

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

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

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

Applicants

MOTION RECORD

March 14, 2025

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Court File No.

**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

INDEX

TAB	DESCRIPTION
1	Notice of Motion
2	Affidavit of Jennifer Bewley sworn March 14, 2025
A	Exhibit "A" – First Bewley Affidavit sworn March 7, 2025
B	Exhibit "B" – Press Release dated
C	Exhibit "C" – A&R DIP Agreement
D	Exhibit "D" – Blackline of A&R DIP Agreement to the DIP Agreement
E	Exhibit "E" – KERP Letter
F	Exhibit "F" – Reflect Engagement Letter
G	Exhibit "G" - Liquidation Consulting Agreement
H	Exhibit "H" - Lease Monetization Consulting Agreement
3	Draft Amended and Restated Initial Order
4	Blackline of Draft Amended and Restated Initial Order to Initial Order
5	Blackline of Draft Amended and Restated Initial Order to Model Order
6	Liquidation Order
7	Lease Monetization Order

8	SISP Order
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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.**

Applicants

**NOTICE OF MOTION
(Returnable March 17, 2025)**

Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), 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**") will make a Motion before the Honourable Justice Osborne of the Ontario Superior Court of Justice (Commercial List) on March 17, 2025, at 9:00 a.m., or as soon after that time as the Motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard in person at courtroom 8-1, 330 University Avenue, Toronto, Ontario, and via videoconference.

THE MOTION IS FOR:¹

1. An amended and restated Initial Order in the form included at Tab 3 of the Motion Record (the "**ARIO**"), among other things:

(a) extending the Stay Period until and including May 15, 2025;

¹ Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Affidavit of Jennifer Bewley sworn March 14, 2025.

- (b) continuing the Stay of all rights of third-party tenants of commercial shopping centres or other commercial properties in which there is located a store, office, or warehouse owned or operated by Hudson's Bay Canada against landlords of Hudson's Bay Canada that arise out of the insolvency of Hudson's Bay Canada or as a result of any steps taken by Hudson's Bay Canada pursuant to the ARIO;
- (c) continuing to stay the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1 and YSS 2, as applicable, other than post-filing rent due to the landlords under the JV Head Leases;
- (d) approving the KERP and granting the KERP Charge against the Property in the amount of \$3,000,000 as security for payments under the KERP;
- (e) sealing the unredacted KERP;
- (f) approving the A&R DIP Agreement dated as of March 14, 2025, between Hudson's Bay, as borrower, the Guarantors, as guarantors, Restore, as DIP Agent, and HCS 102, LLC, Tiger Asset Solutions Canada, ULC, 1903 Partners, LLC, and GA Group Solutions, LLC as lenders (collectively, the "**DIP Lenders**"), pursuant to which the DIP Lenders have agreed to advance to the Companies, a total principal amount of up to \$23,000,000 (the "**DIP Facility**");
- (g) approving and ratifying the engagement letter of Reflect Advisors, LLC ("**Reflect**") and including Reflect as a beneficiary of the Administration Charge; and
- (h) continuing or increasing the quantum of, as applicable, the Charges granted in the Initial Order:
 - (i) the Administration Charge against the Property in the amount of \$2,800,000;
 - (ii) the Directors' Charge against the Property in the increased amount of \$49,200,000; and
 - (iii) the DIP Lenders' Charge against the Loan Parties' Property as security for the Loan Parties' obligations under the A&R DIP Agreement.

2. An order in the form included at Tab 6 of the Motion Record (the “**Liquidation Sale Approval Order**”), among other things:

- (a) approving the Liquidation Consulting Agreement dated as of March 14, 2025, between Hudson’s Bay and the Liquidation Consultant, under which the Liquidation Consultant will act as the exclusive consultant for the purpose of conducting the Liquidation Sale of the Company’s Inventory FF&E located at or in transit to the Company’s stores included in Exhibit “1A” to the Liquidation Consulting Agreement (such stores being referred to as the “**Liquidating Stores**”) and the Distribution Centres;
- (b) approving the proposed Sale Guidelines; and
- (c) authorizing the Company, with the assistance of the Liquidation Consultant, to undertake the Liquidation Sale in accordance with the terms of the Liquidation Sale Approval Order, the Liquidation Consulting Agreement, and the Sale Guidelines.

3. An order in the form included at Tab 7 of the Motion Record (the “**Lease Monetization Order**”), among other things:

- (a) approving the Lease Monetization Consulting Agreement dated as of March 14, 2025, between Hudson’s Bay and the Lease Monetization Consultant under which the Lease Monetization Consultant will act as exclusive consultant for the purpose of, among other things, assist with marketing Hudson’s Bay Canada’s Leases;
- (b) approving the Lease Monetization Process; and
- (c) authorizing the Applicants, with the assistance of the Lease Monetization Consultant, to undertake the Lease Monetization in accordance with the terms of the Lease Monetization Order, the Lease Monetization Consulting Agreement, and the Lease Monetization Process.

4. An order in the form included at Tab 8 of the Motion Record (the “**SISP Order**”), among other things:

- (a) approving the SISP; and
- (b) authorizing Reflect, the Applicants and the Monitor to commence the SISP.

5. Such further relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. On March 7, 2025, the Applicants were granted protection under the CCAA pursuant to the Initial Order, which among other things.

- (a) appointed A&M as the Monitor of the Applicants;
- (b) granted the Stay in favour of Hudson's Bay Canada and their D&Os until and including March 17, 2025;
- (c) extended the Stay to all rights of Third-Party Tenants against landlords of Hudson's Bay Canada that arise out of the insolvency of Hudson's Bay Canada or as a result of any steps taken by Hudson's Bay Canada pursuant to the Initial Order;
- (d) stayed the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, other than post-filing rent due to landlords under the JV Head Leases;
- (e) approved the DIP Agreement dated as of March 7, 2025, between the Loan Parties, the DIP Agent, and the DIP Lender, pursuant to which the DIP Lender agreed to advance a total principal amount of up to \$16,000,000 and granted the corresponding DIP Lender's Charge over the Loan Parties' Property;
- (f) authorized the Applicants to pay pre-filing amounts to certain Critical Suppliers; and
- (g) granted the Administration Charge in the amount of \$2,800,000 and the Directors' Charge in the amount of \$26,300,00

ARIO

A&R DIP Agreement and DIP Lenders' Charge

2. The Applicants are seeking approval of the A&R DIP Agreement and an increase to the DIP Lenders' Charge.

3. The Cash Flow Forecast demonstrates that the Applicants need DIP financing to continue operations and to fund these CCAA Proceedings.
4. The proposed ARIO authorizes the Company to draw up to the maximum principal amount of \$23,000,000.
5. The DIP Facility is conditional upon, among other things, this Court approving the A&R DIP Agreement and granting the DIP Lenders' Charge.

Extension of the Stay Period

6. The Applicants are seeking to extend the Stay Period to and including May 15, 2025. The extension of the Stay Period is necessary and appropriate in the circumstances to provide Hudson's Bay Canada with the time necessary to conduct the Liquidation Sale, the Lease Monetization Sale and the SISP while continuing to solicit interest in a going concern solution for a part of their business.
7. Since the granting of the Initial Order, the Applicants have acted and are continuing to act in good faith and with due diligence in these CCAA Proceedings.
8. The Cash Flow Forecast demonstrates that the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period.
9. Hudson's Bay Canada's stakeholders will benefit from the extension of the Stay Period.

Request for Co-Tenancy Stay

10. The Applicants are seeking to have the "co-tenancy" Stay continue in the ARIO to assist the Landlords in dealing with the effects of the Applicants' CCAA Proceedings and the proposed liquidation of Inventory and FF&E at Liquidating Stores, as many retail leases provide that tenants or occupants have certain rights against their landlords upon an anchor tenant's insolvency or upon an anchor tenant ceasing operations.

Staying Post-Filing Amounts

11. The Applicants are seeking to continue to stay the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1 and YSS 2, as applicable, other than post-filing rent due to the landlords under the JV Head Leases.

12. The Applicants are facing a liquidity crisis. The Cash Flow Forecast does not contemplate Hudson's Bay paying the full amount of rent to RioCan-Hudson's Bay JV under the subleases or Hudson's Bay paying rent under the leases with RioCan-Hudson's Bay JV. The A&R DIP Agreement also does not permit such amounts to be paid.

KERP

13. The Applicants are seeking approval of the KERP and the related KERP Charge.

14. The beneficiaries of the KERP are employees with significant experience and specialized expertise that cannot be easily replicated or replaced.

15. . The maximum aggregate amount payable under the KERP is \$3,000,000 and the proposed KERP Charge will be a priority Charge on the Property.

16. The Applicants also seek to have the unredacted KERP sealed, as it reveals individually identifiable information, including, among other things, compensation information. Disclosure of such sensitive personal and compensation information may cause harm to the key employees in the KERP and to the Applicants, and the protection of such information is an important commercial and privacy interest that should be protected.

Approval of Reflect Engagement

17. The Applicants are seeking the approval of Reflect's engagement and to have Reflect included as a beneficiary of the Administration Charge.

18. Reflect has worked extensively with the Company since its engagement on February 14, 2025, including its efforts to successfully assist with the solicitation and negotiation of the DIP Agreement and A&R DIP Agreement, the proposed value-maximizing processes described below which are subject to Court approval, and its continued involvement will be critical to the Applicants' restructuring efforts.

Administration Charge and Increase to Directors' Charge

19. In addition to the reasons set out previously as to why the Administration Charge is reasonable in the circumstances, the addition of Reflect as a beneficiary of the Administration Charge provides further support for the Administration Charge to continue to be granted.

20. The Initial Order granted a Directors' Charge in favour of the D&Os up to a maximum of \$26,300,000, which reflected an estimate of potential liabilities the D&Os could incur up to the date of the Comeback Motion. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$49,200,000.

21. The increase to the Directors' Charge is calculated based on an estimate of the maximum potential liability the D&Os could incur at any given time during the CCAA Proceedings.

22. The increased quantum to these Charges is fair and reasonable in the circumstances.

Liquidation Sale Approval Order

23. The Applicants are seeking to conduct the Liquidation Sale in a fair and orderly manner. The Applicants are seeking Court approval of:

- (a) the Liquidation Consulting Agreement pursuant to which Liquidation Consultant will act as the exclusive consultant for the purpose of conducting the Liquidation Sale of the Company's Inventory and FF&E; and
- (b) the Sale Guidelines for the orderly Liquidation Sale.

24. The proposed liquidation of Inventory and FF&E is currently contemplated to conclude no later than June 15, 2025, which date can be extended or abridged by the Company and the Liquidation Consultant, in consultation with the Monitor.

25. The proposed Liquidation Sale will maximize the value realized from the sale of the Company's Inventory and FF&E for the benefit of stakeholders. In addition, engaging the Liquidation Consultant to assist with the sale of the Inventory and FF&E will produce better results than attempting to liquidate without professional assistance. The Liquidation Consulting Agreement is expressly subject to, among other things, approval by this Court.

Lease Monetization Order

26. The Applicants are seeking to market Hudson's Bay Canada's Leases. The Applicants are seeking Court approval of:

- (a) the Lease Monetization Consulting Agreement pursuant to which the Lease Monetization Consultant will assist the Company with marketing the Leases; and

(b) the Lease Monetization Process.

27. The Lease Monetization Process is proposed to proceed in two phases and contemplates ten (10) key milestones and deadlines, which milestones and deadlines may be extended or amended by the Applicants, with the prior written approval of the Monitor.

28. The proposed Lease Monetization Process will maximize value for the Applicants for the benefit of stakeholders. In addition, engaging the Lease Monetization Consultant to assist with marketing the store Leases will produce better results than attempting to market such Leases without professional assistance. The Lease Monetization Consulting Agreement is expressly subject to, among other things, approval by this Court.

SISP Order

29. The SISP is intended to solicit interest in, and opportunities for: (a) one or more sales or partial sales of all, substantially all, or certain portions of the Property or the business of the Applicants; and/or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicants and the Non-Applicant Stay Parties or their businesses.

30. The SISP contemplates an April 15, 2025, Bidding Phase Bid Deadline and an Auction date of April 29, 2025, if there is one or more Final Qualified Bid.

OTHER GROUNDS:

31. Sections 11, 11.3, 32 and 36 of the CCAA and the inherent and equitable jurisdiction of this Court.

32. Rules 1.04, 2.03, 3.02, 16, 37, and 39 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.

33. Such further and other grounds as counsel may advise and this Court may permit.

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

1. The Affidavit of Jennifer Bewley sworn March 14, 2025;
2. The First Report of the Monitor, to be filed; and
3. Such further and other evidence as counsel may advise and this Court may permit.

March 14, 2025

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable March 17, 2025)

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Lawyers for the Applicants

TAB 2

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.**

Applicants

**AFFIDAVIT OF JENNIFER BEWLEY
(Sworn March 14, 2025)**

I, Jennifer Bewley, of the City of New York, in the State of New York, MAKE
OATH AND SAY:

1. I am the Chief Financial Officer of Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., and The Bay Holdings ULC, the Assistant Treasurer of HBC Bay Holdings I Inc. and HBC Bay Holdings II ULC, and the Treasurer of RioCan-HBC General Partner Inc. I have held these and other roles with Hudson's Bay Canada (as defined in my affidavit sworn on March 7, 2025, the "**First Bewley Affidavit**") and their affiliates over the course of my career with Hudson's Bay, having started with the Company in 2018.

2. Together with other members of management, I am responsible for overseeing the Applicants' (as defined in the First Bewley Affidavit) liquidity management and restructuring efforts. As such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Hudson's Bay Canada and have spoken with certain of the directors, officers and/or employees of Hudson's Bay Canada, as necessary. Where I have relied upon such information, I believe such information to be true.

3. Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the First Bewley Affidavit, a copy of which is attached (without Exhibits) hereto as **Exhibit**

“A”. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.

4. This affidavit is sworn in support of the Applicants’ Comeback Motion for:

- (a) an amended and restated Initial Order in the form included at Tab 3 of the Motion Record (the **“ARIO”**), among other things:
 - i. extending the Stay Period until and including May 15, 2025;
 - ii. continuing the Stay of all rights of third-party tenants of commercial shopping centres or other commercial properties in which there is located a store, office, or warehouse owned or operated by Hudson’s Bay Canada (the **“Third-Party Tenants”**) against landlords of Hudson’s Bay Canada that arise out of the insolvency of Hudson’s Bay Canada or as a result of any steps taken by Hudson’s Bay Canada pursuant to the ARIO;
 - iii. continuing to stay the payment of rent from Hudson’s Bay to RioCan-Hudson’s Bay JV, YSS 1 and YSS 2, as applicable, other than post-filing rent due to the landlords under the JV Head Leases;
 - iv. approving the key employee retention plan (the **“KERP”**) and granting a Court-ordered priority charge against the Property in the amount of \$3,000,000 as security for payments under the KERP (the **“KERP Charge”**, and together with the Administration Charge, the Directors’ Charge, and the DIP Lenders’ Charge, the **“Charges”**);
 - v. sealing the unredacted KERP;
 - vi. approving the Amended and Restated Junior DIP Term Sheet (the **“A&R DIP Agreement”**) dated as of March 14, 2025, between Hudson’s Bay, as borrower, the Guarantors, as guarantors, Restore, as DIP Agent, and HCS 102, LLC, Tiger Asset Solutions Canada, ULC, 1903 Partners, LLC, and GA Group Solutions, LLC as lenders (collectively, the **“DIP Lenders”**), pursuant to which the DIP Lenders have agreed to advance to the Company, a total principal amount of up to \$23,000,000 (the **“DIP Facility”**);

- vii. approving and ratifying the engagement letter (the “**Reflect Engagement Letter**”) of Reflect Advisors, LLC (“**Reflect**”) and including Reflect as a beneficiary of the Administration Charge;
 - viii. continuing or increasing the quantum of, as applicable, the Charges granted in the Initial Order as follows:
 - (A) the Administration Charge against the Property in the amount of \$2,800,000;
 - (B) the Directors’ Charge against the Property in the increased amount of \$49,200,000; and
 - (C) an increase to the DIP Lenders’ Charge against the Loan Parties’ Property as security for the Loan Parties’ obligations under the A&R DIP Agreement;
- (b) an order in the form included at Tab 6 of the Motion Record (the “**Liquidation Sale Approval Order**”), among other things:
- i. approving the consulting agreement dated as of March 14, 2025, between Hudson’s Bay and Hilco Merchant Retail Solutions ULC, being a contractual joint venture comprised of Hilco Merchant Retail Solutions, ULC (“**Hilco**”), Gordon Brothers Canada ULC (“**Gordon Brothers**”), Tiger Asset Solutions Canada, ULC, and GA Capital Solutions Canada, Inc. (collectively, the “**Liquidation Consultant**” or the “**Hilco JV**”) (the agreement being the “**Liquidation Consulting Agreement**”), under which the Liquidation Consultant will act as the exclusive consultant for the purpose of conducting a sale (the “**Liquidation Sale**”) of the Company’s merchandise and inventory (collectively, the “**Inventory**”) and goods, furniture, fixtures, equipment and/or improvements to real property (except certain equipment at the Scarborough Distribution Centre) (collectively the “**FF&E**”) located at or in transit to the Company’s stores included in Exhibit “1A” to the Liquidation Consulting Agreement (such stores being referred to as the “**Liquidating Stores**”) and the Distribution Centres;

- ii. approving the proposed sale guidelines for the orderly liquidation of the Inventory and the FF&E at the Liquidating Stores (the **"Sale Guidelines"**) in the form attached as Schedule "A" to the Liquidation Sale Approval Order, with such non-material amendments as the Liquidation Consultant, the Applicants and the Monitor may agree; and
 - iii. authorizing the Company, with the assistance of the Liquidation Consultant, to undertake the Liquidation Sale in accordance with the terms of the Liquidation Sale Approval Order, the Liquidation Consulting Agreement, and the Sale Guidelines;
- (c) an order in the form included at Tab 7 of the Motion Record (the **"Lease Monetization Order"**), among other things:
- i. approving the consulting agreement dated as of March 14, 2025 (the **"Lease Monetization Consulting Agreement"**) between Hudson's Bay and Jones Lang LaSalle Real Estate Services, Inc. (**"JLL"** or the **"Lease Monetization Consultant"**), under which the Lease Monetization Consultant will act as exclusive consultant for the purpose of, among other things, marketing Hudson's Bay Canada's leases (collectively, the **"Leases"**);
 - ii. approving the proposed process to market the Leases (the **"Lease Monetization Process"**) in the form attached as Schedule "B" to the Lease Monetization Order, with such non-material amendments as the Lease Monetization Consultant, the Applicants and the Monitor may agree;
 - iii. authorizing the Applicants, with the assistance of the Lease Monetization Consultant, to undertake the Lease Monetization Process in accordance with the terms of the Lease Monetization Order, the Lease Monetization Consulting Agreement, and the Lease Monetization Process; and
- (d) an order in the form included at Tab 8 of the Motion Record (the **"SISP Order"**), among other things:

- i. approving the sale and investment solicitation process (the “**SISP**”) in the form attached as Schedule “A” to the SISP Order, with such non-material amendments as Reflect, the Applicants and the Monitor may agree; and
- ii. authorizing Reflect, the Applicants and the Monitor to commence the SISP.

5. This affidavit is organized into the following sections:

I.	OVERVIEW	6
II.	OVERVIEW OF THE APPLICANTS’ ACTIVITIES SINCE THE INITIAL ORDER.....	7
A.	The Initial Order	7
B.	Employees.....	8
C.	Landlords and Secured Creditors	9
D.	Vendors and Other Suppliers.....	10
E.	Customers.....	11
F.	Gift Cards	12
G.	Other Activities	12
III.	THE ARIO	13
A.	A&R DIP Agreement and DIP Lenders’ Charge	13
B.	Extension of Stay Period.....	19
C.	Request for Co-Tenancy Stay.....	20
D.	Continuing to Stay Post-Filing Amounts from Hudson’s Bay to RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, as applicable, under the PropCo-OpCo Structure	21
E.	KERP.....	22
F.	Approval of Reflect’s Engagement.....	24
G.	Administration Charge and Increase to Directors’ Charge	24
H.	Priority of the Charges	25
IV.	LIQUIDATION SALE APPROVAL ORDER.....	26
A.	Overview of the Liquidation Solicitation Process	26
B.	The Liquidation Sale	27
C.	Relief Sought.....	32
V.	LEASE MONETIZATION ORDER	32
A.	Overview of the Lease Monetization Solicitation Process	32
B.	The Lease Monetization Consulting Agreement and Lease Monetization Process	33
C.	Relief Sought.....	38
VI.	SISP ORDER	39
A.	Overview of the SISP	39

B. Solicitation of Interest.....	40
C. Bidding Phase	41
D. Evaluation of Final Bids.....	43
E. Auction Process	43
F. Approval Motion for Successful Bid	43
G. Relief Sought.....	44
VII. CONCLUSION	44

I. OVERVIEW¹

6. In the First Bewley Affidavit I described, among other things, the events leading up to the Applicants' insolvency, their urgent need for relief under the CCAA, the Applicants' intention to conduct (a) an orderly liquidation of certain retail stores, (b) a process to market the Leases, and (c) a sale process with respect to the Applicants' remaining Property, with a view to maximizing the value of the Applicants' businesses and permitting them to restructure their operations around a core group of stores.

7. While the Applicants remain hopeful that a restructuring solution may still be identified that will see the Company continue as a going concern, the only DIP financing that the Company was able to secure (despite discussions with various potential financing providers) requires the Applicants to immediately commence a full Liquidation Sale at all of its retail stores. In addition to the Liquidation Sale, the Applicants still intend to run a Lease Monetization Process and a Sale and Investment Solicitation Process.

