribution Order.

Notwithstanding the above, a specific Milestone may be (a) extended or waived with the express prior written consent of the Agents or (b) extended to the extent necessary to accommodate the Court’s calendar.

**SCHEDULE "E"**

**NOTICE**

If to Loan Parties

Stikeman Elliott  
5300 Commerce Court West  
199 Bay St.  
Toronto, ON  
M5L 1B9

Attention: Ashley Taylor  
Email: [ataylor@stikeman.com](mailto:ataylor@stikeman.com)

If to Monitor

Alvarez & Marsal Canada Inc.  
2900 – 200 Bay St. South Tower  
Royal Bank Plaza  
Toronto ON  
M5J 2J1

Attention: Greg Karpel  
Email: [gkarpel@alvarezandmarsal.com](mailto:gkarpel@alvarezandmarsal.com)

With copy to:

Bennett Jones LLP  
100 King St W, Suite 3400  
Toronto, ON  
M5X 1A4

Attention: Sean Zweig  
Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com)

If to the Pre-Filing FILO Agent: Restore Capital LLC

Attention: Dan Rubin  
Email: [dan.rubin@restore-cap.com](mailto:dan.rubin@restore-cap.com)

With copy to:

Blake, Cassels & Graydon LLP  
199 Bay St, Suite 4000  
Toronto, Ontario  
M5L 1A9

Attention: Linc Rogers / Aimee Yee  
Email: [linc.rogers@blakes.com](mailto:linc.rogers@blakes.com) / [aimee.yee@blakes.com](mailto:aimee.yee@blakes.com)

And to:

Ropes & Gray LLP  
1211 Avenue of the Americas

New York, NY  
10036-8704

Attention: Gregg Galardi / Max Silverstein  
Email: Gregg.galardi@ropesgray.com /  
max.silverstein@ropesgray.com

If to the Pre-Filing ABL Agent [•]  
If to the Pre-Filing Term Loan [•]  
Agent

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**AFFIDAVIT OF PHILIP YANG**  
**(Sworn March 26, 2025)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
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Lawyers for the Applicants