8. As set out in greater detail below, despite the Applicants' best efforts, to date, no party is willing to provide the necessary financing that would permit the Applicants to implement their proposed strategy of conducting an orderly liquidation of only certain retail stores and a restructuring with respect to the rest. The only source of DIP financing available to the Company is the A&R DIP Agreement, which is being provided by an affiliate of the proposed Liquidation Consultant. Based on illustrative models for the Companies' 13-week cash flow forecast, the proposed DIP Lenders require an immediate commencement of the Liquidation Sale across all of the Applicants' retail stores. Without an immediate liquidation across retail stores, it is not

¹ Capitalized terms used in this section and not otherwise defined have the meanings ascribed to such terms in the balance of this affidavit.

expected that the Applicants would be able to repay the DIP Lenders' pre-filing secured debt and their obligations under the DIP financing.

9. The A&R DIP Agreement and the SISP preserve Hudson's Bay's ability to solicit interest in, and opportunities for: (a) one or more sales of all, substantially all, or certain portions of the Property or the Business; and/or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of Hudson's Bay Canada or their business.

10. Similarly, the proposed Sale Guidelines for the Liquidation Sale permits the Company to remove stores from the Liquidation Sale with the consent of the DIP Agent.

11. However, to the extent any offers received in the SISP are for portions of the Property that are subject to the Liquidation Sale or the Lease Monetization Process, such offers will have to provide for repayment in full in cash of the amounts reasonably anticipated to be outstanding under the senior indebtedness following completion of the Liquidation Sale and the Lease Monetization Process or otherwise be acceptable to the DIP Lenders, the ABL Lenders and the Pathlight Agent.

12. The Applicants require Court approval of the A&R DIP Agreement. Without the A&R DIP Agreement, the Applicants will not have the financial wherewithal to continue to operation and have to file for bankruptcy. Commencement of the Liquidation Sale, the Lease Monetization Process and the SISP will provide a short window for the Company to attempt to put together a restructuring plan.

II. OVERVIEW OF THE APPLICANTS' ACTIVITIES SINCE THE INITIAL ORDER

A. The Initial Order

13. On March 7, 2025, the Applicants were granted protection under the CCAA pursuant to the Initial Order, which, among other things:

- (a) appointed A&M as the Monitor of the Applicants;
- (b) granted the Stay in favour of Hudson's Bay Canada and their D&Os until and including March 17, 2025;

- (c) extended the Stay to all rights of Third-Party Tenants against landlords of Hudson's Bay Canada that arise out of the insolvency of Hudson's Bay Canada or as a result of any steps taken by Hudson's Bay Canada pursuant to the Initial Order;
- (d) stayed the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, other than post-filing rent due to landlords under the JV Head Leases;
- (e) approved the DIP Agreement dated as of March 7, 2025, between the Loan Parties, the DIP Agent, and the DIP Lender, pursuant to which the DIP Lender agreed to advance a total principal amount of up to \$16,000,000 and granted the corresponding DIP Lender's Charge over the Loan Parties' Property;
- (f) authorized the Applicants to pay pre-filing amounts to certain Critical Suppliers; and
- (g) granted the Administration Charge in the amount of \$2,800,000 and the Directors' Charge in the amount of \$26,300,000.

14. Since the granting of the Initial Order, the Applicants, with the assistance of the Monitor, have been working in good faith and with due diligence to stabilize their business and operations. Such efforts are described below.

B. Employees

15. The Applicants undertook various employee outreach efforts promptly after obtaining the Initial Order.

16. On March 7, 2025, the Applicants' employees received letters notifying them of the commencement of the CCAA Proceeding and the appointment of the Monitor, and the Company organized calls and meetings with leadership at its retail stores to discuss operational matters and provide further information. Daily calls thereafter have been set up with leadership at the Company's retail stores to share information and address concerns.

17. On March 10, 2025, Hudson's Bay's leadership, led by its CEO, held an all-employee call via Zoom videoconference and telephone to advise employees of next steps and to address some frequently asked questions. The Monitor was also in attendance.

18. The Applicants, together with the Monitor, have also prepared a Frequently Asked Questions (“**FAQ**”) document explaining the general nature of the Initial Order, the CCAA Proceedings, and answers to common employee questions. Where possible, the letters and FAQ documents were sent by email to Hudson’s Bay’s employees. The documents were also made available to the employees on the Company’s internal employee portal. The FAQ documents will continue to be updated to, among other things, address specific questions, including those submitted by employees through the Company’s internal employee portal. The Applicants will work with the Monitor to also have the information in the FAQ made available on the Monitor’s website.

19. The Applicants are committed to continuing these employee communications as the process evolves.

20. The Company has also reached out to the various unions that represent certain employees.

C. Landlords and Secured Creditors

21. Promptly after obtaining the Initial Order, the Applicants and Stikeman, in consultation with the Monitor and its counsel, began engaging with their landlords under the Leases (collectively, the “**Landlords**”, and individually, a “**Landlord**”) and their counsel.

22. As referenced in the First Bewley Affidavit, certain Landlords had exercised remedies which have impacted the Company’s operations. Since the Initial Order was granted, Stikeman, on behalf of the Company, and in consultation with the Monitor and its counsel, has sent several letters to Landlords advising them of, among other things, the Stay in favour of the Company pursuant to the Initial Order.

23. The Landlords have largely confirmed that they will comply with the terms of the Initial Order. At this time, the Applicants do not believe it is necessary to seek relief against any Landlords and will continue to communicate with such Landlords and address any outstanding issues.

24. In addition, the Applicants, their advisors and the Monitor engaged with certain of their secured creditors and Landlords with respect to the proposed Sale Guidelines, Lease Monetization Process and SISF with a view to soliciting their input and attempting to reach a consensus as to their terms. As part of these efforts, among other things:

- (a) a draft of the Sale Guidelines was provided to all landlords on the service list on Wednesday, March 12, 2025
- (b) a draft of the Lease Monetization Process was provided to:
 - i. the DIP Lender and the Pathlight Agent on Tuesday, March 11, 2025;
 - ii. all landlords on the service list on Thursday, March 13, 2025;
 - iii. RioCan on Thursday, March 13, 2025;
- (c) a draft of the SISP was provided to:
 - i. the DIP Lender and the Pathlight Agent on Tuesday, March 11, 2025;
 - ii. Cadillac Fairview on Thursday, March 13, 2025; and
 - iii. RioCan in the morning of Friday, March 14, 2025.

25. The Applicants, with the assistance of their advisors and the Monitor, intend to continue to engage and consult with the Landlords and other stakeholders throughout these CCAA Proceedings, and in particular, leading up to the Comeback Motion.

D. Vendors and Other Suppliers

26. Since the Initial Order was granted, the Companies, with the assistance of their advisors and in close consultation with the Monitor, have been in contact with a wide variety of vendors and suppliers.

27. Certain vendors and suppliers exercised or attempted to exercise remedies in respect of their goods. Since the Initial Order was granted, Stikeman, on behalf of the Company, and in consultation with the Monitor and its counsel, has communicated directly with these vendors and suppliers to advise them of, among other things, the Stay in favour of the Company and its effects.

28. Vendors and suppliers have largely confirmed that they will comply with the terms of the Initial Order. At this time, the Applicants do not believe it is necessary to seek relief against any vendors or suppliers and will continue to communicate with such vendors and suppliers and address any outstanding issues.

29. The Applicants have also had numerous discussions with several of their vendors and suppliers, both directly and indirectly through Stikeman. Representatives from the Monitor participated in many of these calls. These discussions were held to discuss various supplier issues and to seek to resolve any issues on a consensual basis as they arose.

30. The Companies and the Monitor will continue to engage with vendors and suppliers throughout these CCAA Proceedings.

31. Various Licensees have contacted the Company and the Monitor for the purposes of facilitating terms upon which post-filing sales may continue and/or the return of their merchandise. The Company and the Monitor have also discussed with certain of the Licensees whether they wish to continue operating during the CCAA Proceedings. The Company and the Monitor have provided the Licensees with a framework to ensure that post-filing proceeds of sale for the Licensees' merchandise are protected.

32. The Company, together with the Monitor and the Liquidation Consultant, will provide an opportunity for the Licensees to participate in the Liquidation Sale as a participating **"Participating Concession Vendor"**. The A&R DIP Agreement provides, among other things: (a) the inventory of Participating Concession Vendors shall not form part of the collateral that the DIP Lenders' Charge has security over; and (b) a permitted use of the DIP Facility includes post-filing obligations in respect of the Participating Concession Vendors such that the DIP Budget can be amended to include any Participating Concession Vendor.

E. Customers

33. On March 12, 2025, Hudson's Bay sent an email to its customers that notified them of the CCAA Proceedings and outlined certain impacts on customers. Specifically, the email confirmed that both the Company's stores and its e-commerce business would continue to operate, and that customer service remains available to customers.

34. The email notification also informed customers that the Hudson's Bay Rewards Program had been paused, and updates would be provided as soon as possible. It was also confirmed in the notice that Hudson's Bay gift cards remain active.

F. Gift Cards

35. At the time that I swore the First Bewley Affidavit, I stated that the Company intended to: (a) continue its relationship with third-party gift card providers responsible for selling and activating gift cards; and (b) honour outstanding gift cards in the Company's continuing locations.

36. However, because there is no DIP financing available that permits the Company to execute on a longer-term restructuring strategy in these CCAA Proceedings at this time, the Company has had to commence a liquidation of its stores. This has caused the Company to revisit its gift card policies.

37. Gift cards continued to be used and activated after the Initial Order in some circumstances. The sale of physical gift cards in the Company's stores and online through the Company was suspended on March 8, 2025. Physical gift cards remained available for purposes of processing refunds or providing credit notes.

38. The Company also uses third-party vendors to assist with the sale and activation of gift cards, either business to consumer in third-party stores, online, or in business to business physical and digital gift cards. Third-party sales and activation of gift cards remained available after the commencement of the CCAA Proceedings but were suspended on or around March 13, 2025.

39. As the Company had been forced to commence a liquidation of all the Company's stores, the decision has been made to provide an outside date for the use of outstanding gift cards: April 6, 2025, being approximately one month from the commencement of the CCAA Proceedings.

G. Other Activities

40. Immediately after the Initial Order was granted, the Company published a press release in order to inform its stakeholders and customers of the CCAA Proceedings and the granting of the Initial Order. A copy of this press release is attached hereto as **Exhibit "B"**.

41. I am informed by the Monitor that, in accordance with the Initial Order, the Monitor has:

- (a) established a website at alvarezandmarsal.com/HudsonsBay (the "**Monitor's Website**") on which updates on the CCAA Proceedings will be posted periodically, together with all Court materials filed in the CCAA Proceedings;

- (b) established a dedicated email address (HUDSONSBAY@ALVAREZANDMARSAL.COM) and a telephone hotline ((416) 847-5157) in order to allow stakeholders to communicate directly with the Monitor to address any questions or concerns they may have in respect of the CCAA Proceedings;
- (c) on March 7, 2025, posted the Initial Order and the Applicants' materials filed with the Court on the Monitor's Website;
- (d) coordinated the mailing of a notice to creditors on March 11, 2025; and
- (e) arranged for publication on March 12, 2025, of a notice in the Globe and Mail (National Edition) containing the information prescribed under the CCAA.

42. As described below, the Applicants, with the assistance of their advisors, and in consultation with the Monitor, have developed the processes in connection with the proposed Liquidation Sale Approval Order, the Lease Monetization Order, and the SISF Order, and engaged in discussions with their key stakeholders, with a view to conducting these processes in a fair and reasonable manner that maximizes value for the Companies and their stakeholders.

III. THE ARIO

A. A&R DIP Agreement and DIP Lenders' Charge²

43. As set out in the First Bewley Affidavit, in early February, Reflect, on behalf of the Company, started to reach out to parties who they believed may be interested in providing DIP financing.

44. I am advised by Adam Zalev of Reflect that in total, 12 potential lenders were solicited to provide DIP financing to the Company. The Company received three proposals for DIP financing: one from a third-party offering a DIP that would prime the Company's existing secured Lenders and two from certain of its pre-filing secured creditors that did not seek to prime the ABL Lenders and the Pathlight Lenders. The first proposal submitted by certain of its pre-filing creditors supported a restructuring of the Applicants in a comprehensive manner. The Company was unable to finalize a binding term sheet with either party for a restructuring DIP facility, upon which,

² Capitalized terms used in this section and not otherwise defined have the meanings ascribed to such terms in the A&R DIP Agreement.

and shortly before the scheduled time of the CCAA Initial Application, certain of the Company's pre-filing creditors provided an interim DIP financing proposal as described below.

45. The DIP Lender (who is a pre-filing secured creditor of the Applicants) proposed an interim DIP facility that would allow the Company to operate during the 10-day period prior to the Comeback Motion. The Company and its advisors negotiated the terms of the proposed interim financing and Hudson's Bay, as borrower, and the Guarantors, as guarantors, entered into the DIP Agreement.

46. I am advised by Mr. Zalev that immediately following the granting of the Initial Order, Reflect reached out to the third party that had submitted the priming DIP term sheet and contacted an additional seven potential lenders to discuss the possibility of providing DIP financing or entering into a global restructuring transaction in respect of the Applicants. Ultimately, none of the parties contacted by Reflect were prepared or able to provide DIP financing to the Applicants in support of a global restructuring transaction or otherwise.

47. I am further advised by Mr. Zalev that the parties contacted by Reflect were financial institutions and investors who are known to Reflect to undertake complex transactions within a short period of time. All such parties declined to pursue a transaction in respect of the Company. In addition to the parties contacted by Reflect, the Company entered into discussions with a number of its major Landlords to seek financial assistance either by way of a financing or an abatement in rent in order to facilitate the Company's efforts to restructure. All such Landlords declined to engage with the Company in substantive discussions.

48. The only source of DIP financing for the Company is the A&R DIP Agreement, which provides for the Liquidation Sale of all the Company's retail stores commencing forthwith after the issuance of the Liquidation Sale Approval Order (if approved by this Court). I understand that from the perspective of the DIP Lenders, all illustrative models for the Companies' 13-week cash flow forecast indicated that an immediate commencement of the Liquidation Sale across all retail stores was necessary in order not to jeopardize the potential recovery of the DIP Loan.

49. I am advised by Mr. Zalev that without an immediate commencement of the Liquidation Sale across all retail stores, the DIP Lenders were not satisfied that the Applicants would be able to repay their pre-filing secured debt and meet their obligations under any DIP financing.

50. I also understand that the Company's pre-filing secured creditors expressed their intention to object to any form of DIP financing which purports to take priority over their security.

51. The Applicants have no alternative path forward in these CCAA Proceedings without the A&R DIP Agreement. The only alternative available to the Applicants without the A&R DIP Agreement is an immediate bankruptcy.

52. The A&R DIP Agreement preserves Hudson's Bay Canada's ability to solicit interest in, and opportunities for: (a) one or more sales or partial sales of all, substantially all, or certain portions of the Property or the Business; and/or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of Hudson's Bay Canada or their business.

53. Accordingly, Hudson's Bay, as borrower, the Guarantors, as guarantors, the DIP Agent, and the DIP Lenders, as lenders, entered into the A&R DIP Agreement. Copies of the A&R DIP Agreement and a redline comparison of the A&R DIP Agreement to the DIP Agreement are attached hereto as **Exhibits "C" and "D"**.

54. The DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties made by the Loan Parties to the DIP Lenders. The summary of some of the terms of the A&R DIP Agreement is as follows:

	DIP LENDERS
AMOUNT	\$23,000,000 (inclusive of, and not additional to, the interim borrowings made prior to the Comeback Hearing)
BORROWING TERMS	<ul style="list-style-type: none"> In addition to the Advances made prior to the Comeback Hearing, the DIP Facility shall be made available to the Borrower by way advances (each an "Advance") from the DIP Lenders to an account under the control of the Monitor, which Advances shall not exceed the principal aggregate amount of \$23,000,000, or such higher or lower amount as may be authorized by the Initial Order on the Filing Date and agreed to by the DIP Agent.
MATURITY DATE	<p>The earlier of:</p> <ul style="list-style-type: none"> the occurrence of any Event of Default which is continuing and has not been cured;

	<ul style="list-style-type: none"> • the completion of a Permitted Restructuring Transaction; • the effective date of any Plan which is proposed and filed with the Court in the CCAA Proceedings; and • the Outside Date of June 30, 2025.
CCAA MILESTONES	<ul style="list-style-type: none"> • Court shall have issued the amended and restated initial order. • Court shall have issued, by no later than March 17, 2025, approving: <ul style="list-style-type: none"> ○ the Liquidation Services Agreement; ○ the Lease Solicitation Process; and ○ the SISF. • By no later than May 9, 2025, the Court shall have issued an order authorizing the distribution of Surplus Cash in accordance with the Priority Waterfall. • All milestones contemplated by the Lease Solicitation Process and the SISF shall be complied with by the Loan Parties in all material respects
INTEREST RATE AND FEES	<ul style="list-style-type: none"> • Term CORRA plus 11.5% <i>per annum</i>, payable monthly in arrears in cash • Upon the occurrence and during the continuation of an Event of Default, Term CORRA plus 14.5% <i>per annum</i> payable on demand in arrears in cash on all overdue amounts • Exit Fee in aggregate amount of 3%, which is fully earned upon execution, but shall not be payable if the Advances made are repaid from an Alternative Financing Arrangement.
USE OF FUNDS	<ul style="list-style-type: none"> • To pay reasonable and documented legal and financial advisory fees and expenses of the Loan Parties, the Monitor (and its counsel), DIP Agent and Lender, Pre-Filing Term Loan Agent. • Interest, fees, other amounts owing to DIP Agent • Interest on amounts owing in connection with Pre-Filing ABL and Term Loan Credit Agreements at the default rates and as provided for in DIP Budget • Operating expenditures, including working capital and general corporate funding during CCAA proceedings.

	<p>The Loan Parties <u>may not</u> use the proceeds of the DIP Facility to pay any obligations of the Loan Parties and Non-Applicant Stay Parties arising or relating to the period prior to the Filing Date without the prior written consent of the DIP Agent, unless such amounts are identified in the DIP Budget.</p> <p>The Loan Parties also may not pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to.</p>
MANDATORY PREPAYMENTS	<p>Subject to the Priority Payables Reserve, Liquidation Services Agreement and Priority Waterfall, loans to be repaid from 100% of net proceeds of asset sales outside the ordinary course of business (net of payments to holders of Permitted Priority Liens on the assets subject to such disposition).</p>
CONDITIONS PRECEDENT TO ALL ADVANCES:	<ul style="list-style-type: none"> • The Loan Parties shall have executed and delivered the Term Sheet, and a guarantee provided by each of the Guarantors • Priority over all Liens on the Collateral other than the Permitted Priority Liens in favour of DIP Lenders. • Court shall have issued the amended and restated initial order . • The Shared Services Agreement shall be continuing in full force and effect and all services provided thereunder shall be ongoing. • No Default or Event of Default.
REPRESENTATIONS AND WARRANTIES	<p>Customary</p> <p>*Includes representation that no material default has occurred or is continuing under</p>

	the Material Contracts, other than those arising in connection with the CCAA Proceedings.
COVENANTS:	<ul style="list-style-type: none"> • Keep DIP Agent and counsel apprised of any material developments in respect of any Material Contract. • The DIP Agent may request an Updated DIP Budget up to once every two weeks, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than five (5) Business Days following receipt of the request. • Keep DIP Agent informed of offers pursuant to the SISP. • Maintain adequate insurance coverage in coverage and scope acceptable to DIP Agent. • Consult with the DIP Agent with respect to any proposed termination or disclaimer of any Real Property Lease. • Consent of DIP Agent required for disclaimer, termination or materially adverse amendment of any Material Contract. • No intercompany advances, distributions, or other payments may be made, including to Non-Loan Party Applicants, unless provided for in Updated DIP Budget or with the consent of DIP Lender
EVENTS OF DEFAULT	<ul style="list-style-type: none"> • Any Milestone set forth on Schedule "F" of the Term Sheet shall not be satisfied • Except as stayed by the amended and restated initial order or consented to by the DIP Agent, a default under, revocation or cancellation of, any Material Contract.

55. The DIP Lenders' Charge is proposed to rank as follows with respect to the Loan Parties' Property:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).

3 rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
4 th	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	DIP Lenders' Charge.
5 th	DIP Lenders' Charge.	Directors' Charge (to the maximum amount of \$13,500,000)	Directors' Charge (to the maximum amount of \$35,700,000).
6 th	Directors' Charge (to the maximum amount of \$35,700,000).	DIP Lenders' Charge.	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$35,700,000).	

56. The Monitor has advised that it is supportive of the approval of the A&R DIP Agreement and the DIP Lenders' Charge in the circumstances.

57. Accordingly, I believe that it is appropriate in the circumstances for this Court to approve the A&R DIP Agreement and the DIP Lenders' Charge.

B. Extension of Stay Period

58. The Applicants are seeking to extend the Stay Period to and including May 15, 2025. The extension of the Stay Period is necessary and appropriate in the circumstances to provide Hudson's Bay Canada with the time necessary to conduct the Liquidation Sale, the Lease Monetization Sale and the SISP while continuing to solicit interest in a going concern solution for a part of their business.

59. As set out above, since the granting of the Initial Order, among other things, the Applicants have reached out to a large number of stakeholders, including their employees, the Landlords, customers, and various vendors and suppliers, advanced discussions with a variety of their

stakeholders with a view to stabilizing their businesses and operations, and developed the proposed processes described below to maximize value for the Applicants and their stakeholders.

60. Accordingly, since the granting of the Initial Order, the Applicants have acted and are continuing to act in good faith and with due diligence in these CCAA Proceedings.

61. The updated cash flow projection attached to the First Report of the Monitor (the “**Cash Flow Forecast**”) that was prepared by the Company and reviewed by the Monitor demonstrates that the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period.

62. Hudson’s Bay Canada’s stakeholders will benefit from the extension of the Stay Period.

63. The Monitor is supportive of the proposed extension of the Stay Period.

C. Request for Co-Tenancy Stay

64. While the Initial Order extended the Stay to all rights of Third-Party Tenants against landlords of Hudson’s Bay Canada that arise out of the insolvency of Hudson’s Bay Canada or as a result of any steps taken by Hudson’s Bay Canada pursuant to the Initial Order, the Court’s Endorsement in connection with the Initial Order stated that such relief was subject to review at the Comeback Motion.

65. The Applicants are seeking to have this “co-tenancy” Stay continue pursuant to the terms of the ARIO to assist the Landlords in dealing with the effects of the Applicants’ CCAA Proceedings and the proposed liquidation of Inventory and FF&E at Liquidating Stores, as many retail leases provide that tenants or occupants have certain rights against their landlords upon an anchor tenant’s insolvency or upon an anchor tenant ceasing operations. I am informed by the Monitor that similar co-tenancy stays have been granted in other recent retail CCAA proceedings, with this Court recognizing that such stays are necessary to preserve the *status quo* during the course of a wind-down.

D. Continuing to Stay Post-Filing Amounts from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, under the PropCo-OpCo Structure

66. In the First Bewley Affidavit, I set out the reasons as to why the Applicants sought to stay the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable.

67. As set out in the First Bewley Affidavit, under the five JV Head Leases that are part of the PropCo-OpCo Structure, the monthly rents payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to the third-party landlords under the JV Head Leases are below current market rents and the monthly rents payable by Hudson's Bay Company under the subleases for the same leased premises. The monthly rents paid to the landlords and the longer terms under the JV Head Leases reflect the leasing market at the time that the JV Head Leases were entered into. The higher rents under the 2015 Hudson's Bay retail store subleases payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, and YSS 2, reflect the market rates for the Hudson's Bay store subleases in 2015.

68. RioCan-Hudson's Bay JV, YSS 1, and YSS 2 uses the rents paid by Hudson's Bay under its retail store subleases to fund monthly rents to the head landlords under the JV Head Leases, administrative expenses, and to make debt service payments to its lenders on property specific mortgages. RioCan-Hudson's Bay JV, YSS 1, and YSS 2, typically distributes the remaining rents received each month (net of the rents paid under the JV Head Leases rents and debt service payments due to its lenders) to its limited partners, Hudson's Bay Holdings LP and RioCan, as an equity distribution on a monthly basis (as RioCan-Hudson's Bay JV owns all (but one) of the limited partnership units in each of YSS 1 and YSS 2).

69. As set out in the First Bewley Affidavit, the Applicants are facing a liquidity crisis. The Cash Flow Forecast does not contemplate Hudson's Bay paying the full amount of rent to RioCan-Hudson's Bay JV under the subleases or Hudson's Bay paying rent under the leases with RioCan-Hudson's Bay JV. I understand that the DIP Lenders received cash flow modelling showing the impact of the payment of this rent but were not prepared to permit such payments. Accordingly, the A&R DIP Agreement also does not permit such amounts to be paid.

70. The aggregate monthly rent payable to RioCan-Hudson's Bay JV, YSS 1 and YSS 2 is approximately \$8.5 million per month. Of that amount, approximately \$1.6 million is payable each month by the RioCan-Hudson's Bay JV on the JV Head Leases and approximately \$5.05 million

is normally paid by RioCan-Hudson's Bay JV to service the mortgage debt in respect of these locations.

71. As set out above, the Applicants are facing a liquidity crisis. Hudson's Bay does not have adequate funding under the A&R DIP Agreement to make the full rent payments.

72. Following the date of the Initial Order, the Applicants and the Monitor engaged with RioCan and its counsel in respect of this issue but have not been able to find a solution to the Applicants' lack of liquidity and inability to pay the full amount of rent to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable.

E. KERP

73. As referenced in the First Bewley Affidavit, the Applicants have certain Key Employees who have roles that are critical to the operational success of the businesses through these CCAA Proceedings and are critical to advancing the Applicants' restructuring plan.

74. The retention of the Key Employees during these CCAA Proceedings is of vital importance to the Applicants. The Applicants, together with the assistance of the Monitor, developed the KERP, which I am advised by the Monitor is comparable to other recent KERPs that have been approved in Canada, in order to facilitate and encourage the continued participation of the Key Employees during these CCAA Proceedings.

75. On March 7, 2025, the Board of Directors of the Company and Hudson's Bay Holdings 2, exercising their good faith business judgement, determined to approve the proposed KERP.

76. Pursuant to the terms of the KERP, Key Employees will receive a KERP payment upon the earlier of:

- (a) completion of a liquidation of the Applicants; or
- (b) September 30, 2025.

77. Among other things, the KERP provides for:

- (a) approximately 106 Key Employees and an aggregate of approximately \$2,458,956 in potential KERP payments; and

- (b) for the forfeiture of a Key Employee's entitlement to their KERP payment if, among other things, they resign or their employment is terminated with just cause prior to the KERP timelines.

78. The KERP was designed to incentivize Key Employees to continue their employment with the Companies in order to maximize value for all stakeholders through the Applicants' restructuring efforts.

79. The Key Employees have distinct and crucial roles necessary for the Applicants to continue operations in the ordinary course. Additionally, the Key Employees will be critical to advancing the proposed Liquidation Sale, the proposed Lease Monetization Process, and the proposed SISF, as such Key Employees will be required to, among other things, respond to due diligence requests related to the Applicants and their business and maintain operations while these processes are underway.

80. If the proposed KERP is not approved, I believe it is likely that certain Key Employees will pursue other employment opportunities. Finding alternative, qualified individuals will be challenging, disruptive, costly, and time consuming for the Applicants, particularly given the Key Employees' institutional knowledge of the Applicants' businesses.

81. The maximum aggregate amount payable under the KERP is \$3,000,000 and the KERP Charge will rank behind the Administration Charge but ahead of all other Charges and Encumbrances.

82. A copy of an overview of the KERP is included as a Confidential Appendix to the First Report of the Monitor, which provides, among other things, the maximum aggregate amount payable under the KERP, the number of participating Key Employees, the general roles of different Key Employees, and percentages of the maximum amount that each Key Employee can receive under the KERP relative to their salary.

83. A copy of the substantially final form of letter sent to Key Employees regarding their KERP is attached hereto as **Exhibit "E"**.

84. The Applicants are seeking to seal the Confidential Appendix setting forth the details of the KERP, as the KERP contains sensitive and personal compensation information which I believe may cause harm to the Key Employees if disclosed, and could lead to disruption to the Applicants' restructuring efforts if such information became public.

85. The Monitor and the DIP Lenders are supportive of the proposed KERP.

F. Approval of Reflect's Engagement

86. As set out in the First Bewley Affidavit, the Company engaged Reflect as financial advisor to assist the Company with considering its various strategic alternatives and restructuring options, developing pro-forma financial models in respect of the Company's various alternatives and restructuring options, and other advisory service as may be required and agreed to between the parties.

87. Under the proposed SISP, Reflect will also conduct the SISP under the supervision of the Monitor.

88. Fees payable under the Reflect Engagement Letter include a monthly fee of \$62,500 for the first two months and hourly fees thereafter. Reflect does not earn any "success" fees or any fees that are contingent on certain milestones in a restructuring of the Company.

89. The Applicants are seeking to have Reflect included as a beneficiary of the Administration Charge. I believe that this relief is appropriate in the circumstances, as Reflect has worked extensively with the Company since its engagement on February 14, 2025, including its efforts to successfully assist with the solicitation and negotiation of the DIP Agreement and A&R DIP Agreement, and its continued involvement will be critical to the Applicants' restructuring efforts.

90. A copy of the Reflect Engagement Letter is attached hereto as **Exhibit "F"**.

G. Administration Charge and Increase to Directors' Charge

91. In addition to the reasons set out in the First Bewley Affidavit, as to why the Applicants believe that the proposed Administration Charge is reasonable in the circumstances, the addition of Reflect as a beneficiary of the Administration Charge provides further support for the Administration Charge to continue to be granted. As set out above, Reflect's continued involvement will be critical to the Applicants' restructuring efforts.

92. I am advised by the Monitor that it believes the Administration Charge is reasonable and appropriate in the circumstances.

93. The Initial Order granted a Directors' Charge in favour of the D&Os up to a maximum of \$26,300,000, which reflected an estimate of potential liabilities the D&Os could incur up to the

date of the Comeback Motion. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$49,200,000.

94. I believe that the increased quantum of the Directors' Charge is fair and reasonable in the circumstances. It is calculated based on an estimate of the maximum potential liability the D&Os could incur at any given time during the CCAA Proceedings. I understand that the Monitor and the DIP Lenders are supportive of the Directors' Charge and its increased quantum. I further understand that the Monitor will include a breakdown of the proposed increase to the Directors' Charge in the First Report of the Monitor.

H. Priority of the Charges

95. The proposed ranking of the Court-ordered Charges in the ARIO are as follows:

With respect to the Applicants' Property

First – Administration Charge (to the maximum amount of \$2,800,000);

Second – KERP Charge (to the maximum amount of \$3,000,000); and

Third – Directors' Charge (to the maximum amount of \$49,200,000).

With respect to the Loan Parties' Property:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).
3 rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
4 th	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit	DIP Lenders' Charge.

		Facility (other than Excess ABL Obligations).	
5 th	DIP Lenders' Charge.	Directors' Charge (to the maximum amount of \$13,500,000	Directors' Charge (to the maximum amount of \$35,700,000).
6 th	Directors' Charge (to the maximum amount of \$35,700,000).	DIP Lenders' Charge.	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$35,700,000).	

IV. LIQUIDATION SALE APPROVAL ORDER

A. Overview of the Liquidation Solicitation Process

96. The Initial Order authorized the Applicants, in consultation with the Monitor, to engage in discussions with and solicit proposals and agreements from third parties in respect of the liquidation of the Inventory and FF&E and return to Court for the approval of any such agreement.

97. The Applicants received a proposal from the Hilco JV in respect of the potential liquidation of the Company's stores, on a consulting fee basis. The Applicants' advisors, together with Reflect and with the oversight of the Monitor, considered the terms and economics of the Hilco JV's proposal.

98. The Monitor and Reflect identified potential liquidators of size and experience necessary to conduct a liquidation sale of this size. The Monitor and Reflect canvassed the potential candidates, other than those involved in the Hilco JV, to determine if alternative proposals were available. It was determined that no other proposals were anticipated to be forthcoming.

99. The Applicants and their advisors, in consultation with the Monitor, continued negotiations with the Hilco JV in respect of the proposal that had been received. The Applicants and Monitor considered comparables from other similar liquidations to the specific circumstances facing the Applicants, in an effort to negotiate a final form of consulting agreement. After such negotiations, Hudson's Bay, in consultation with the Monitor and with advice from their advisors, entered into

the Liquidation Consulting Agreement on March 14, 2025, subject to Court approval. A copy of the Liquidation Consulting Agreement is attached hereto as **Exhibit “G”**.

100. The Liquidation Consultant represents a contractual joint venture of four leading liquidators, who are known to this Court and have had experience in a variety of liquidations in Canada and the United States. The Liquidation Consultants were selected based on, among other things: (a) their in-depth expertise and knowledge of the Applicants’ business, merchandise, and store locations (in various capacities, members of the Hilco JV were pre-filing secured creditors, are parties in respect of a pre-filing consignment arrangements with the Company, and have reviewed and provided appraisals of the Company’s inventory); (b) the need to commence the process quickly; (c) the parties (or their affiliated companies) making up the contractual joint venture are also the DIP Lenders; and (d) their extensive experience conducting retail liquidations in Canada.

101. The Applicants have therefore concluded that the Liquidation Consultant is qualified and capable of conducting the liquidation of the Inventory and FF&E at Liquidating Stores in a value-maximizing manner.

B. The Liquidation Sale³

102. Given the Applicants’ limited liquidity, the Applicants are seeking approval of an orderly realization of the Company’s Inventory and FF&E as soon as possible in order to maximize recoveries and limit operating costs.

103. The proposed realization of the Inventory and FF&E is currently contemplated to conclude no later than June 15, 2025 (the **“Sale Termination Date”**), which date can be extended or abridged by the Company and the Liquidation Consultant, in consultation with the Monitor.

104. Key terms of the Liquidation Consulting Agreement include, among other things:

- (a) the Liquidation Consultant is appointed as exclusive liquidator for the purposes of conducting the Liquidation Sale;

³ Capitalized terms used in this section and not otherwise defined have the meanings ascribed to such terms in the Liquidation Consulting Agreement.

- (b) the Liquidation Sale shall commence on the first business day following the entry of the Liquidation Sale Approval Order, which shall in no event be later than March 18, 2025;
- (c) at present, the Company intends to conduct the Liquidation Sale at all of the Company's retail stores. As such, all stores are listed as Liquidating Stores to the Liquidation Consulting Agreement. Importantly, the Company has the right under the Liquidation Consulting Agreement to amend the list of Liquidating Stores at any time, provided that the number of remaining Liquidating Stores shall not be less than 25 Liquidating Stores. There is a flat fee of \$40,000 per removed Liquidating Store until May 1, 2025, and \$20,000 thereafter;
- (d) the inventory in the Distribution Centres will also be available to be liquidated in the Sale, with the inventory in the Scarborough Distribution Centre being utilized for e-commerce sales;
- (e) the proposed Liquidation Consulting Agreement, does not involve the Corporate Head Office in Toronto;
- (f) e-commerce sales will continue at this time;
- (g) all sales during the Liquidation Sale will be final with no returns accepted or allowed;
- (h) the Liquidating Stores will accept cash, gift card, debit card, or credit card. Outstanding gift cards will be permitted to be used up to and including April 6, 2025;
- (i) the Hudson's Bay Loyalty Program remains suspended and as such the Liquidating Stores shall not accept any loyalty programs. Employee and retiree discounts of up to 10.0% on all items (except when the item is categorized as clearance up), shall be permitted to and including April 6, 2025;
- (j) as consideration for its services in accordance with the Liquidation Consulting Agreement, the Liquidation Consultant is entitled to a fee with respect to Inventory sold at the Liquidating Stores during the Sale Term of:

- i. 2.0% of the Gross Proceeds (being gross receipts from sales of Inventory during the Sale Term (excluding sales taxes), sold through the Stores; the Consultant will not earn a fee on the sale of e-commerce goods made direct from the Scarborough Distribution Centre;
 - ii. a 5.0% fee for Added Concession Merchandise, where such Consignment or Licensor vendors agree to continue sales of their inventory during the Liquidation Sale as Participating Concession Vendors; and
 - iii. a 7.5% wholesale fee of merchandise sold through the Liquidation Consultant's wholesale channels;
- (k) some of the members of the Liquidation Consultant, previously provided consignment inventory channels to the Applicants ("Consignment Goods"). The Liquidation Consulting Agreement provides for the ability to continue to procure and sell such Consignment Goods during the Liquidation Sale. The Applicants are entitled to a Consignment Goods Fee of 6.5% of the gross proceeds less sales of such goods;
- (l) subject to the Liquidation Sale Approval Order, the Liquidation Consultant will have the right to supplement Inventory in the Liquidation Sale procured by the Consultant which are of like kind and category, and no lesser quality to the Inventory in the Liquidation Sale at the Liquidation Stores (the "**Additional Consultant Goods**"), provided that the Additional Consultant Goods sold as part of the Liquidation Sale will not exceed \$50,000,000 at cost in the aggregate and consistent with any restriction on usage of the Liquidation Stores set out in the applicable leases; The Applicants are entitled to a Additional Consultant Goods Fee of 6.5% of the gross proceeds less sales of such goods;
- (m) the Company is responsible for all expenses of the Liquidation Sale, including (without limitation) all operating expenses of the Liquidating Stores, and all of the Liquidation Consultant's reasonable and documented out-of-pocket expenses incurred pursuant to an aggregate budget established in connection with the transactions contemplated under the Liquidation Consulting Agreement (the "**Expense Budget**"), which is attached as Exhibit "C" to the Liquidation Consulting Agreement;

- (n) the Liquidation Consultant undertakes to sell on an “as is where is” basis, the FF&E located at or in the Liquidating Stores and the Distribution Centres. The Liquidation Consultant is entitled to a commission from the sale of all such FF&E equal to 15.0% of the gross proceeds of the sale of such FF&E (excluding sales taxes);
- (o) all proceeds of sales of Inventory and FF&E through the Liquidation Sale shall be collected by Liquidation Consultant’s management personnel and deposited into existing deposit accounts of the Liquidation Consultant. During the Liquidation Sale, 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 7 days after each such weekly reconciliation; and
- (p) the parties shall, in consultation with the Monitor, complete a final reconciliation and settlement of all amounts payable pursuant to the Liquidation Consulting Agreement no later than 45 days following (a) the Sale Termination Date for the last Store (the “**Final Reconciliation**”), or (b) the date upon which the Liquidation Consulting Agreement is terminated in accordance with its terms. Within 10 days after the Final Reconciliation, any amounts owed must be paid.

105. As noted above, as at the date of this affidavit, the Company intends to conduct the Liquidation Sale at all of its retail stores. However, the Liquidation Consultant and the Company have agreed that in the event of one or more going concern transactions, including to any related party, the Company is entitled to remove Liquidating Stores from the Liquidation Sale in accordance with the Liquidation Consulting Agreement (with a minimum of 25 Liquidating Stores) and the parties shall work cooperatively and in good faith to modify the transactions contemplated thereunder appropriately.

106. The Liquidation Consulting Agreement is expressly subject to, among other things, approval of this Court. The Liquidation Sale set out in the Liquidation Consulting Agreement and the Sale Guidelines has been designed by the Company and the Liquidation Consultant, in consultation with the Monitor. I am of the view that engaging the Liquidation Consultant to assist

with the Liquidation Sale will produce better results than attempting to realize on the Inventory and FF&E without the assistance of the Liquidation Consultant.

107. The Liquidation Consulting Agreement is subject to the Sale Guidelines attached as Exhibit "B" to the Liquidation Consulting Agreement. The Sale Guidelines stipulate, among other things, that the Liquidation Sale will be conducted in accordance with the terms of the Leases for the Liquidation Stores during each Liquidation Store's normal hours of operation. The Sale Guidelines may be amended on a store-by-store basis by agreement of the Company, the Liquidation Consultant, and the applicable Landlord. The Sale Guidelines also include the following key terms:

- (a) The Liquidation Sale shall be conducted so that each of the Liquidation Stores remain open during their normal hours of operation provided for in the respective Leases for the Liquidation Stores until the applicable premises vacate date for each Liquidation Store under the Liquidation Consulting Agreement;
- (b) the Liquidation Sale shall end on the Sale Termination Date;
- (c) all display and hanging signs used by the Liquidation Consultant in connection with the Liquidation Sale shall be professionally produced and all hanging signs shall be hung in a professional manner;
- (d) notwithstanding anything to the contrary contained in the Leases, the Liquidation Consultant may advertise the Liquidation Sale at the Liquidating Stores as an "everything on sale", "everything must go", "store closing" and/or similar theme sale at the Liquidating Stores;
- (e) at the conclusion of the Liquidation Sale in each Liquidation Store, the Liquidation Consultant shall arrange that the premises for each Liquidation Store are in "broom-swept" and clean condition, and shall arrange that the Liquidation Stores are in the same condition as on the commencement of the Liquidation Sale, ordinary wear and tear excepted; and
- (f) the Company and the Liquidation Consultant shall not conduct any auctions of Inventory or FF&E at any of the Liquidation Stores.

108. I am advised by Elizabeth Pillon of Stikeman, that the Sale Guidelines are substantially similar to those which have been granted in respect of Canadian stores in other Canadian retail insolvencies, including Nordstrom Canada, Bed Bath & Beyond, Ted Baker, and Comark.

C. Relief Sought

109. The proposed Liquidation Sale Approval Order, among other things:

- (a) approves, authorizes, and ratifies the Liquidation Consulting Agreement, the Sale Guidelines, and the transactions contemplated thereunder;
- (b) authorizes the Company, with the assistance of the Liquidation Consultant, to conduct the Liquidation Sale in accordance with the terms of the Liquidation Sale Approval Order, the Liquidation Consulting Agreement and the Sale Guidelines, and to advertise the Sale within the Liquidating Stores in accordance with the Sale Guidelines;
- (c) authorizes the Company, with the assistance of the Liquidation Consultant, to market and sell the Inventory and FF&E in accordance with the Sale Guidelines and the Liquidation Consulting Agreement, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims; and
- (d) grants certain protections from liability in favour of the Liquidation Consultant.

110. I am advised by the Monitor that it supports approval of the Liquidation Consultant Agreement, the Sale Guidelines, and the Liquidation Sale Approval Order.

V. LEASE MONETIZATION ORDER⁴

A. Overview of the Lease Monetization Solicitation Process

111. The Initial Order authorized the Applicants, in consultation with the Monitor, to engage in discussions with and solicit proposals and agreements from real estate advisors or other third

⁴ Capitalized terms used in this section and not otherwise defined have the meanings ascribed to such terms in the Lease Monetization Process.

parties to pursue all avenues and offers for the sale, transfer, or assignment of the Leases to third parties, and return to Court for approval of any such agreement.

112. In accordance with the authority set out in the Initial Order, the Company and its advisors, in consultation with the Monitor, commenced negotiations with JLL, a global real estate services firm that specializes in commercial real estate and investment management. In June 2024, JLL was engaged by the Pathlight Agent to conduct a comprehensive review of each of the Applicants' Leases (excluding certain Leases) and provide views on the monetization potential for each of these Leases. Therefore, JLL is familiar with the vast majority of the Applicants' Leases and stores. After such negotiations, the Company, in consultation with the Monitor and with advice from its advisors, entered into the Lease Monetization Consulting Agreement on March 14, 2025. A copy of the Lease Monetization Consulting Agreement is attached hereto as **Exhibit "H"**.

113. The Lease Monetization Consultant was selected by the Company based on, among other things: (a) its in-depth expertise and knowledge of the Company's business and real estate assets (having recently conducted a third-party appraisal of the Company's real estate assets); (b) the need to conduct the process on an expedited basis; and (c) its extensive experience with marketing commercial real estate properties.

114. The Company has therefore concluded that the Lease Monetization Consultant is qualified and capable of conducting the Lease Monetization Process in a value-maximizing manner.

B. The Lease Monetization Consulting Agreement and Lease Monetization Process

115. The purpose of the Lease Monetization Process is to assist with the sale, transfer or assignment of the leases of the Applicants and the Non-Applicant Stay Parties (the "**Leases**") from Qualified Bidders and to implement one or a combination of such transactions in respect of the Leases.

116. The Lease Monetization Consultant will assist the Company with marketing the Leases under the Lease Monetization Process pursuant to the Lease Monetization Consulting Agreement dated March 14, 2025, all under the supervision of the Monitor.

117. Pursuant to the Lease Monetization Consulting Agreement, the Broker is entitled to the following fees:

- (a) starting March 17, 2025, a Work Fee of C\$80,000.00 per month, plus applicable sales tax, payable in arrears and pro-rated for partial months for services performed under the Lease Monetization Consulting Agreement during the term of the agreement and up to a maximum aggregate amount of C\$240,000.00 plus applicable sales taxes (the “**Work Fee**”). The Work Fee is fully creditable against payment of any Success Fee (as defined below); and
- (b) a one-time gross success fee per Lease conditional upon the successful closing of a sale, transfer or assignment of a Lease Transaction equal to 10% of the net proceeds payable to Hudson’s Bay from any such Lease Transaction up to a maximum aggregate amount of C\$175,000.00 plus applicable sales taxes per Lease monetized (“**Success Fee**”).

118. The Broker has considerable expertise in marketing and selling commercial leases and has familiarity with the leases of the Applicants and the Non-Applicant Stay Parties.

119. The Lease Monetization Process is proposed to proceed in two phases and contemplates ten (10) key milestones and deadlines, which milestones and deadlines may be extended or amended by the Applicants, with the prior written approval of the Monitor.

120. The Applicants, the Monitor and the Broker shall make best efforts to communicate and consult with the Pathlight Agent throughout and with respect to all aspects of the Lease Monetization Process (including, but not limited to, the Teaser Letter, the Form of Purchase Agreement, all bids received, any landlord discussions or engagement related to the Lease Monetization Process, and any proposed material modifications to the Lease Monetization Process). The Applicants, the Monitor and the Broker shall make best efforts to keep the Pathlight Agent reasonably apprised of all aspects of the Lease Monetization Process (including by providing copies of all LOIs and bids within one day of receipt of same) and provide the Pathlight Agent with any and all additional information reasonably requested in connection therewith.

Phase 1

Milestones	Deadline
Court Approval of Lease Monetization Process and Order	March 17, 2025
Solicitation of Interest – send out Teaser Letter and CA	Within three (3) Business Days following issuance of Lease Monetization Order
Due Diligence	As soon as possible after March 17, 2025
Letters of Intent	On or around April 15, 2025 (Phase 1 Bid Deadline)
Assessing Qualified Letters of Intent and Continuation or Termination of Lease Monetization Process	Approximately five business days following the Phase 1 Bid Deadline

Phase 2

Milestones	Deadline
Deadline to Submit Qualified Bids	On or around May 1, 2025
Execution of Definitive Agreement with Respect to Leases	On or around May 15, 2025 with an option to extend for one week
Approval Motion for Definitive Agreements	On or around June 17, 2025

121. Each Interested Bidder must provide the Broker with an executed CA and a letter setting forth the identity of, and contact information for such person. Interested Bidders who do so will be granted access to an electronic data room containing due diligence materials and information relating to the Leases.

122. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Lease Monetization Consultant on or before April 15, 2025 at 5:00 p.m. (Toronto time), or such later date or time as may be determined by the Applicants with the consent of the Monitor, in consultation with the Lease Monetization Consultant, the Pathlight Agent and the DIP Lender (the “**Phase 1 Bid Deadline**”).

123. An LOI submitted by the Phase 1 Bid Deadline will be considered a qualified LOI (a **“Qualified LOI”**) only if it meets certain criteria outlined in the Lease Monetization Process.

124. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Lease Monetization Process by the Applicants, following consultation with the Lease Monetization Consultant and the Monitor, and after assessing whether such Qualified LOI meets the criteria, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **“Qualified LOI Bidder”**). The Broker shall notify each Qualified LOI Bidder as to whether its Bid constituted a Qualified Bid within five (5) Business Days following the Phase 1 Bid Deadline, being no later than April 22, 2025 or at such later time as it deems appropriate.

125. Following notification to each Qualified LOI Bidder as to whether its bid constituted a Qualified Bid, the Broker will provide due diligence materials and information relating to the Leases in response to any reasonable requests that were included within the Qualified LOI Bids.

126. Any Qualified LOI Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid by May 1 2025, or such later date or time as may be determined by the Applicants with the consent of the Monitor and in consultation with the Lease Monetization Consultant, the Pathlight Agent and the DIP Lender (the **“Qualified Bid Deadline”**), satisfying certain conditions, including among others:

- (a) it is received by the Qualified Bid Deadline;
- (b) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as a Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
- (c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Applicants, in consultation with the Lease Monetization Consultant and the Monitor, to make a reasonable determination as to the Qualified LOI Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;

- (d) it lists the Lease(s) proposed to be subject to the bid and an allocation of the purchase price on a Lease by Lease basis;
- (e) it includes details of any amendments which such Qualified LOI Bidder seeks in respect of any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Qualified LOI Bidder;
- (f) it is not conditional upon, among other things: (i) the outcome of unperformed due diligence by the Qualified LOI Bidder; or (ii) obtaining financing;
- (g) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals; and
- (h) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Lease(s) proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Lease Monetization Process.

127. The Applicants, with the consent of the Monitor and in consultation with the Broker, the Pathlight Agent and the DIP Agent, may waive compliance with any one or more of the requirements with respect to Qualified Bids.

128. Following the Qualified Bid Deadline, the Applicants, in consultation with the Broker, the Monitor, the Pathlight Agent and the DIP Agent (a) may engage in negotiations with Qualified Bidders and may accept revisions to Qualified bids; and (b) shall determine the most favourable bid with respect to such Lease(s) (the “**Successful Bid**” and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”).

129. The Successful Bidder(s) shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid(s) was made on or before May 15 2025, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Broker and the DIP Lender and Pathlight.

130. The motion to approve any transaction with the Successful Bidder(s) must be held (subject to Court availability) no later than June 17 2025. All the Qualified Bids other than the Successful Bid(s), if any, shall be deemed to be rejected by the Applicants on and as of the date of approval of the Successful Bid(s) by the Court.

131. The Lease Monetization Process provides that nothing therein shall be construed to:

- (a) permit or require any amendments to the terms of any Lease(s) without the consent of the applicable landlord(s);
- (b) obligate any landlord to negotiate with any bidder regarding any such amendments; and
- (c) acknowledge or declare that the interests in the Leases being marketed are capable of being transferred by the Applicants or the Non-Applicant Stay Parties.

132. Under the terms of the Lease Monetization Process, the DIP Lenders and any other secured lender of the Applicants do not have the right to credit bid their secured debt against the assets secured thereby.

C. Relief Sought

133. The proposed Lease Monetization Order, among other things:

- (a) authorizes the Company, with the assistance of the Lease Monetization Consultant, to conduct the Lease Monetization Process in accordance with its terms set out in the Lease Monetization Order; and
- (b) grants certain protections from liability in favour of the Company, the Monitor, and the Lease Monetization Consultant.

VI. SISP ORDER⁵

A. Overview of the SISP

134. The SISP is intended to solicit interest in, and opportunities for: (a) one or more sales or partial sales of all, substantially all, or certain portions of the Property or the Business; and/or (ii) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicants and the Non-Applicant Stay Parties or their Business.

135. The SISP was designed to be broad and flexible (on an expedited basis given the ongoing liquidation) to solicit bids for standalone assets of the Applicants and the Non-Applicant Stay Parties such as their intellectual property and also for portions of the Applicants and the Non-Applicant Stay Parties' Business to be carried on as a going concern following a sale or a restructuring. To the extent any offers received in the SISP are for portions of the Property that is also subject to the Liquidation Sales Process or the Lease Monetization Process, such offer must provide for repayment in full in cash on closing of the amounts reasonably anticipated to be outstanding under the Senior Indebtedness following completion of the Lease Monetization Process and the Liquidation Process or be otherwise acceptable to DIP Lender, the ABL Lender and the Pathlight Agent.

136. Reflect, in its capacity as the Financial Advisor under the SISP, will assist the Company in conducting the SISP under the supervision of the Monitor.

137. A summary of the key dates pursuant to the SISP is as follows:

Process	Description of Process	Dates and Deadlines
SISP Approval Order	Court approval of the SISP	March 17, 2025
Due Diligence	Each Qualified Bidder will be provided with (i) a copy of a confidential information memorandum describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (ii) access to an electronic	n/a

⁵ Capitalized terms used in this section and not otherwise defined have the meanings ascribed to such terms in the SISP.

Process	Description of Process	Dates and Deadlines
	data room of due diligence information relating to the Property and the Business	
Bidding Phase Bid Deadline	A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal. In the case of a Sale Proposal, a duly authorized and executed purchase agreement must be delivered. In the case of an Investment Proposal, a duly authorized and executed investment agreement must be delivered. Each bid will be reviewed and the Applicants, in consultation with the Financial Advisor, the Monitor, the DIP Lender and the Pathlight Agent, will review each bid to determine if any constitute a Final Qualified Bid	5:00pm (EST) on April 15, 2025
Auctions	If one or more Final Qualified Bid(s) is received, the Applicants, in consultation with the Financial Advisor, the Monitor and the DIP Lender, shall determine if one or more Auctions are required. The most favourable Final Qualified Bid(s) may be selected by the Applicants. The Applicants, in consultation with the Financial Advisor, the Monitor, the DIP Lender, and the Pathlight Agent may then negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought	April 29, 2025 (date of the Auctions)
Approval Motion for Successful Bid	The Applicant will apply to the Court for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid	May 16, 2025

138. The key dates referred to in the above table are described in greater detail below. I believe the timelines and terms of the SISP are reasonable. I am advised by the Monitor that it also believes the timelines and terms of the SISP are reasonable.

B. Solicitation of Interest

139. The Financial Advisor, in consultation with the Applicants, the Monitor, the DIP Agent and the Pathlight Agent, is preparing a list of Known Potential Bidders, an initial offering summary (the

“Teaser Letter) notifying Known Potential Bidders of the existence of the SISP and inviting the Known Potential Bidders to express their interest in accordance with the terms of the SISP. The Applicants will also issue a press release with Canada Newswire setting out notice of the SISP.

140. In order to participate in the SISP, each person (a **“Potential Bidder”**), must deliver to the Financial Advisor, with a copy to the Monitor, (a) a letter setting forth the identity of the Potential Bidder, its contact information and full disclosure of the principals of the Potential Bidder; and (b) an executed NDA, which shall include provisions whereby the Potential Bidder agrees to accept and be bound by the provisions contained in the SISP.

141. A Potential Bidder that has executed an NDA, has delivered the documents and information described above, and is determined likely (based on the availability of financing, experience and other considerations) by the Financial Advisor and the Monitor to be able to consummate a Sale Proposal or an Investment Proposal, will be deemed a **“Qualified Bidder”**.

C. Bidding Phase

142. During this process, each Qualified Bidder will be provided with (a) a copy of a Confidential Information Memorandum describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (b) access to an electronic data room of due diligence information for Qualified Bidders (the **“Data Room”**).

143. A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal to the Financial Advisor, the Applicants and to the Monitor no later than the **“Bidding Phase Bid Deadline”**. A bid will be considered a **“Final Qualified Bid”** only if the bid complies with, among other things, the following requirements:

- (a) it includes a letter stating that the bidder’s offer is submitted in good faith and is irrevocable until the earlier of (i) the approval by the Court of a Successful Bid and (ii) 60 days following the Bidding Phase Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;
- (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor and the Applicants, in consultation with the Financial Advisor, to make a

reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;

- (c) in respect of a Sale Proposal, the Property to be included, and in the case of an Investment Proposal, any Property to be divested or disclaimed prior to closing;
- (d) it includes full details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a Sale Proposal) or shall remain as employees of the Applicants (in the case of an Investment Proposal) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;
- (e) details of any liabilities to be assumed by the Qualified Bidder;
- (f) it is not conditional upon the outcome of unperformed due diligence by the Qualified Bidder; or obtaining financing;
- (g) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation, and discloses any connections or agreements with the Applicants or any of their affiliates;
- (h) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (i) it provides a timeline to closing with critical milestones;
- (j) it is accompanied by a Deposit in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of this SISF;
- (k) if the Bid is either for an Investment Proposal or a Sale Proposal that contemplates the purchase of assets which are subject to the Liquidation Sale Approval Order or the Lease Monetization Order, it provides for repayment in full in cash of the amounts reasonably anticipated by:
 - (i) the Applicants, in consultation with the Monitor and the Financial Advisor,

- (ii) the Pathlight Agent,
- (iii) the ABL Lender, and
- (iv) the DIP Agent,

to be outstanding under the Senior Indebtedness following completion of the Lease Monetization Process and the Liquidation Process or the bid is otherwise acceptable to the parties in (i), (ii), (iii) and (iv) above.

D. Evaluation of Final Bids

144. The Applicants, in consultation with the Financial Advisor, the Monitor, the DIP Agent, and the Pathlight Agent, will review each bid as set forth in the SISP and determine if one or more of them constitute a Final Qualified Bid. If one or more Final Qualified Bids is received:

- (a) the Applicants, in consultation with the Financial Advisor, the Monitor and the DIP Agent, shall determine if one or more of the auctions (the “**Auctions**”) are required; and
- (b) the Applicants, in consultation with the Financial Advisor, the Monitor, the DIP Agent and the Pathlight Agent may select the most favourable Final Qualified Bid(s) and negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought (the “**Successful Bid**”).

145. The Applicants, after consultation with the Monitor, the Financial Advisor, the DIP Agent, and Pathlight Agent, reserve the right to reject any or all Final Qualified Bids. If no Final Qualified Bid is received, the SISP shall be automatically terminated.

E. Auction Process

146. If the Applicants, in consultation with the Financial Advisor and the Monitor, determine that one or more Auctions are required, the Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the terms outlined in the SISP.

F. Approval Motion for Successful Bid

147. The Applicant will apply to the Court (the “**Approval Motion**”) for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements

with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.

148. Under the terms of the SISP, the Applicants retain the discretion, with the consent of the Monitor, in consultation with the Financial Advisor, the DIP Agent and the Pathlight Agent, to modify, amend, vary or supplement the SISP from time to time. If there is any proposed material modification to the SISP by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List.

G. Relief Sought

149. The proposed SISP Order, among other things:

- (a) authorizes the Applicants and the Monitor to implement the SISP in accordance with its terms; and
- (b) grants certain protections from liability in favour of the Company, the Monitor, and Reflect.

VII. CONCLUSION

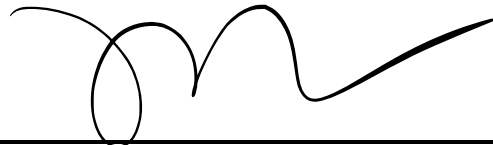
150. For the reasons set out above, I believe that it is in the interest of the Companies and their stakeholders that this Court grant the relief requested in accordance with the terms of the proposed ARIO, Liquidation Sale Approval Order, Lease Monetization Order, and SISP Order.

151. I swear this affidavit in support of the Applicants' Comeback Motion and for no other or improper purpose.

SWORN remotely via videoconference, by Jennifer Bewley, stated as being located in the City of New York, in the State of New York, before me at the City of Toronto, in Province of Ontario, this 14th day of March, 2025, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits, etc.
Philip Yang | LSO #820840



JENNIFER BEWLEY

EXHIBIT "A"
referred to in the Affidavit
of **JENNIFER BEWLEY**
Sworn March 14, 2025

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

Commissioner for Taking Affidavits

Court File No.

**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 JENNIFER BEWLEY
(Sworn March 7, 2025)**

I, Jennifer Bewley, of the City of New York, in the State of New York, MAKE
OATH AND SAY:

1. I am the Chief Financial Officer of Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI ("**Hudson's Bay**" or the "**Company**"), HBC Canada Parent Holdings Inc. ("**Hudson's Bay Parent 1**"), HBC Canada Parent Holdings 2 Inc. ("**Hudson's Bay Parent 2**"), and The Bay Holdings ULC ("**The Bay Holdings**"), the Assistant Treasurer of HBC Bay Holdings I Inc. ("**Hudson's Bay Holdings 1**") and HBC Bay Holdings II ULC ("**Hudson's Bay Holdings 2**"), and the Treasurer of RioCan-HBC General Partner Inc. ("**RioCan-Hudson's Bay GP**"). I have held these and other roles with Hudson's Bay Canada (as defined below) and their affiliates over the course of my career with Hudson's Bay, having started with the Company in 2018.

2. Together with other members of management, I am responsible for overseeing the Companies' liquidity management and restructuring efforts. As such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of Hudson's Bay Canada and have spoken with certain of the directors, officers and/or employees of Hudson's Bay Canada, as necessary. Where I have relied upon such information, I believe such information to be true.

3. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.

4. This affidavit is sworn in support of the application (the “**Application**”) by Hudson’s Bay, Hudson’s Bay Parent 1, Hudson’s Bay Parent 2, The Bay Holdings, Hudson’s Bay Holdings 1, Hudson’s Bay Holdings 2, HBC Centerpoint GP Inc. (“**Centerpoint GP**”), HBC YSS 1 LP Inc. (“**YSS 1 LP**”), HBC YSS 2 LP Inc. (“**YSS 2 LP**”), HBC Holdings GP Inc. (“**Hudson’s Bay Holdings GP**”), Snospmis Limited (“**Snospmis**”), 2472596 Ontario Inc. (“**596 Ontario**”), 2472598 Ontario Inc. (“**598 Ontario**”, and collectively, the “**Applicants**” or the “**Companies**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The Applicants are seeking an initial order (the “**Initial Order**”) in the form of the draft order included at Tab 3 of the Application Record:

- (a) declaring that each of the Applicants is a debtor company to which the CCAA applies;
- (b) declaring that HBC Holdings LP (“**Hudson’s Bay Holdings LP**”), RioCan-Hudson’s Bay GP, RioCan-HBC Limited Partnership (“**RioCan-Hudson’s Bay JV**”), RioCan-HBC (Ottawa) Holdings Inc. (“**RioCan-Hudson’s Bay Ottawa Holdings**”), RioCan-HBC (Ottawa) GP, Inc. (“**RioCan-Hudson’s Bay Ottawa GP**”), RioCan-HBC (Ottawa) Limited Partnership (“**RioCan-Hudson’s Bay Ottawa LP**”), HBC YSS 1 Limited Partnership (“**YSS 1**”), HBC YSS 2 Limited Partnership (“**YSS 2**”), HBC Centerpoint LP (“**Centerpoint LP**”), and The Bay Limited Partnership (“**The Bay LP**”) (collectively, the “**Non-Applicant Stay Parties**”, and together with the Applicants, “**Hudson’s Bay Canada**”) shall have the benefits of the protections and authorizations provided in the Initial Order;
- (c) staying proceedings and remedies taken or that might be taken against or in respect of Hudson’s Bay Canada, their assets, properties, and undertakings (the “**Property**”), their business, or their directors and officers (the “**D&Os**”), except as otherwise set forth in the Initial Order, (the “**Stay**”) for an initial period of ten (10) days (the “**Stay Period**”);
- (d) staying the payment of rent from Hudson’s Bay to RioCan-Hudson’s Bay JV, YSS 1, or YSS 2, as applicable, other than post-filing rent due to the landlords under the JV Head Leases (as defined below);
- (e) granting Hudson’s Bay and The Bay LP continued and uninterrupted access to the Bank Accounts (as defined herein), with the associated banks not having the

power to restrict the Companies' rights in any way in respect of the Bank Accounts associated with the Cash Management System (as defined herein);

- (f) appointing Alvarez and Marsal Canada Inc. ("**A&M**" or the "**Proposed Monitor**") as an officer of this Court in these CCAA Proceedings to monitor the assets, business and affairs of the Applicants (once appointed in such capacity, the "**Monitor**");
- (g) approving a Junior DIP Term Sheet (the "**DIP Agreement**") dated as of March 7, 2025, between Hudson's Bay, as borrower, the Guarantors (as defined below), as guarantors, Restore Capital, LLC ("**Restore**") as Agent (in such capacity, the "**DIP Agent**") and HCS 102, LLC, as lender (in such capacity, the "**DIP Lender**"), pursuant to which the DIP Lender has agreed to advance to the Companies, a total principal amount of up to \$16,000,000 (the "**DIP Facility**");
- (h) authority for the Applicants to pay pre-filing amounts to certain suppliers that provide the Applicants with essential services and/or products (the "**Critical Suppliers**");
- (i) granting the following priority charges against the Property (the "**Charges**"):
 - i. an "**Administration Charge**" against the Property in the initial amount of \$2,800,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Companies in connection with the CCAA Proceedings both before and after the making of the Initial Order;
 - ii. a "**Directors' Charge**" against the Property in the initial amount of \$26,300,000 as security for the Companies' obligation to indemnify the D&Os for obligations and liabilities they may incur in such capacities after the commencement of the CCAA Proceedings, including with respect to unpaid accrued wages, unpaid accrued vacation pay, and unremitted sales, goods and services, and harmonized sales taxes which may have accrued prior to the commencement of the CCAA Proceedings, but which may become due and payable after the commencement of these

proceedings, except to the extent that such obligation or liability was incurred as a result of a D&O's gross negligence or wilful misconduct; and

- iii. a **"DIP Lenders' Charge"** against the Loan Parties' Property (as defined below) as security for the Companies' obligations under the DIP Agreement.

5. Copies of the below-referenced credit agreements, guarantees, and security documents have not been attached to this affidavit given their length. However, copies will be made available on the Monitor's webpage at: alvarezandmarsal.com/HudsonsBay

6. This affidavit is organized into the following sections:

I.	OVERVIEW	6
II.	CORPORATE STRUCTURE	10
A.	Hudson's Bay	10
B.	Guarantors Under the Hudson's Bay Credit Facilities	10
C.	RioCan-Hudson's Bay JV and the Non-Applicant Stay Parties	11
D.	Hudson's Bay Canada's Corporate Structure	13
III.	HUDSON'S BAY CANADA'S BUSINESS AND OPERATIONS	13
A.	Overview	13
B.	Hudson's Bay's Retail Stores	13
C.	RioCan-Hudson's Bay JV Leasehold Properties	15
(i)	JV Head Leasehold Interest	15
(ii)	Yorkdale RBC Financing of the Yorkdale JV Head Lease	17
(iii)	JV Headleases at Square One and Scarborough Town Centre	17
(iv)	BMO First Mortgage Financing of the St. Bruno and Carrefour Laval JV Head Leases and the Freehold Interest in the Downtown Calgary Property	18
D.	RioCan-Hudson's Bay JV Owned Real Property	18
(i)	Calgary Property	20
(ii)	Vancouver Property	20
(iii)	Montreal Property	20
(iv)	Ottawa Property	20
(v)	Oakville Place Shopping Centre	21
(vi)	Georgian Mall	22
(vii)	Co-Ownerships of Oakville Place Shopping Centre and Georgian Mall	22

E.	Other Properties	23
(i)	401 Bay Office Tower	23
(ii)	Hudson's Bay Distribution Centres.....	23
F.	Merchandise and Sourcing	23
G.	Distribution	25
H.	Licensed Operations	26
(i)	Hudson's Bay Merchandise Licensees and Licensed Operations	26
(ii)	Hudson's Bay Beauty Hardshops.....	27
(iii)	Hudson's Bay Service Providers and Licensed Operations	28
I.	Employees	28
(i)	Unions	29
(ii)	Pension Plan and Other Benefits	30
J.	Loyalty Programs, Gift Cards, and Rewards.....	31
(i)	Hudson's Bay Rewards	31
(ii)	Credit Cards	32
(iii)	Gift Cards	32
K.	Intercompany Agreements	32
L.	Banking and Cash Management System.....	33
IV.	HUDSON'S BAY CANADA'S FINANCIAL POSITION	34
A.	Estimated Value of Assets and Liabilities	34
B.	Secured Obligations.....	36
(i)	ABL and FILO Credit Facilities	37
(ii)	Pathlight Credit Facility.....	40
(iii)	Cadillac Credit Facility.....	43
(iv)	Intercreditor Agreements.....	44
V.	THE HUDSON'S BAY GROUP'S FINANCIAL DIFFICULTIES.....	46
VI.	HUDSON'S BAY CANADA'S RESPONSE TO FINANCIAL DIFFICULTIES	48
VII.	URGENT NEED FOR RELIEF	50
VIII.	RELIEF SOUGHT	50
A.	Stay of Proceedings	50
B.	Extension of Stay to Non-Applicant Stay Parties	51
C.	DIP Facility and DIP Charge	52
D.	Staying and Suspending Post-Filing Amounts from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, under the PropCo-OpCo Structure	58
E.	Continued Access to Cash Management System.....	59

F.	Appointment of A&M as Monitor	59
G.	Administration Charge.....	60
H.	Directors' Charge	61
I.	Proposed Ranking of the Court-Ordered Charges	62
J.	Critical Suppliers	63
IX.	NEXT STEPS.....	64
A.	KERP and KERP Charge.....	64
B.	Liquidation Approval Order	64
C.	Lease Monetization Process Order	65
D.	Approval of Reflect Engagement	65
X.	CONCLUSION	66

I. OVERVIEW¹

7. Hudson's Bay is the oldest company in North America and is Canada's most prominent department store currently operating 80 full line Hudson's Bay-branded stores, three stores operating under a license agreement as "Saks Fifth Avenue" and 13 stores operating under a license agreement as "Saks OFF 5TH" across Canada. Hudson's Bay was founded in 1670 when it was granted a right of sole trade and commerce over an expansive area of land known as Rupert's Land, which included what is today, the whole of Manitoba, most of Saskatchewan, the southern parts of Alberta and Nunavut, and the northern parts of Ontario and Québec. By the middle of the nineteenth century, Hudson's Bay evolved into a mercantile business selling a wide variety of products from furs to fine homeware in shops across Canada. Hudson's Bay officially became a Canadian company in 1970, when it rechartered under Canadian law.

8. Hudson's Bay continued to expand its business during the twenty-first century. Hudson's Bay and its subsidiaries collectively operated as a premier North American department store retailer with a portfolio of real estate assets in Canada. In November 2012, Hudson's Bay completed an initial public offering of its common shares, which traded on the Toronto Stock Exchange. In 2013, Hudson's Bay acquired Saks Incorporated, which at that time operated luxury

¹ Capitalized terms used in this section and not otherwise defined have the meanings given to them in the rest of this affidavit.

department stores in the United States under the banners of “Saks Fifth Avenue” and “Saks OFF 5TH”.

9. In the past decade, the rapidly evolving retail landscape posed significant challenges to department stores in North America. Brick-and-mortar stores struggled to compete with e-commerce players, resulting in a shift of sales to on-line commerce and a decline in traffic at stores. Hudson’s Bay was impacted by these macro trends, which negatively affected its financial and operating results, as well as its real estate assets.

10. As a result of these operational and financial challenges, on March 3, 2020, a group of Hudson’s Bay’s then-existing shareholders completed the privatization of Hudson’s Bay. The privatization of Hudson’s Bay was intended to, among other things, permit Hudson’s Bay to reposition its operations without public market pressures and costs and focus on long-term growth strategies, including strategies centered on its real estate assets.

11. Contemporaneously with the privatization transaction, Saks Incorporated, now operating as “Saks Global”, together with its U.S. subsidiaries, became a “sister company” and affiliate of Hudson’s Bay, together with its Canadian subsidiaries. Between 2020 and 2024, Hudson’s Bay and Saks Global shared the same ownership group and were financed as a single credit group for purposes of their credit facilities, while trade creditors and other service providers, with certain exceptions, transacted with each business independently.

12. Almost immediately after Hudson’s Bay went private, between March 13, 2020, and March 22, 2020, all Canadian provinces declared a state of emergency and implemented lockdown measures in response to COVID-19, which resulted in a significant decline in foot traffic at Hudson’s Bay’s stores across Canada. Canadian retail, and particularly large-format department stores, faced some of the strictest and most prolonged pandemic-related restrictions globally.

13. The lasting impact of pandemic-related closures in Canada continues to reshape consumer behavior, most notably through the widespread adoption of remote work. This shift has placed additional economic pressure on the brick-and-mortar retail sector, particularly affecting traditional department stores like Hudson’s Bay. The company’s flagship downtown stores have been disproportionately impacted, as they historically relied on office workers and commuters for a significant portion of their revenue. At the same time, these locations represent some of Hudson’s Bay’s highest-cost operations due to rent and other expenses, further exacerbating Hudson’s Bay’s financial challenges.

14. Many Canadian retailers have experienced similar financial challenges and were forced to commence insolvency proceedings, including Reitmans, Aldo, Aeropostale, American Apparel, Mexx, Forever XXI, Target Canada, Sears Canada, Nordstrom Canada, Ted Baker Canada, Bed Bath & Beyond Canada, and Comark.

15. As described in greater detail below, Hudson's Bay made several attempts to address its financial and operational challenges since its privatization. Among other things:

- (a) in 2020, the Company secured a vendor insurance program provided by Export Development Canada ("**EDC**"), which covered inventory receipts from Canadian vendors until the program's expiration in 2024;
- (b) the Company pursued an aggressive e-commerce expansion strategy to mitigate the decline in foot traffic at its retail stores and between 2021 and 2022, invested approximately \$130,000,000 into e-commerce infrastructure, logistics, and marketing;
- (c) in 2023 and 2024, the Company executed a series of cost-cutting measures and pursued liquidity-enhancing initiatives, including: (i) reducing its workforce and marketing budgets; (ii) after approaching several institutional clients, lenders, and landlords, securing \$200,000,000 in financing from an affiliate of Cadillac Fairview and a subsidiary of the Ontario Teachers' Pension Plan to support its Canadian retail operations; (iii) monetizing leases, whereby the Company equitized valuable lease rights and reinvested the proceeds into its retail operations; (iv) engaging third parties to facilitate vendor financing programs; and (v) appointing a new Chief Executive Officer ("**CEO**") to lead the Company's turnaround efforts.

16. In December 2024, Saks Global acquired Neiman Marcus, another U.S. luxury retailer (the "**Neiman Marcus Transaction**"). As described in greater detail below, the Neiman Marcus Transaction significantly reduced the funded debt obligations on Hudson's Bay's Canadian business while Hudson's Bay's Canadian business became separately financed with its standalone credit facilities.

17. Most recently, the ongoing trade tensions with the United States, the threat of tariffs, retaliatory tariffs, and the newly imposed tariffs (the "**Trade War**"), have created uncertainty in financial markets, making refinancing more difficult and costly for businesses in Canada. While

tariffs directly affect trade, they also have far-reaching secondary effects, such as higher borrowing costs, increased cost of goods, depressed real estate valuations, currency fluctuation, and lower consumer and lender confidence.

18. Earlier this year, Hudson's Bay had advanced discussions with potential lenders regarding financing commitments. Until recently, the Company was confident it could refinance all or a portion of its Credit Facilities and improve its liquidity position to continue to execute on its business plan. However, the Trade War and the ensuing uncertainty in financial markets made it extremely challenging for Hudson's Bay to raise incremental financing and monetize its real estate assets. Accordingly, the potential lenders that Hudson's Bay had advanced discussions with were ultimately not willing to provide any financing to improve Hudson's Bay's liquidity position. As a result, in spite of the Company's best efforts, it could not avoid the liquidity crisis that it faces today.

19. As a result of the circumstances described above, Hudson's Bay is facing significant challenges to its ability to make payments, including to its landlords, service providers, and vendors. The Company has had to defer certain payments for many months. Most recently, it has been unable to pay certain critical trade creditors in the ordinary course of business, and absent additional funding, will be unable, within the next several days, to meet its employee payroll obligations. Without the benefit of Court protection, failure by Hudson's Bay to pay rent at its stores will result in a rapidly escalating chain of events, leading to lease defaults, head lease defaults, direct defaults on real estate financing incurred by members of Hudson's Bay Canada and other financing, as well as cross-defaults with other real estate financing and on its Credit Facilities.

20. In light of its current financial crisis, Hudson's Bay Canada urgently requires a stay of proceedings granted under the CCAA, along with related relief. The CCAA Proceedings will enable the Companies to access the DIP Facility and secure interim financing, providing Hudson's Bay Canada with the necessary breathing room to implement a strategy that addresses its financial challenges while maximizing the value of its businesses. As part of this process, Hudson's Bay Canada plans to: (a) facilitate an orderly liquidation of selected retail stores; (b) monetize certain retail leases that hold value due to below-market rent; and (c) realign its operations around a core group of high-performing retail locations.

II. CORPORATE STRUCTURE

A. Hudson's Bay

21. Hudson's Bay was most recently amalgamated under the *Canada Business Corporations Act* on February 1, 2015, and continued under the *Business Corporations Act* (British Columbia) as an unlimited liability company on May 28, 2020. Hudson's Bay's registered office is located at Suite 1700, Park Place, 666 Burrard Street in Vancouver, British Columbia.

22. Hudson's Bay is the main operating retail entity in Hudson's Bay Canada and is the core business unit responsible for conducting Hudson's Bay Canada's primary business activities. Among other things, Hudson's Bay: (a) is the sole borrower under the Companies' Credit Facilities; (b) is the retail tenant named in each of the retail store leases and subleases from which Hudson's Bay carries on its retail store business; (c) is the counterparty to nearly all of Hudson's Bay Canada's main operating contracts; (d) exercises governance functions over its subsidiaries and manages Hudson's Bay Canada's strategic oversight; and (e) employs the majority of Hudson's Bay Canada's employees. As such, Hudson's Bay generates most of Hudson's Bay Canada's revenue and incurs most of Hudson's Bay Canada's expenses.

23. Hudson's Bay operates department stores throughout Canada under the well-known banner, "Hudson's Bay" and online under the well-known banner, "The Bay". The Company also operates luxury retail stores at certain locations in Canada under the "Saks Fifth Avenue" and "Saks OFF 5TH" banners pursuant to a license agreement. In addition to its retail store operations, Hudson's Bay, directly and through its subsidiaries, also owns and manages a diverse portfolio of real estate assets (including both freehold and head leasehold interests).

24. Hudson's Bay is the ultimate parent company of each of Hudson's Bay Canada other than Hudson's Bay Parent 1 and Hudson's Bay Parent 2.

B. Guarantors Under the Hudson's Bay Credit Facilities

25. As set out in greater detail below, Hudson's Bay relies on the Credit Facilities to fund its retail operations in the ordinary course of business.

26. Each of Hudson's Bay Parent 1, Hudson's Bay Parent 2, The Bay LP, The Bay Holdings, Hudson's Bay Holdings 1, and Hudson's Bay Holdings 2 (collectively, the "**Guarantors**") are

guarantors under the Credit Facilities, guaranteeing all the obligations of Hudson's Bay under the Credit Facilities.

27. Hudson's Bay Parent 1, Hudson's Bay Parent 2, The Bay Holdings, Hudson's Bay Holdings 1, and Hudson's Bay Holdings 2 are holding companies that do not carry out any active operations.

28. The Bay LP owns various trademarks, tradenames, and/or other intellectual property rights including, among others, "Hudson's Bay", "The Bay", "Hudson North", "Bay Days", "Zellers", and "Zellers Marketplace", all of which are used by Hudson's Bay pursuant to a continued right to use in its retail store operations.

29. The Bay LP also owns domain names such as "thebay.com", which is also used by Hudson's Bay pursuant to a continued right to use for its e-commerce operations.

C. RioCan-Hudson's Bay JV and the Non-Applicant Stay Parties

30. RioCan-Hudson's Bay JV is Hudson's Bay's primary real estate subsidiary and an integral part of Hudson's Bay Canada. RioCan-Hudson's Bay JV is a joint venture between Hudson's Bay and RioCan Real Estate Investment Trust ("**RioCan**") that was formed in 2015.

31. RioCan-Hudson's Bay JV, together with its subsidiaries, YSS 1, YSS 2, RioCan-Hudson's Bay Ottawa LP, and certain of the Non-Applicant Stay Parties, owns twelve separate freehold or head leasehold interests in Canadian real property which, with one exception (being Hudson's Bay's head lease interest in Centrepont Mall), represents all of Hudson's Bay Canada's freehold real property interests and head leasehold interests (other than the Hudson's Bay retail store leases which are held directly by Hudson's Bay). At the properties owned by RioCan-Hudson's Bay JV and its subsidiaries, Hudson's Bay operates 12 retail stores in premises leased or subleased to it by RioCan-Hudson's Bay JV and its subsidiaries.

32. RioCan-Hudson's Bay JV's assets are limited to Canadian real property, and it does not carry on any of the retail store operations of Hudson's Bay Canada at its locations.

33. As at the date of this affidavit, Hudson's Bay through its wholly owned subsidiary, Hudson's Bay Holdings LP, owns a 78.0136% interest as a limited partner in RioCan-Hudson's Bay JV and RioCan holds the remaining 21.9864% interest in RioCan-Hudson's Bay JV as a limited partner.

34. The general partner of RioCan-Hudson's Bay JV is RioCan-Hudson's Bay GP. Hudson's Bay Holdings GP, a wholly owned subsidiary of Hudson's Bay, has a 50% share ownership interest in RioCan-Hudson's Bay GP and RioCan Financial Services Limited has the remaining 50% share ownership interest in RioCan-Hudson's Bay GP.

35. Hudson's Bay Holdings GP is also the general partner of Hudson's Bay Holdings LP, which is one of the two limited partners of RioCan-Hudson's Bay JV.

36. As described below in greater detail, registered title to certain properties owned by RioCan-Hudson's Bay JV are held in the name of Hudson's Bay, Snospmis, 596 Ontario, and 598 Ontario, as nominees, as applicable. In each case where these entities hold nominal title, RioCan-Hudson's Bay JV owns the entire beneficial freehold or head leasehold interest, as applicable, in such properties and the nominee has no beneficial ownership interest in such properties. Each nominee is required to deal with these properties in accordance with the instructions of RioCan-Hudson's Bay JV. Each of Snospmis, 596 Ontario, and 598 Ontario are wholly owned subsidiaries of Hudson's Bay.

37. RioCan-Hudson's Bay JV owns its beneficial head leasehold interests in the Yorkdale store property and the Scarborough Town Centre store property through its subsidiary, YSS 1, and owns its beneficial head leasehold interest in the Square One store property through its subsidiary, YSS 2, through Hudson's Bay Holdings LP. RioCan-Hudson's Bay JV holds all (but one) of the limited partnership units in each of YSS 1 and YSS 2 through Hudson's Bay Holdings LP and the remaining limited partnership unit in each of YSS 1 and YSS 2 is held by YSS 1 LP and YSS 2 LP, respectively (both of which are wholly owned subsidiaries of Hudson's Bay).

38. The general partner of each of YSS 1 and YSS 2 is Hudson's Bay.

39. RioCan-Hudson's Bay JV's beneficial ownership in its Ottawa real property is held through its wholly owned subsidiary, RioCan-Hudson's Bay Ottawa LP and its general partner, RioCan-Hudson's Bay Ottawa GP. RioCan-Hudson's Bay Ottawa Holdings, a subsidiary of RioCan-Hudson's Bay JV, holds registered title to the Ottawa property as nominee for RioCan-Hudson's Bay Ottawa LP, which owns the entire beneficial fee simple and leasehold interests therein.

40. Hudson's Bay is the direct beneficial owner of one additional head leasehold interest in a store property located at Centrepont Mall, Toronto, through its wholly owned subsidiary, Centerpoint GP, who is the general partner of Centerpoint LP.

D. Hudson's Bay Canada's Corporate Structure

41. Attached hereto as **Exhibit "A"** is a chart showing Hudson's Bay Canada's corporate structure, including the jurisdiction of incorporation for each entity.

III. HUDSON'S BAY CANADA'S BUSINESS AND OPERATIONS

A. Overview

42. Hudson's Bay Canada operates as a Canadian department store and luxury retailer with a portfolio of real estate assets located in Canada. Through this integrated approach, Hudson's Bay maximizes synergies between its real estate investments and retail operations in an effort to drive long-term growth and value creation.

43. Hudson's Bay's retail portfolio includes formats ranging from premier and luxury department stores to off-price retail, consisting of 80 full line department stores across Canada under the well-known banner "Hudson's Bay", three luxury retail stores under the well-known banner "Saks Fifth Avenue" pursuant to a license agreement and 13 discounted luxury retail stores under the well-known banner "Saks OFF 5TH" pursuant to a license agreement:

- (a) Hudson's Bay is a traditional department store with brick-and-mortar operations as well as an e-commerce platform. Its products include but are not limited to apparel, home goods, beauty and accessories;
- (b) Saks Fifth Avenue is a high-end luxury department store that carries designer fashion, accessories, beauty products, and home goods; and
- (c) Saks OFF 5TH is the off-price division of Saks Fifth Avenue, offering designer brands at discounted prices.

B. Hudson's Bay's Retail Stores

44. Hudson's Bay currently operates: (a) 80 retail stores as "Hudson's Bay" at locations in Ontario, British Columbia, Alberta, Québec, Manitoba, Nova Scotia, and Saskatchewan; (b) three retail stores as "Saks Fifth Avenue" in Ontario and Alberta pursuant to a license agreement; and (c) 13 retail stores as "Saks OFF 5TH" in Ontario, Alberta, British Columbia, Québec, and Manitoba pursuant to a license agreement. Two Hudson's Bay store locations (Queen Street,

Toronto and Rideau Centre, Ottawa) include multiple banners. The following chart sets out Hudson's Bay's current retail store locations by geographical region:

Province	Hudson's Bay	Saks Fifth Avenue	Saks OFF 5TH
Ontario	32	2	7
British Columbia	16	-	2
Alberta	13	1	2
Québec	13	-	1
Manitoba	2	-	1
Nova Scotia	2	-	-
Saskatchewan	2	-	-

45. Attached hereto as **Exhibit "B"** is a chart listing all of Hudson's Bay's retail store locations.

46. All these Hudson's Bay retail stores are leased or subleased by Hudson's Bay. Of the "Hudson's Bay" stores, 68 are leased from third-party landlords and 12 are leased or subleased from RioCan-Hudson's Bay JV or its subsidiaries. All three "Saks Fifth Avenue" stores operating pursuant to a license agreement are leased from a third-party landlord. 13 of the "Saks OFF 5TH" stores operating pursuant to a license agreement are leased from third-party landlords, and one is leased from RioCan-Hudson's Bay JV. Hudson's Bay's leases are generally located in malls, strip malls, and other shopping centres across Canada.

47. Many of the Hudson's Bay retail store leases include provisions that directly depend on or otherwise relate to Hudson's Bay's store operations, including:

- (a) *Department Store Use.* A large majority of the Hudson's Bay's retail store leases restrict the permitted uses of the leased premises to a retail department store and, in some cases, a first-class department store;
- (b) *Operating Covenants.* A large majority of Hudson's Bay's retail store leases contain operating covenants that require such stores to be continuously, diligently, and actively operated for specific periods of time; and
- (c) *Going-Out-of-Business Sale Restrictions.* Most of the Hudson's Bay's retail store leases contain prohibitions on liquidation or going out of business sales.

48. In connection with the Original Cadillac Credit Agreement (as defined below), Hudson's Bay entered into, *inter alia*, (a) a mass lease amending agreement "B" ("**Mass Lease Amending Agreement B**"), (b) a mass lease amending agreement "C" ("**Mass Lease Amending Agreement C**"), and (c) an undertaking and agreement (the "**Undertaking**"), each dated June 26, 2023 and among Hudson's Bay, The Cadillac Fairview Corporation Limited ("**CF**") and the landlord entities for each of the 15 CF leased properties described therein (the "**CF Leases**"). For clarity, these are all of Hudson's Bay's store leases with Cadillac Fairview and its affiliates, save and except for the Carrefour Laval and Promenades St. Bruno stores.

49. Pursuant to the Undertaking, the lease amendments made in Mass Lease Amending Agreement B and Mass Lease Amending Agreement C are not enforceable by Cadillac Fairview or its affiliates unless and until a Hudson's Bay default occurs under the Cadillac Credit Agreement (which includes a default under any of the CF Leases beyond a specified cure period). However, the occurrence of such a default, the amendments stipulated under Mass Amending Agreement B and Mass Amending Agreement C become enforceable immediately at the option of CF. Many of the Hudson's Bay lease rights which are deleted and/or amended by these lease amendments are typical anchor tenant consent and approval rights over redevelopment and other changes to the related shopping centre and for which Hudson's Bay negotiated and has held for many years.

50. These rights, collectively, have substantial value and if these lease amendments become enforceable, these amendments will be highly detrimental to Hudson's Bay. In effect, all of these lease rights will be forfeited to CF and its affiliates if, as a result of Hudson's Bay's default under the Cadillac Credit Agreement, CF elects to exercise its rights under the Undertaking.

C. RioCan-Hudson's Bay JV Leasehold Properties

(i) JV Head Leasehold Interest

51. As discussed above, RioCan-Hudson's Bay JV is Hudson's Bay's primary real estate subsidiary. Hudson's Bay has a 78.0136% interest as a limited partner in RioCan-Hudson's Bay JV through its wholly owned subsidiary, Hudson's Bay Holdings LP, and RioCan holds the remaining 21.9864% interest in RioCan-Hudson's Bay JV as limited partner.

52. RioCan-Hudson's Bay JV, together with its subsidiaries, YSS 1, YSS 2, RioCan-Hudson's Bay Ottawa LP (Ottawa), and certain of the Non-Applicant Stay Parties, owns twelve separate freehold or leasehold interests in Canadian real property which, with one exception (being

Hudson's Bay's head leasehold interest in Centrepont Mall), represents all of Hudson's Bay Canada's real property interests and head leasehold interests (other than Hudson's Bay's retail store lease which are held directly by Hudson's Bay).

53. RioCan-Hudson's Bay JV's assets are limited to Canadian real property and it does not carry on any of the retail store operations of Hudson's Bay Canada at its locations. At each property owned by RioCan-Hudson's Bay JV and its subsidiaries, Hudson's Bay operates retail stores in premises leased or subleased to it by RioCan-Hudson's Bay JV.

54. The following paragraphs describe the freehold and head leasehold real property interests of RioCan-Hudson's Bay JV (which are separate and independent leasehold interests from the Hudson's Bay retail store subleases at each of these locations, which are held by Hudson's Bay directly) and the current retail property estate financing entered into by RioCan-Hudson's Bay JV and its subsidiaries which are secured by its interest in the JV Head Leases as defined in the next paragraph. RioCan-Hudson's Bay JV has a head leasehold interest in five separate Hudson's Bay retail stores at the same locations described below (the "**JV Head Leases**").

55. In 2015, as part of Hudson's Bay's business plan to monetize the value of these JV Head Leases and its other freehold properties, Hudson's Bay implemented an "propco-opco" structure (the "**PropCo-OpCo Structure**") in which: (a) RioCan-Hudson's Bay JV, YSS 1, and YSS 2, as applicable, acquired the tenant's head leasehold interests in these JV Head Leases from Hudson's Bay, and Hudson's Bay entered into subleases with RioCan-Hudson's Bay JV; and (b) RioCan-Hudson's Bay JV acquired freehold interests in seven other properties from Hudson's Bay, and Hudson's Bay entered into leases with RioCan-Hudson's Bay JV.

56. Below is a chart setting out the locations of these five JV Head Leases that are a part of the PropCo-OpCo Structure, the name of the current tenant under each JV Head Lease, and the current subtenant under the related Hudson's Bay store sublease.

Location	Landlord	Tenant	Subtenant
Square One Mississauga, ON	Square One Property Corporation	Hudson's Bay, in its capacity as general partner of YSS 2	Hudson's Bay
Scarborough Town Centre Scarborough, ON	Scarborough Town Centre Holdings Inc.	Hudson's Bay, in its capacity as general partner of YSS 1	Hudson's Bay

Yorkdale North York, ON	Yorkdale Shopping Centre Holdings Inc.	Hudson's Bay, in its capacity as general partner of YSS 1	Hudson's Bay
Carrefour Laval Laval, QC	Le Carrefour Laval REC Inc.	RioCan-Hudson's Bay JV	Hudson's Bay
St. Bruno St. Bruno, QC	Ontrea Inc.	RioCan-Hudson's Bay JV	Hudson's Bay

57. Under the five JV Head Leases that are part of the PropCo-OpCo Structure, the monthly rents payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to the third-party landlords under the JV Head Leases are below current market rents and the monthly rents payable by Hudson's Bay Company under the subleases for the same leased premises. The monthly rents paid to the landlords and the longer terms under the JV Head Leases reflect the leasing market at the time that the JV Head Leases were entered into. The higher rents under the 2015 Hudson's Bay retail store subleases payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, and YSS 2, reflect the market rates for the Hudson's Bay store subleases in 2015.

58. RioCan-Hudson's Bay JV, YSS 1, and YSS 2 uses the rents paid by Hudson's Bay under its retail store subleases to fund monthly rents to the head landlords under the JV Head Leases, administrative expenses, and to make debt service payments to its lenders on property specific mortgages, as described below. RioCan-Hudson's Bay JV, YSS 1, and YSS 2, typically distributes the remaining rents received each month (net of the rents paid under the JV Head Leases rents and debt service payments due to its lenders) to its limited partners, Hudson's Bay Holdings LP and RioCan, as an equity distribution on a monthly basis (as RioCan-Hudson's Bay JV owns all (but one) of the limited partnership units in each of YSS 1 and YSS 2).

(ii) Yorkdale RBC Financing of the Yorkdale JV Head Lease

59. The head leasehold interest of YSS 1 in the Yorkdale JV Head Lease has been charged to Royal Bank of Canada ("**RBC**") as security for a \$75,000,000 first mortgage financing (the "**Yorkdale RBC Financing**") pursuant to a credit agreement between, among others, RBC, YSS 1 and RioCan (as guarantor) dated January 26, 2024 (the "**Yorkdale RBC Credit Agreement**"). The maturity date of the Yorkdale RBC Financing is January 2027.

(iii) JV Headleases at Square One and Scarborough Town Centre

60. The head leasehold interests of YSS 1 and YSS 2 in the JV Head Leases at Square One and Scarborough Town Centre are not subject to any property-specific real estate financing by RioCan-Hudson's Bay JV or its subsidiaries. However, the head leasehold interest in the JV Head Lease at Scarborough Town Centre store has been charged by YSS 1 to RioCan Property Services Trust as security for RioCan's guarantee of the Yorkdale RBC Financing. Similarly, RioCan-Hudson's Bay JV's freehold interests in Devonshire Mall in Windsor, Ontario and the downtown Montreal Property have also separately been charged or hypothecated by RioCan-Hudson's Bay JV as security for RioCan's guarantee in connection with the Yorkdale RBC Financing.

(iv) BMO First Mortgage Financing of the St. Bruno and Carrefour Laval JV Head Leases and the Freehold Interest in the Downtown Calgary Property

61. The head leasehold interests of RioCan-Hudson's Bay JV in the Carrefour Laval and St. Bruno JV Head Leases and the freehold interest of RioCan-Hudson's Bay JV in the downtown Calgary property have been charged or hypothecated to Bank of Montreal ("**BMO**") in connection with a \$105,000,000 first mortgage financing (the "**BMO First Mortgage Financing**") pursuant to an amended and restated credit agreement between BMO, Canadian Imperial Bank of Commerce, Bank of China (Canada), SBI Canada Bank, and Hudson's Bay Company Pension Plan as lenders, and RioCan-Hudson's Bay JV, as borrowers, dated as of May 31, 2024 (as amended by a first amendment dated February 21, 2025, the "**BMO Credit Agreement**"). The maturity date of the BMO First Mortgage Financing is August 2025.

62. 596 Ontario and 598 Ontario hold registered title to the St. Bruno and Carrefour Laval store JV Head Leases, respectively, as nominees for RioCan-Hudson's Bay JV, which owns the entire leasehold interests therein.

D. RioCan-Hudson's Bay JV Owned Real Property

63. In addition to the head leasehold interests described above, RioCan-Hudson's Bay JV beneficially owns (a) a 100% freehold interest in five retail properties; and (b) a 50% beneficial co-ownership interest in each of the two co-owned shopping centres listed below. An affiliate of RioCan is the owner of the remaining 50% beneficial co-ownership in the two shopping centres. Below is a chart setting out the locations of RioCan-Hudson's Bay JV owned real property that are part of the PropCo-OpCo Structure and the entities that hold registered title as nominees for RioCan-Hudson's Bay JV:

Location	Nominee	Ownership Interest	Beneficiary
Downtown Store Vancouver, BC	Hudson's Bay	100%	RioCan-Hudson's Bay JV
Downtown Store Calgary, AB	Hudson's Bay	100%	RioCan-Hudson's Bay JV
Devonshire Mall Store Windsor, ON	Snospmis	100%	RioCan-Hudson's Bay JV
Downtown Store Montreal, QC	Hudson's Bay	100%	RioCan-Hudson's Bay JV
Downtown Store Ottawa, ON	RioCan-Hudson's Bay Holdings LP Ottawa Holdings	100%	RioCan-Hudson's Bay JV
Oakville Place Shopping Centre Oakville, ON	RioCan Holdings Inc. ("RioCan Holdings") (50% interest) as nominee for both co-owners RioCan affiliate (50% interest)	50%	RioCan-Hudson's Bay JV
Georgian Mall Shopping Centre Barrie, ON	RioCan Holdings (50% interest) Twenty Two LP (an affiliate of RioCan) (50% interest) as nominee for both co- owners	50%	RioCan-Hudson's Bay JV

64. Hudson's Bay, as tenant, has entered into separate retail store leases with RioCan-Hudson's Bay JV with respect to each of RioCan-Hudson's Bay's owned real property.

65. The following paragraphs describe current real estate financing entered into by RioCan-Hudson's Bay JV and its subsidiaries which are secured by its owned real property.

(i) Calgary Property

66. As described above, the freehold interest of RioCan-Hudson's Bay JV in its Calgary property has been charged to BMO as security for the BMO First Mortgage Financing by the BMO Credit Agreement. The BMO First Mortgage Financing matures August 2025.

67. As stated above, the freehold interest of RioCan-Hudson's Bay JV in the Calgary property has been charged to BMO as security for the BMO First Mortgage Financing by the Bruno/Carrefour/Calgary Credit Agreement.

(ii) Vancouver Property

68. RioCan-Hudson's Bay JV's freehold interest in the Vancouver property has been charged to HSBC Bank of Canada as security for a \$202,000,000 first mortgage financing (the "**Vancouver HSBC First Mortgage Financing**") pursuant to a credit agreement between, among others, HSBC Bank Canada, Canadian Western Bank, United Overseas Bank, and Industrial & Commercial Bank of China (Canada) (collectively, the "**HSBC Syndicate**"), as lenders, and RioCan-Hudson's Bay JV, as borrowers, dated as of May 24, 2022 (the "**Vancouver HSBC Credit Agreement**"). The Vancouver HSBC First Mortgage Financing matures on April 30, 2025.

(iii) Montreal Property

69. RioCan-Hudson's Bay JV's freehold interest in the downtown Montreal property has been hypothecated to RBC as security for a first priority financing in the original principal amount of \$161,000,000 (the "**Montreal RBC First Priority Financing**") pursuant to an amended and restated credit agreement between, among others, RBC, as lender, and RioCan-Hudson's Bay JV, as borrower, dated as of October 3, 2022 (the "**Montreal RBC Credit Agreement**"). The Montreal RBC First Priority Financing matures in October 2025.

70. RioCan-Hudson's Bay JV's freehold interest in the downtown Montreal property has also been further hypothecated to a RioCan affiliate as second priority security for the RioCan guarantee of the Yorkdale RBC Financing.

(iv) Ottawa Property

71. The freehold interest of RioCan-Hudson's Bay JV in the Ottawa property is held indirectly through its subsidiary, RioCan-Hudson's Bay Ottawa LP and its title nominee RioCan-Hudson's

Bay Ottawa Holdings. This freehold interest has been charged in favour of Desjardins Financial Security Life Assurance Company (“**Desjardins**”) in connection with a \$56,525,000 first mortgage financing (the “**Ottawa First Mortgage Financing**”) pursuant to a credit agreement between Desjardins, RioCan-Hudson’s Bay Ottawa Holdings, as borrower, RioCan-Hudson’s Bay JV (as a 100% guarantor) and RioCan (as a 21.9% guarantor), dated as of October 3, 2024 (the “**Ottawa First Mortgage Credit Agreement**”). The Ottawa First Mortgage Financing matures on October 3, 2029.

72. The freehold interest of RioCan-Hudson’s Bay JV in the Ottawa property has also been charged in favour RioCan and RC Holdings II LP (a RioCan financing affiliate) for a \$16,650,000 second mortgage financing (the “**Ottawa Second Mortgage Financing**”) pursuant to the second mortgage credit agreement between RioCan-Hudson’s Bay JV, as borrower, and RioCan and RC Holdings II LP, as lenders, dated October 3, 2024 (the “**Ottawa Second Mortgage Credit Agreement**”). The Ottawa Second Mortgage Financing matures in October 2029.

(v) Oakville Place Shopping Centre

73. The 50% co-ownership interest of RioCan-Hudson’s Bay JV and the 50% co-ownership interest of the RioCan affiliated entity in the Oakville Place shopping centre property have both been charged in favour of The Toronto-Dominion Bank (“**TD**”) and The Canada Life Assurance Company (together, the “**Oakville Place Mortgage Lenders**”), as security for a \$87,400,000 first mortgage financing (the “**Oakville Place First Mortgage Financing**”) pursuant to a credit agreement between RioCan Holdings (Oakville Place) Inc. (as title nominee of the Oakville Place shopping centre property), as borrower, and Oakville Place First Mortgage Lenders dated as of June 14, 2021 (the “**Oakville Place First Mortgage Credit Agreement**”). RioCan-Hudson’s Bay JV has personally guaranteed payment of 50% of the Oakville Place First Mortgage Financing as well as payment of certain additional amounts. The Oakville Place First Mortgage Financing matures in or around August 2025.

74. The 50% co-ownership interest of RioCan-Hudson’s Bay JV in the Oakville Place shopping centre has been further charged to a RioCan affiliate as second mortgage security for the guarantee given by RioCan in connection with the Yorkdale RBC Financing.

(vi) Georgian Mall

75. The 50% co-ownership interests of RioCan-Hudson's Bay JV and the 50% co-ownership interest of RioCan's affiliated entity in the Georgian Mall property have both been charged in favour of Desjardins as security for a \$110,000,000 first mortgage financing (the "**Georgian Mall First Mortgage Financing**") pursuant to a credit agreement between, *inter alios*, Desjardins, as lender, and RioCan Holdings, as nominee and bare trustee for both co-owners, dated as of February 12, 2024 (the "**Georgian Mall First Mortgage Agreement**"). RioCan-Hudson's Bay JV has personally guaranteed 50% of the Georgian Mall First Mortgage Financing.

76. The 50% co-ownership interest of RioCan-Hudson's Bay JV in the Georgian Mall property has been further charged in favour of RC Holdings II LP (a RioCan affiliate) as security for a \$24,500,00 second mortgage financing (the "**Georgian Mall Second Mortgage Financing**") pursuant to a credit agreement between RioCan-Hudson's Bay JV, as borrower, and RC Holdings II LP, as lender, dated February 12, 2024 (as amended by an agreement dated March 25, 2024, the "**Georgian Mall Second Mortgage Credit Agreement**"). The Georgian Mall Second Mortgage Financing matures on February 12, 2029.

(vii) Co-Ownerships of Oakville Place Shopping Centre and Georgian Mall

77. The co-ownership of the Oakville Place shopping centre is governed by a co-owners agreement dated July 9, 2015, as amended by a first amendment to co-owners agreement dated January 2024, and as further amended by an omnibus agreement dated February 16, 2024, between, *inter alia*, RioCan, RioCan-Hudson's Bay JV and RioCan Holdings (Oakville Place).

78. The co-ownership of the Georgian Mall property is governed by a co-owners agreement dated July 9, 2015, as amended by an omnibus agreement dated February 16, 2024, between, *inter alia*, RioCan, RioCan-Hudson's Bay JV and RioCan Holdings.

79. Pursuant to an Omnibus Agreement dated February 16, 2024, with respect to both the Oakville Place shopping centre and the Georgian Mall property, if the ABL Agent (as defined below) or the Pathlight Agent (as defined below) enforces on its security interest in the limited partnership units of RioCan-Hudson's Bay JV or the shares of its general partner, RioCan will have exclusive decision-making rights with respect to certain operation and leasing decisions relating to the Oakville Place shopping centre and the Georgian Mall property, without requiring the consent or approval of RioCan-Hudson's Bay JV.

E. Other Properties

(i) 401 Bay Office Tower

80. Hudson's Bay also leases an office tower in downtown Toronto, which is adjacent to its Queen Street Hudson's Bay and Saks Fifth Avenue (operating pursuant to a license agreement) retail stores and is known municipally as 401 Bay Street, Toronto (the "**401 Bay Office Tower**"). The 401 Bay Office Tower is leased to Hudson's Bay by Ontrea Inc. pursuant to the same lease under which Hudson's Bay leases the Queen Street premises from which it operates its retail stores. Hudson's Bay has its corporate offices at the 401 Bay Office Tower and subleases as sublandlord, the remaining space in the 401 Bay Office Tower to third party office tenants. The 401 Bay Office Tower is managed by a third party.

(ii) Hudson's Bay Distribution Centres

81. Hudson's Bay also leases four distribution centres. One is located in Vancouver and three are located in Ontario (one in Scarborough and two in Etobicoke) (collectively, the "**Distribution Centres**"), which are described below.

F. Merchandise and Sourcing

82. The sourcing and purchasing of goods sold by Hudson's Bay is conducted by Hudson's Bay's merchandise buying and corporate procurement teams. Hudson's Bay purchases its merchandise from a number of North American and international suppliers, many of which have long-standing relationships with Hudson's Bay. To facilitate the distribution of merchandise to stores, Hudson's Bay uses the Distribution Centres.

83. In addition to sourcing merchandise from vendors, Hudson's Bay's stores carry brand-name merchandise sold by Merchandise Licensees (defined and described below) and consignment merchandise. Hudson's Bay also sells private-label merchandise in stores and online at "thebay.com".

84. Approximately 87% of merchandise is purchased from vendors and distributors in Canada and 13% of merchandise is purchased from the United States and internationally. Merchandise sold by Hudson's Bay is generally sourced in two ways:

- (a) Vendor-managed transportation. No international merchandise is purchased by Hudson's Bay from a vendor that handles transportation, including customs and taxes. Approximately 46% of domestic merchandise is purchased by Hudson's Bay from a vendor in Canada that handles transportation. The fee for these services paid by Hudson's Bay is included in the cost of goods. The goods are delivered to one of the Distribution Centres and then distributed to stores or held in the applicable Distribution Centre for later distribution to Hudson's Bay's stores or sold online; and
- (b) Hudson's Bay-managed transportation. All international merchandise that Hudson's Bay purchases from a vendor requires Hudson's Bay to handle transportation and logistics including customs and taxes. Approximately 54% of domestic merchandise is purchased by Hudson's Bay from a vendor in Canada that requires Hudson's Bay to handle transportation and logistics. Hudson's Bay hires a carrier to transport the goods from the vendor location to one of the Distribution Centres, as well as manage customs and taxes for the goods. The goods are then distributed to the stores or held in the applicable Distribution Centre for later distribution to stores or sold online.

85. Hudson's Bay's stores rely on a significant number of products that are imported from non-Canadian markets. Approximately 1% of the merchandise sold in Hudson's Bay's stores are imported from the United States to Canada (irrespective of where the merchandise is manufactured), and approximately 12% of the merchandise sold in Hudson's Bay's stores are obtained internationally. The remaining merchandise is obtained from within Canada.

86. Most of the merchandise sold by Hudson's Bay is obtained from vendors located in Canada and the United States. For fiscal year 2024, Hudson's Bay made approximately \$484,534,844.56 in payments for merchandise obtained from vendors in Canada. For fiscal year 2024, Hudson's Bay made approximately \$116,570,171 million in payments for merchandise imported from vendors outside Canada.

87. Depending on the vendor, where the product enters the United States through a foreign trade zone before coming to Canada, it does not go through U.S. customs but rather goes through customs in Canada. Where the product is imported directly from the United States, U.S. customs are paid for by the U.S. supplier upon import, and Hudson's Bay pays Canadian customs.

88. Generally, commitments to suppliers are made three to nine months in advance and secured with a purchase order (“**PO**”) number. POs are then usually sent to the suppliers 30-90 days in advance of the shipment commencing.

89. A significant amount of Hudson’s Bay’s merchandise is purchased in Canadian dollars. Where Hudson’s Bay’s merchandise is purchased in United States dollars, exchange rate fluctuations between Canadian and United States dollars have contributed to losses experienced by Hudson’s Bay, including as a result of the customs payments described above.

G. Distribution

90. Hudson’s Bay’s Distribution Centres supply and replenish products sold in Hudson’s Bay’s stores. Hudson’s Bay’s employees are responsible for all services required to operate the Distribution Centres. Fulfillment options are handled by individual stores and local transportation companies.

91. Merchandise arrives at the Distribution Centres and is either stored temporarily in the Distribution Centres or immediately transported to stores. As of March 5, 2025, there was approximately \$57,978,000 worth of retail inventory located at the Distribution Centres.

92. Hudson’s Bay engages third-party logistics companies to transport merchandise from vendor or manufacturer origins around the globe to and between the Distribution Centres, consolidators and stores.

93. Maersk Canada, Savino Del Bene Corp., Flexport International LLC, and Remco Forwarding Limited are engaged for international-origin and U.S.-origin shipments. Livingston International is engaged for U.S.-origin shipments, to import and clear all goods through the required customs agencies, which includes all necessary duties, taxes and importation fees. Gardenwine North, Canada Cartage, CN Rail. and Simard Transport are third-party logistics companies engaged as carriers or brokers to facilitate transportation to Hudson’s Bay’s retail stores. Canada Cartage and Simard Transportation handle Canada-origin merchandise transportation. FedEx Canada and Apple Express are also engaged in delivering online orders to customers. For Major Home Fashion merchandise, Direct Integrated and B&N are engaged to provide home deliveries to customers.

94. The Company must also pay customs brokers and government customs agencies, clearing houses, freight forwarders and other supply chain providers for costs incurred in transporting products from outside of Canada to the Distribution Centre and ultimately to Hudson's Bay's stores. The Company estimates that as of March 5, 2025, merchandise at the cost of approximately \$9,136,626 was in transit to Canada or from Canadian ports to the Distribution Centres.

95. Title to the inventory generally passes to the Company when merchandise is loaded on Company-directed transportation. If the vendor takes its own carrier to deliver merchandise to the Distribution Centres, the Company takes title of the merchandise once the merchandise is received and loaded at a Distribution Centre. If the Company directs a third-party carrier to deliver merchandise, title for merchandise originating in Canada and the United States passes to the Company at origin, after loading with the carrier.

H. Licensed Operations

96. Hudson's Bay is a party to agreements with licensees (the "**Licensees**"). These Licensees operate within certain stores and, in certain cases, online as described below. Hudson's Bay is a party to agreements with 134 Licensees for Hudson's Bay operating in all seven provinces. For the Saks Fifth Avenue and Saks OFF 5TH brands that are operating in Canada pursuant to a license agreement, there are an additional seven Licensees. Licensees includes Merchandise Licensees and Licensed Service Providers (both defined and described below).

(i) Hudson's Bay Merchandise Licensees and Licensed Operations

97. Hudson's Bay is a party to agreements with merchandise licensees (the "**Merchandise Licensees**"). The Merchandise Licensees also operate in all seven provinces in which Hudson's Bay has retail stores and also offers goods online through "thebay.com".

98. Most of the Merchandise Licensees operate a "department" in Hudson's Bay's stores, or branded fixtured premises, which are the property of Hudson's Bay, although the Merchandise Licensees retain rights to their brand intellectual property and their inventory. These agreements also generally provide that all fixtures and assets are owned proportionately by each brand and Hudson's Bay based on each brand's financial contribution made at the time of build out. In certain cases, Hudson's Bay fully owns the fixtures and assets as it has paid the entirety of the build out cost or the fixtures and assets are fully depreciated. Approximately 80% of Merchandise

Licensees' operating in Hudson's Bay provide and pay their own employees. In the remaining approximately 20%, Hudson's Bay staffs the department with Hudson's Bay employees or supplements the hours of certain departments.

99. All Merchandise Licensees are paid on a monthly settlement schedule (based on fiscal months per Hudson's Bay's fiscal accounting calendar) and are typically paid one month in arrears. Point of sale ("**POS**") sales for Merchandise Licensees are held in Hudson's Bay's liabilities account, separate from wholesale POS sales which are posted to Hudson's Bay's general ledger. At the end of each month, the revenue share retained by Hudson's Bay is moved from the liabilities account to Hudson's Bay's general ledger to be recorded for a sale. Hudson's Bay remits Canadian federal and provincial taxes on behalf of certain Merchandise Licensees. The tax collected remains with Hudson's Bay until it is paid via the applicable agency filing and payment date. For certain Merchandise Licensees that remit Canadian federal and provincial taxes on their own, the tax collected by Hudson's Bay is returned to the vendor as part of the settlement process. For Merchandise Licensees that operate online, Hudson's Bay remits PST/QST on behalf of the Merchandise Licensees, and the Merchandise Licensees remit Canadian federal and other provincial taxes on their own.

(ii) Hudson's Bay Beauty Hardshops

100. Hudson's Bay is also party to agreements with "beauty vendors", whose product is sold to Hudson's Bay on a wholesale basis such that the beauty inventory is owned by Hudson's Bay. The product is generally sold at counters or kiosks in Hudson's Bay (referred to as "hardshops"). These agreements also generally provide that all fixtures and assets are owned proportionately by each brand and Hudson's Bay based on each brand's financial contribution made at the time of build out. In certain cases, Hudson's Bay fully owns the fixtures and assets as it has paid the entirety of the build out cost or the fixtures and assets are fully depreciated. Unlike the Merchandise Licensees, the employees involved with the beauty hardshops are employed by Hudson's Bay. In some cases, some beauty vendors may provide some financial reimbursement to Hudson's Bay for employees dedicated to representing their brand.

(iii) Hudson's Bay Service Providers and Licensed Operations

101. Certain food service, salon, and other service providers (the "**Licensed Service Providers**") are party to license agreements with Hudson's Bay. Licensed Service Providers who use Hudson's Bay's POS system follow the monthly settlement process described under Merchandise Licensees and Licensed Operations above. Licensed Service Providers who use their own POS system enter their sales into the store registers daily, but do not submit the cash to the store cash office. During the monthly settlement process, a reconciliation is conducted that results in the Licensed Service Providers paying Hudson's Bay a license fee and reimbursing Hudson's Bay for other applicable costs, typically paid on a monthly basis in arrears. Licensed Service Providers are responsible to remit Canadian federal and provincial taxes on their own. Licensed Service Providers operating in Hudson's Bay provide and pay for their own employees.

I. Employees

102. As at February 28, 2025, the Companies employ approximately 9,364 people. The employer of record for the Companies' employees is Hudson's Bay or The Bay Holdings (other than with respect to seven employees that reside in the United States).

103. The Companies' employees are generally categorized into three categories: (a) corporate employees; (b) employees at Hudson's Bay's retail stores; and (c) employees at the Distribution Centres.

104. Hudson's Bay is also the employer of record for employees outside of the "Hudson's Bay" banner, including for three "Saks Fifth Avenue" stores operating under a license agreement located in Canada, 13 "Saks OFF 5TH" stores operating under a license agreement located in Canada, and for certain shared services.

105. The chart below provides a breakdown of the Companies' Canadian employees.

Province	Full Time / Part Time	Category	Unionized / Non-Unionized
Ontario	Full Time: 2411 Part Time: 2418	Corporate: 499 Distribution Centres: 507 Retail Stores: 3823	Unionized: 598 Non-Unionized: 4231
British Columbia	Full Time: 640	Corporate: 12	Unionized: 49

	Part Time: 925	Distribution Centres: 87 Retail Stores: 1466	Non-Unionized: 1516
Alberta	Full Time: 518 Part Time: 711	Corporate: 7 Distribution Centres: 0 Retail Stores: 1222	Unionized: 0 Non-Unionized: 1229
Québec	Full Time: 500 Part Time: 826	Corporate: 12 Distribution Centres: 1 Retail Stores: 1313	Unionized: 0 Non-Unionized: 1326
Manitoba	Full Time: 78 Part Time: 105	Corporate: 2 Distribution Centres: 0 Retail Stores: 181	Unionized: 0 Non-Unionized: 183
Nova Scotia	Full Time: 50 Part Time: 70	Corporate: 0 Distribution Centres: 0 Retail Stores: 120	Unionized: 0 Non-Unionized: 120
Saskatchewan	Full Time: 37 Part Time: 68	Corporate: 1 Distribution Centres: 0 Retail Stores: 104	Unionized: 0 Non-Unionized: 104

(i) **Unions**

106. Approximately 647 employees are subject to collective bargaining agreements, which are applicable to employees working in five of Hudson's Bay's retail stores, three of the Distribution Centres, and for certain employees working in Ontario. These are summarily described in the chart below.

Location	Collective Agreement
Retail Stores	
Victoria City Centre Victoria, BC	Collective Agreement between Hudson's Bay and United Food and Commercial Workers, Local 1518, expired on January 31, 2024 (new agreement in process of being ratified).
Sherway Gardens Toronto, ON	Collective Agreement between Hudson's Bay and Unifor (Local 40) effective until December 31, 2025.
Fairview Park Kitchener, ON	Collective Agreement between Hudson's Bay and Unifor (Local 40) effective until December 31, 2025.
Aberdeen Mall Kamloops, BC	Collective Agreement between Hudson's Bay and United Steelworkers of America, Local 1-417, effective until May 31, 2026.

Devonshire Mall Windsor, ON	Collective Agreement between Hudson's Bay and Unifor (Local 240), effective until December 31, 2025.
Distribution Centres	
Eastern Big Ticket Centre Etobicoke, ON	Collective Agreement between Hudson's Bay and United Food and Commercial Workers, International Union Local 1006A (formerly local 206 and 1993), effective until March 31, 2026.
Scarborough Logistics Centre Scarborough, ON	Collective Agreement between Hudson's Bay and Unifor (Local 40), effective until May 31, 2025.
Vancouver Logistics Centre Vancouver, BC	Collective Agreement between Hudson's Bay and Teamsters (Local 31), effective until March 31, 2027.
Province of Ontario	
Province of Ontario	Province-wide Ontario United Brotherhood of Carpenters & Joiners of America Collective Agreement effective until April 30, 2025.

107. Different collective bargaining agreements allow for banked vacation in the following situations: (a) until January 31 of the following year; (b) in exceptional circumstances relating to sickness, accident or maternity/paternity leave (in some collective bargaining agreements there is a further requirement that medical, maternity and paternity leave must be more than six months); or (c) if a flex full-time employee has additional vacation hours because of additional hours worked during the holiday season, the flex full-time employee will be allowed to schedule the additional vacation during the first month of the following year.

(ii) Pension Plan and Other Benefits

108. Hudson's Bay sponsors a registered pension plan, the Hudson's Bay Company Pension Plan (the "**Pension Plan**") that includes both a defined benefit and defined contribution component. The Pension Plan is registered with the Financial Services Regulatory Authority of Ontario ("**FSRA**") and is subject to the *Pensions Benefits Act* (Ontario).

109. Most of the active members of the Pension Plan are accruing benefits under the defined contribution component. As of December 31, 2024, the Pension Plan had 4,000 active and inactive members with defined benefit entitlements and approximately 17,000 active and inactive members with defined contribution entitlements. The Pension Plan is sufficiently funded and is able to satisfy its liabilities.

110. There are no special payments required to be made under the Pension Plan.

111. Hudson's Bay also sponsors a partially funded supplemental retirement pension plan ("**SERP**"). As at the last accounting valuation report dated January 1, 2022, the SERP had a shortfall of \$84,505,000. In addition, as of the last accounting valuation report dated January 1, 2024, the non-pension post employment and the other long-term employee benefits underfunded status was \$13,466,296 and \$6,076,830, respectively.

J. Loyalty Programs, Gift Cards, and Rewards

112. Hudson's Bay provides customers with access to a variety of customer enhancement experiences, payment products and services, including gift cards and a Hudson's Bay co-branded Mastercard credit card in Canada. Customers may also participate in a rewards program ("**Hudson's Bay Rewards**") to receive benefits that vary depending on the level of spend, including early access to events like "Bay Days", incremental accumulation of points and other benefits.

(i) Hudson's Bay Rewards

113. Hudson's Bay Rewards is a rewards program offered by Hudson's Bay in Canada. Membership is free and is available to any Canadian resident who is 18 years of age or older. Customers can sign up for Hudson's Bay Rewards in stores or online, and once signed up, members earn points and benefits depending on the tier.

114. Hudson's Bay Rewards is a tiered program depending on spend and purchase visits during a calendar year. The number of points earned on any purchase will depend on several factors, including the tender used, and specifically whether the member uses their Hudson's Bay credit card and the member's program tier at the time of purchase. Hudson's Bay Rewards points do not have a cash value; they are eligible for redemption in increments of \$5 for every 1000 points redeemed.

115. Hudson's Bay Rewards points may expire if the Hudson's Bay Rewards account has no activity for 24 months—that is, the points associated with all accounts that have not had any points earned or redeemed for 24 or more consecutive months expire.

116. As of February 1, 2025, approximately 8,255,145 Canadian customers had outstanding points worth a total of approximately \$58,576,606.48.

117. Hudson's Bay Rewards will be paused during the CCAA Proceedings until further notice.

(ii) Credit Cards

118. Hudson's Bay offers customers a co-branded Mastercard credit card program with Neo Financial. All cardholders must be a Hudson's Bay Rewards member. Cardholders either enroll in Hudson's Bay Rewards at sign up or link an existing account. Cardholders who use the Hudson's Bay credit card for purchases at Hudson's Bay are entitled to receive additional rewards points. Neo Financial handles all acquisition and servicing of the credit card program, including tracking spend for points accrual and Neo Rewards, and reports information to Hudson's Bay to operate and administer the Hudson's Bay Rewards program. Neo Financial holds the list of customers holding the credit cards and communicates with them directly, and Hudson's Bay owns the list of all Hudson's Bay Rewards members and communicates with them directly.

(iii) Gift Cards

119. Hudson's Bay's customers can purchase gift cards in Canada to be redeemed for merchandise in Hudson's Bay's stores or online. Pursuant to agreements with certain third-party gift card resellers, gift cards are also sold at third-party retailers. The gift cards are inactive when distributed to resellers and activated at the reseller's POS when purchased.

120. As of February 1, 2025, Canadian customers had outstanding gift cards worth a total value of approximately \$24,290,237.82.

121. Hudson's Bay intends to continue its relationship with third-party gift card providers responsible for selling and activating gift cards as of the filing of this Application. In the view of Hudson's Bay, honouring outstanding gift cards in its continuing locations will promote goodwill among customers during the proceedings and will assist in maintaining value for stakeholders as a whole by, among other factors, attracting customers to the Canadian retail stores and online.

K. Intercompany Agreements

122. Hudson's Bay, Saks Global and/or its affiliates (collectively "**Saks**") provide certain services to each other to optimize the operations of the Saks Fifth Avenue and Saks OFF 5TH Canadian stores that are operating pursuant to a license agreement. These include:

- (a) Saks granting Hudson's Bay the necessary intellectual property rights to operate Saks Fifth Avenue and Saks OFF 5TH Canadian stores under license agreements for Saks Fifth Avenue's and Saks OFF 5TH's trademarks;
- (b) both Hudson's Bay and Saks providing business support services. The business support services provided by Saks are primarily management activities and brand-specific services such as marketing, merchandising, and planning. The business support services provided by Hudson's Bay are administrative or operational in nature. The provision of these services by both parties is required to support the continued operation of the Saks Fifth Avenue and Saks OFF 5TH Canadian stores under a license agreement; and
- (c) both Hudson's Bay and Saks provide corporate and other support services to each other that are reasonably necessary to operate in the ordinary course of business and consistent with past practice. Shared corporate services include finance, tax, human resources, information technology, legal and executive services.

123. Hudson's Bay leases the Hudson's Bay store locations operated by it as Saks Fifth Avenue and Saks OFF 5TH pursuant to a license agreement, provides distribution and logistics, employs the staff, and holds the inventory as working capital.

L. Banking and Cash Management System

124. The Companies use a cash management system (the "**Cash Management System**") in the ordinary course of business to, among other things, collect funds and pay expenses associated with its operations. This Cash Management System provides the Companies with the ability to efficiently and accurately track and control corporate funds and to ensure cash availability.

125. As part of this Cash Management System, the Companies maintain bank accounts (the "**Bank Accounts**"), as described below, the majority of which are broken down into disbursement accounts which are primarily used for distributing or paying out funds, and depository accounts to deposit, place or hold assets such as cash or securities.

126. Hudson's Bay maintains disbursement accounts and depository accounts:

(a) Royal Bank of Canada ("**RBC**"):

- i. 14 CAD and four USD operating disbursement accounts for, among other things, general disbursements, share redemptions, payroll, tax payments, credit card payments, and returns; and
- ii. eight CAD and two USD depository accounts for head office deposits and store deposits; and

(b) Toronto-Dominion Bank ("**TD**"):

- i. 11 multi-currency operating disbursement accounts for, among other things, online bill payments, and holding and exchanging foreign currencies; and
- ii. five CAD depository accounts for store and gift card deposits; and

(c) Bank of America: one disbursement and depository mixed account.

127. All of Hudson's Bay's bank accounts with TD and all of Hudson's Bay's depository bank accounts are subject to blocked account agreements.

IV. HUDSON'S BAY CANADA'S FINANCIAL POSITION

A. Estimated Value of Assets and Liabilities

128. Hudson's Bay Canada does not have standalone financial statements for its Canadian business. Below is a summary of the estimated value of Hudson's Bay Canada's assets and liabilities as of January 31, 2025.

Assets	
Current Assets	
Cash and Cash Equivalents	\$3,304,000
Trade and Other Receivables	\$16,532,000
Intercompany Receivables	\$25,773,000
Inventories	\$414,673,000

Assets Held for Sale	\$1,000
Financial Assets	\$13,192,000
Other Assets	\$9,018,000
Total Current Assets	\$482,494,000
Non-Current Assets	
Property, Plant and Equipment	\$386,228,000
Intangible Assets and Goodwill	\$87,000
Pensions and Employee Future Benefits	\$183,190,000
Other Assets	\$1,614,867,000
Operating Lease Assets	\$953,985,000
Finance Lease Assets	\$104,287,000
Total Non-Current Assets	\$3,242,644,000
Total Assets	\$3,725,137,000
Liabilities	
Current Liabilities	
Loans and Borrowings	\$7,554,000
Trade Payables	\$516,608,000
Other Payables and Accrued Liabilities	\$82,739,000
Intercompany Payables	\$33,499,000
Deferred Revenue	\$58,626,000
Provisions	\$19,357,000
Financial Liabilities	\$106,000
Income Taxes Payable	\$3,000
Other Liabilities	\$2,520,000
Operating Lease Liabilities	\$71,591,000
Total Current Liabilities	\$777,496,000
Non-Current Liabilities	
Loans and Borrowings	\$384,395,000
Finance Leases	\$163,343,000
Provisions	\$3,190,000

Pensions and Employee Future Benefits	\$83,175,000
Investment in Joint Ventures	\$198,200,000
Other Liabilities	\$235,906,000
Operating Lease Liabilities	\$1,422,823,000
Total Non-Current Liabilities	\$2,491,032,000
Total Liabilities	\$3,326,527,000

B. Secured Obligations

129. Hudson's Bay and the Guarantors have approximately \$430,273,291 of currently outstanding secured debt in relation to the Credit Facilities. As described further below, the Credit Facilities largely share the same collateral and security package and are subject to two intercreditor agreements between the parties. Hudson's Bay relies, in part, on the Credit Facilities to fund its operations.

130. As set out above, Hudson's Bay has a 78.0136% interest as limited partner in RioCan-Hudson's Bay JV, which is its primary real estate subsidiary. Most of the freehold and leasehold real property owned by RioCan-Hudson's Bay JV, is security for multiple real estate mortgage financings in favour of third-party lenders and, in the case of several properties, RioCan (as its affiliate). These mortgages have priority over the lenders and agents under the Credit Facilities with respect to the subject properties.

131. The chart below summarizes the total approximate outstanding secured debt for: (a) Hudson's Bay and the Guarantors under the Credit Facilities; and (b) the total approximate outstanding secured debt in connection with the RioCan-Hudson's Bay JV credit facilities.

Outstanding Principal Obligations Under Credit Facilities	
Revolving Credit Facility / FILO Credit Facility	\$159,245,622
Pathlight Credit Facility	\$95,027,669
Cadillac Credit Facility	\$176,000,000
Total	\$430,273,291
Outstanding Principal Obligations Under Mortgages	
Yorkdale RBC Financing	\$75,000,000

BMO First Mortgage Financing	\$105,000,000
Vancouver HSBC First Mortgage Financing	\$202,000,000
Montreal RBC First Priority Financing	\$148,291,000
Ottawa First Mortgage Financing	\$55,100,000
Ottawa Second Mortgage Financing	\$16,650,000
Oakville Place First Mortgage Financing	\$43,700,000
Georgian Mall First Mortgage Financing	\$54,200,000
Georgian Mall Second Mortgage Financing	\$24,500,000
Total	\$724,441,000

(i) **ABL and FILO Credit Facilities**

132. Until December of 2024, Hudson's Bay was the Canadian and lead borrower, under that certain amended and restated credit agreement, by and among, *inter alios*, certain Canadian and U.S. entities affiliated with Hudson's Bay, as borrower and guarantors (as applicable), certain Luxembourg subsidiaries of Hudson's Bay, Bank of America, N.A. (including acting through its branches and affiliates), as administrative agent and collateral agent (the "**ABL Agent**"), and each lender from time to time party thereto, as lenders (the "**ABL Lenders**") dated as of October 11, 2019 (which was subsequently amended or supplemented on several occasions, as so amended or supplemented prior to December 23, 2024, the "**Original ABL Credit Agreement**").

133. The Original ABL Credit Agreement provided a revolving credit facility with availability of up to a maximum principal amount of US\$1,750,000,000, allocated approximately 31% and 69% between Canada and the U.S., respectively, the proceeds of which were used for, among other things, funding operations, acquisition of working capital assets in the ordinary course of business, and general corporate purposes of the respective Canadian and U.S. businesses. The Original ABL Credit Agreement also included a US\$150,000,000 FILO term loan component.

134. The Neiman Marcus Transaction provided the opportunity to insulate Hudson's Bay's Canadian business from new liabilities incurred by the U.S. business in connection with the Neiman Marcus Transaction. On December 23, 2024, Hudson's Bay entered into a second amended and restated credit agreement, by and among, *inter alios*, Hudson's Bay, as borrower, the guarantors party thereto, as guarantors (collectively, the "**Loan Parties**"), the ABL Agent, as administrative agent and collateral agent, Restore, as FILO agent (in such capacity, the "**FILO**

Agent”), and the ABL Lenders (as further amended to the date hereof, the “**Amended ABL Credit Agreement**”). As part of that amendment and restatement, the U.S. borrowers and guarantors were released from their obligations under the Original ABL Credit Agreement in exchange for significant repayment of principal and the guarantees and security interests granted in connection with the Original ABL Credit Agreement were terminated and/or released, such that these U.S. entities were no longer parties to the Original ABL Credit Agreement and those U.S. entities entered into their own stand-alone credit facilities.

135. Under the Amended ABL Credit Agreement, the commitments were adjusted to the size and needs of the Company’s operations to provide for:

- (a) a revolving credit facility with availability up to a maximum principal amount of \$240,374,500, with availments in CAD and USD, provided by certain of the ABL Lenders, subject to the Borrowing Base (as defined in the Amended ABL Credit Agreement) of the Loan Parties (the “**Revolving Credit Facility**”); and
- (b) a term loan credit facility of up to a maximum principal amount of \$151,347,000 (the “**FILO Credit Facility**”).

136. Hudson’s Bay’s obligations under the Amended ABL Credit Agreement are guaranteed by each of the Guarantors pursuant to:

- (a) a guarantee dated as of February 5, 2016, executed by, *inter alios*, Hudson’s Bay, in favour of the ABL Agent and the ABL Lenders;
- (b) a joinder to guarantee dated as of March 4, 2020, executed by Hudson’s Bay Parent 1, in favour of the ABL Agent and the ABL Lenders;
- (c) a joinder to guarantee dated as of October 29, 2021, executed by The Bay Holdings and The Bay LP, in favour of the ABL Agent and the ABL Lenders;
- (d) a joinder to guarantee dated as of November 24, 2021, executed by Hudson’s Bay Holdings 1 and Hudson’s Bay Holdings 2, in favour of the ABL Agent and the ABL Lenders; and
- (e) an acknowledgement and joinder agreement dated as of December 23, 2024, executed by the Loan Parties, in favour of the ABL Agent and the ABL Lenders

(the “**ABL Acknowledgement and Joinder**”, and collectively, the “**ABL Guarantees**”).

137. The Loan Parties’ obligations under the Amended ABL Credit Agreement are secured by, among other things:

- (a) an amended and restated general security agreement dated as of February 12, 2024, and the ABL Acknowledgement and Joinder, executed by the Loan Parties. Pursuant to these agreements, the Loan Parties granted the ABL Agent security interests in substantially all their present and after-acquired personal property;
- (b) a deed of hypothec dated as of February 9, 2024, executed by Hudson’s Bay in favour of the ABL Agent. Pursuant to this agreement, Hudson’s Bay hypothecated all its present and future movable property to and in favour of the ABL Agent, as hypothecary representative for the ABL Lenders;
- (c) a grant of security interest in intellectual property dated as of February 12, 2024, executed by Hudson’s Bay and The Bay LP in favour of the ABL Agent and the ABL Lenders, pursuant to which Hudson’s Bay and The Bay LP granted the ABL Agent with security interests in substantially all their copyrights, trademarks, and other intellectual property;
- (d) pledge agreements executed by Hudson’s Bay, Hudson’s Bay Holdings GP Inc. and Hudson’s Bay Holdings LP, pursuant to which these parties pledged their equity interests in Hudson’s Bay Holdings LP, RioCan-Hudson’s Bay GP, RioCan-Hudson’s Bay JV, and Neo Financial Technologies Inc., in favour of the ABL Agent and the ABL Lenders; and
- (e) leasehold mortgages (equitable and registered) in respect of certain of the properties leased by the Loan Parties (collectively, the “**ABL Security**”).

138. Interest on the Revolving Credit Facility accrues at different rates depending on the Borrowing Base and credit availability under the Revolving Credit Facility. However, as of the date of this affidavit, no amounts have been drawn under the Revolving Credit Facility due to the insufficient Borrowing Base of the Loan Parties.

139. Interest on the FILO Credit Facility is payable monthly and accrues at the Canadian overnight repo rate average (“**CORRA**”) plus 9.75% per annum. In the event of non-payment of principal, there is no grace period. However, in the event of a non-payment of interest, the Loan Parties have a grace period of five days before such non-payment constitutes an event of default under the FILO Credit Facility.

140. The Amended ABL Credit Agreement contains customary events of default, including among other things, if any of the Loan Parties are in default under the Pathlight Credit Agreement or the Cadillac Credit Agreement (each as defined below).

141. On February 28, 2025, the parties entered into a first amendment to the ABL Credit Agreement (the “**First Amendment to the Amended ABL Credit Agreement**”), pursuant to which the parties agreed to reduce the sum of the revolving commitments of all the revolving lenders from \$240,374,500 to \$200,000,000.

142. The maturity date under the Amended ABL Credit Agreement occurs on the earlier of: (a) December 23, 2029; (b) the date that certain commitments in connection with a revolving credit facility available to certain U.S. affiliates of Hudson’s Bay is terminated; or (c) the date that is (i) 30 days prior to the final stated maturity of the Pathlight Credit Facility; (ii) 91 days prior to the final stated maturity of the Cadillac Credit Facility; or (iii) 91 days prior to the final stated maturity of other Material Indebtedness (as defined in the Amended ABL Credit Agreement).

143. On March 3, 2025, the parties entered into a second amendment to the Amended ABL Credit Agreement pursuant to which the required FILO Term Lenders waived conditions precedent to the advance of a \$7,000,000 Delayed Draw FILO Term Loan and which required the proceeds of such advance to be applied to specified payments as set forth therein. As of the date of this affidavit, the outstanding amount under the FILO Credit Facility is approximately \$136,847,000 and the outstanding amount of the Revolving Credit Facility and related bank products is approximately \$22,398,622.

(ii) Pathlight Credit Facility

144. Until December 2024, Hudson’s Bay was the Canadian and lead borrower, under that certain term loan credit agreement, by and among, *inter alios*, certain Canadian and U.S. entities affiliated with Hudson’s Bay, as borrower and guarantors (as applicable), Pathlight Capital LP, by its general partner, Pathlight GP LLC, as agent (the “**Pathlight Agent**”), and each lender from

time to time party thereto, as lenders (the “**Pathlight Lenders**”), dated as of November 25, 2020, which was subsequently amended to provide for additional term loans (as amended or supplemented prior to December 23, 2024, the “**Original Pathlight Credit Agreement**”).

145. Under the Original Pathlight Agreement, a US\$150,000,000 loan was advanced to Hudson’s Bay in an effort to enhance liquidity during an uncertain time resulting from the continued pressure of the COVID-19 pandemic. Through subsequent amendments, repayments and extensions of credit, Hudson’s Bay was provided with access to additional term loans which were drawn in the principal amount of approximately \$565,438,525 as of December 23, 2024, the proceeds of which were used for, among other things, funding operations, acquisition of working capital assets in the ordinary course of business, funding growth investments in Hudson’s Bay’s e-commerce business, and general corporate purposes.

146. Concurrently with the closing of the Neiman Marcus Transaction, on December 23, 2024, Hudson’s Bay, as borrower, entered into an amended and restated credit agreement, by and among, *inter alios*, the Guarantors, as guarantors, the Pathlight Agent, as agent, and the Pathlight Lenders (as further amended to the date hereof, the “**Pathlight Credit Agreement**”). As part of that amendment and restatement, the U.S. borrowers and guarantors were released from their obligations under the Original Pathlight Credit Agreement in exchange for a significant portion of the outstanding principal amount being repaid, and the guarantees and security interests granted in connection with the Original Pathlight Credit Agreement were terminated and/or released, such that these U.S. entities were no longer parties to the Original Pathlight Credit Agreement.

147. Pursuant to the Pathlight Credit Agreement, a substantial portion of the principal amount was repaid and certain additional lenders provided advances of term loans such that the outstanding principal amount on closing was reduced to US\$65,569,092 (the “**Pathlight Credit Facility**”).

148. As referenced above:

- (a) the Guarantors also guaranteed the Loan Parties’ obligations under the Pathlight Credit Agreement through various documents executed by the Loan Parties which are largely similar to the ABL Guarantees; and

- (b) the Pathlight Agent and the Pathlight Lenders hold security over substantially the same assets included in the ABL Security, through various documents executed by the Loan Parties which are largely similar to the ABL Security.

149. Interest on the Pathlight Credit Facility is payable monthly and accrues at the secured overnight financing rate plus 8.5% per annum. In the event of non-payment of principal, there is no grace period. However, in the event of non-payment of interest, the Loan Parties have a grace period of five days before such non-payment constitutes an event of default under the Pathlight Credit Facility.

150. The Pathlight Credit Agreement contains customary events of default, including among other things, if any of the Loan Parties are in default under the Amended ABL Credit Agreement or the Cadillac Credit Agreement.

151. On February 28, 2025, the parties entered into the first amendment to the Pathlight Credit Agreement, pursuant to which the following milestones were provided:

- (a) no later than March 7, 2025 (or such later date as agreed to by the Pathlight Agent), Hudson's Bay shall open a segregated deposit account with the ABL Agent which account shall be in the sole dominion and control of the ABL Agent pursuant to a control agreement in form and substance satisfactory to the Pathlight Agent;
- (b) no later than March 10, 2025 (or such later date as agreed to by the Pathlight Agent) Hudson's Bay shall enter into a shared services agreement in form and substance reasonably satisfactory to the Pathlight Agent; and
- (c) promptly following the date thereof, Hudson's Bay, the ABL Agent and the Pathlight Agent shall agree on a structure to implement cash dominion or an alternative structure reasonably satisfactory to the Pathlight Agent at a time when no amounts under the ABL Credit Facility are outstanding or are permitted to be borrowed by Hudson's Bay.

152. The Pathlight Credit Facility matures on May 1, 2025. As of the date of this affidavit, the outstanding amount under the Pathlight Credit Facility is approximately US\$65,569,092.

(iii) Cadillac Credit Facility

153. Given the macroeconomic environment and challenges faced by Hudson's Bay, it approached several institutions, landlords, and other lenders to seek incremental liquidity.

154. The only party willing to provide incremental liquidity at that time was an affiliate of Cadillac Fairview. On June 26, 2023, Hudson's Bay, as Canadian Borrower, entered into an unsecured term loan agreement, by and among, certain Canadian and U.S. entities affiliated with Hudson's Bay, as guarantors, and 2171948 Ontario Inc., as lender (the "**Cadillac Lender**") (as amended or supplemented prior to December 23, 2024, the "**Original Cadillac Credit Agreement**").

155. Hudson's Bay was provided with a term loan credit facility in the maximum amount of \$200,000,000 under the Original Cadillac Credit Agreement, the proceeds of which were to be used for, among other things, funding Canadian operations or any purpose other than repayment of the amounts due under the Original ABL Credit Agreement.

156. Concurrently with the closing of the Neiman Marcus Transaction, on December 23, 2024, Hudson's Bay, as borrower, entered into an amended and restated term loan credit agreement, by and among, the Guarantors, as guarantors, and the Cadillac Lender, as lender (the "**Cadillac Credit Agreement**"). As part of that amendment and restatement, the U.S. guarantors were released from their obligations under the Original Cadillac Credit Agreement in exchange for, *inter alia*, a principal repayment and the termination and/or release of guarantees in connection with the Original Cadillac Credit Agreement, such that these U.S. entities were no longer parties to the Original Cadillac Credit Agreement.

157. In connection with entering into the Cadillac Credit Agreement, a portion of the term loan was repaid such that the term loan outstanding was reduced to \$176,000,000 (the "**Cadillac Credit Facility**", and together with the Revolving Credit Facility, the FILO Credit Facility, and the Pathlight Credit Facility, the "**Credit Facilities**").

158. As referenced above:

- (a) the Guarantors also guaranteed the Loan Parties' obligations under the Cadillac Credit Agreement through various documents executed by the Loan Parties which are largely similar to the ABL Guarantees; and

- (b) In connection with the Cadillac Credit Agreement, the Cadillac Lender was granted security over largely the same assets included in the ABL Security to secure the Loan Parties' obligations under the Cadillac Credit Agreement, through various documents executed by the Loan Parties which are largely similar to the ABL Security, except that certain pledges with respect to the equity interests of RioCan-Hudson's Bay GP and RioCan-Hudson's Bay Limited Partnership have not yet been delivered to the Cadillac Lender.

159. Interest on the Cadillac Credit Facility is payable monthly and accrues at a rate of 10.0% per annum. In the event of non-payment of principal, there is no grace period. However, in the event of non-payment of interest, the Loan Parties have a grace period of five days before such non-payment constitutes an event of default under the Cadillac Credit Facility.

160. In addition to other customary events of default, the failure by Hudson's Bay to pay rent at any of its leased retail stores for five business days constitutes an event of default under the Cadillac Credit Agreement.

161. The Cadillac Credit Facility matures on the earlier of: (a) December 31, 2026; or (b) 91 days after the Pathlight Credit Facility matures provided that such date shall be no earlier than June 26, 2026. As of the date of this affidavit, the outstanding principal amount under the Cadillac Credit Facility is approximately \$176,000,000.

(iv) Intercreditor Agreements

162. The relative priorities between the ABL Credit Facility, the FILO Credit Facility, the Pathlight Credit Facility, and the Cadillac Credit Facility are governed by two intercreditor agreements: (a) a second amended and restated intercreditor agreement dated as of December 23, 2024, between the ABL Agent and the Pathlight Agent (the "**ABL/Pathlight Intercreditor Agreement**"); and (b) a first lien/second lien intercreditor agreement dated as of December 23, 2024, between the ABL Agent, the Pathlight Agent, and the Cadillac Lender (the "**Senior/Junior Intercreditor Agreement**"). Copies of the ABL/Pathlight Intercreditor Agreement and the Senior/Junior Intercreditor Agreement are attached hereto as **Exhibits "C" and "D"**.

163. Pursuant to the ABL/Pathlight Intercreditor Agreement, among other things:

- (a) the ABL Agent has priority over the Pathlight Agent as to all assets of the Loan Parties, including without limitation, all accounts, goods, inventory, equipment,

fixtures, after-acquired property, investment property, equity interest, chattel paper, commercial tort claims, intangibles, letter of credit rights (the “**ABL Priority Collateral**”), other than with respect to certain leasehold interests in real property and the fixtures, accounts, and proceeds related thereto (the “**Pathlight Priority Collateral**”), until all obligations (except “Excess ABL Obligations” as defined in the ABL/Pathlight Intercreditor Agreement) under the Amended ABL Credit Agreement have been repaid; and

- (b) the Pathlight Agent has priority over the ABL Agent as to the Pathlight Priority Collateral until all obligations (except “Excess Term Loan Obligations” as defined in the ABL/Pathlight Intercreditor Agreement) under the Pathlight Credit Agreement have been repaid.

164. The application of proceeds to the ABL Priority Collateral is as follows: (a) costs/expenses of the ABL Agent in connection with the exercise of its remedies as secured creditor; (b) payment of obligations under the Amended ABL Credit Agreement (except Excess ABL Obligations); (c) payment of obligations under the Pathlight Credit Agreement (except Excess Term Loan Obligations); (d) payment of Excess ABL Obligations; and then (e) payment of Excess Term Loan Obligations.

165. The application of proceeds on the Pathlight Priority Collateral is as follows: (a) costs/expenses of the Pathlight Agent in connection with exercise of its remedies as secured creditor; (b) payment of obligations under the Pathlight Credit Agreement (except Excess Term Loan Obligations); (c) payment of obligations under the Amended ABL Credit Agreement (except Excess ABL Obligations); (d) payment of Excess Term Loan Obligations; and then (e) payment of Excess ABL Obligations.

166. Pursuant to the Senior/Junior Intercreditor Agreement, the Cadillac Lender subordinated its right to receive payment and priority as to its security over the assets constituting ABL Priority Collateral and Pathlight Priority Collateral, such that the Cadillac Lender will only be entitled to any proceeds from same after all obligations under the Amended ABL Credit Agreement and the Pathlight Credit Agreement have been satisfied in full.

167. Additionally, the Cadillac Lender agreed that it would not exercise any remedies as a secured creditor or accept any proceeds with respect to the ABL Priority Collateral or the Pathlight Priority Collateral without the written consent of the ABL Agent and the Pathlight Agent.

V. THE HUDSON'S BAY GROUP'S FINANCIAL DIFFICULTIES

168. In the past decade, the rapidly evolving retail landscape posed significant challenges to department stores in North America. Brick-and-mortar stores struggled to compete with e-commerce players, resulting in a shift of sales to on-line commerce and a decline in traffic at stores. Hudson's Bay was impacted by these macrotrends, which negatively affected its financial and operating results, as well as its real estate assets.

169. As a result of these operational and financial challenges, on March 3, 2020, a group of Hudson's Bay's existing shareholders completed the privatization of Hudson's Bay. The privatization of Hudson's Bay was intended to, among other things, permit Hudson's Bay to reposition its operations without public market pressures and costs and focus on long-term growth strategies, including strategies centered on its real estate assets.

170. However, uncontrollable macroeconomic events, and industry-wide pressures have contributed to the deterioration of Hudson's Bay Canada's liquidity position since March 3, 2020.

171. Almost immediately after Hudson's Bay went private, between March 13, 2020, and March 22, 2020, all Canadian provinces declared a state of emergency and implemented lockdown measures in response to COVID-19, which resulted in a significant decline in foot traffic at Hudson's Bay's stores across Canada. Canadian retail, and particularly large-format department stores, faced some of the strictest and most prolonged pandemic-related restrictions globally.

172. While many international markets reopened, government-mandated store closures in Canada persisted, with stores forced to remain closed for more days in 2021 than in 2020. The lasting impact of pandemic-related closures in Canada continues to reshape consumer behavior, most notably through the widespread adoption of remote work. This shift has placed additional economic pressure on the brick-and-mortar retail sector, particularly affecting traditional department stores like Hudson's Bay. The company's flagship downtown stores have been disproportionately impacted, as they historically relied on office workers and commuters for a significant portion of their revenue. At the same time, these locations represent some of Hudson's Bay's highest-cost operations due to rent and other expenses, further exacerbating Hudson's Bay's financial challenges.

173. As described in greater detail below, the Company invested approximately \$130,000,000 into an aggressive e-commerce expansion strategy between 2021 and 2022 to mitigate the

decline in foot traffic at its retail stores. However, despite the scale of these investments, the strategy did not yield the anticipated financial returns. Revenue from digital channels failed to offset the decline in brick-and-mortar sales, and debt levels increased without a proportional improvement in profitability. Additionally, the focus on e-commerce led to underinvestment in physical stores, which in turn weakened the in-store shopping experience and further impacted the Company's revenue.

174. By late 2022 and early 2023, the Company faced a new wave of economic and operational setbacks. Nordstrom's exit from the Canadian market resulted in an extended period of liquidation sales, increasing pricing pressures across the retail sector. Meanwhile, inflation surged, driving up supply chain costs, while interest rate hikes significantly increased the cost of borrowing. As a result, consumer discretionary spending declined, leading to further reductions in retail revenue.

175. Additional financial challenges arose in 2024 when EDC declined to extend its vendor insurance program for Canadian vendors, further restricting inventory flow.

176. Throughout the past few years, economic headwinds such as rising costs of living, higher mortgage rates, and a weakening Canadian dollar have strained household budgets, leading to subdued customer spending and broader economic challenges.

177. As a result of these challenges, many Canadian retailers have experienced financial challenges and commenced insolvency proceedings, including Reitmans, Aldo, Aeropostale, American Apparel, Mexx, Forever XXI, Target Canada, Sears Canada, Nordstrom Canada, Ted Baker Canada, Bed Bath & Beyond Canada, and Comark, among others.

178. Most recently, the Trade War has created uncertainty in financial markets, making refinancing more difficult and costly for businesses in Canada. While tariffs directly affect trade, they also have far-reaching secondary effects, such as higher borrowing costs, increased cost of goods, depressed real estate valuations, currency fluctuation, and lower consumer and lender confidence.

179. Earlier this year, Hudson's Bay had advanced discussion with potential lenders regarding financing commitments. Until recently, the Company was confident it could refinance all or a portion of its Credit Facilities and improve its liquidity position to continue to execute on its business plan. However, the Trade War and the ensuing uncertainty in financial markets made it extremely challenging for Hudson's Bay to raise incremental financing and monetize its real estate

assets. Accordingly, the potential lenders that Hudson's Bay had advanced discussions with were ultimately not willing to provide any financing to improve Hudson's Bay's liquidity position. As a result, in spite of the Company's best efforts, it could not avoid the liquidity crisis that it faces today.

180. As a result of the circumstances described above, Hudson's Bay is facing significant challenges to its ability to make payments, including to its landlords, service providers, and vendors. The Company has had to defer certain payments for many months. Most recently, it has been unable to pay certain critical trade creditors in the ordinary course of business, and will be unable, within the next several days, to meet its employee payroll obligations. Without the benefit of Court protection, failure by Hudson's Bay to pay rent at its stores will result in a rapidly escalating chain of events, leading to lease defaults, head lease defaults, direct defaults on real estate financing incurred by members of Hudson's Bay Canada and other financing, as well as cross-defaults with other real estate financing and on its Credit Facilities.

VI. HUDSON'S BAY CANADA'S RESPONSE TO FINANCIAL DIFFICULTIES

181. The Company has made several attempts to address its financial and operational challenges since the COVID-19 pandemic.

182. In 2020, in an effort to increase the flow of goods and inventory to Hudson's Bay's stores, the Company secured a vendor insurance program provided by EDC, which covered inventory receipts from Canadian vendors.

183. Between 2021 and 2022, the Company pursued an aggressive e-commerce expansion strategy and invested approximately \$130,000,000 into e-commerce infrastructure, logistics, and marketing. The Company believed that digital transformation would mitigate the decline in foot traffic and position its business for future growth.

184. The capital was deployed to expand digital capabilities, enhance fulfillment centers, and optimize the customer experience. Additional investments were made in marketing and technology platforms to drive online sales. Over 500 corporate employees were hired to support the expansion.

185. In 2023 and 2024, the Company implemented a series of cost-cutting measures and liquidity-enhancing initiatives in an effort to stabilize its financial position. These efforts included:

- (a) cost reduction initiatives, including workforce reductions and marketing budget cuts, resulting in an overall reduction in selling, general, and administrative expenses by more than \$100,000,000;
- (b) after approaching several institutional clients, lenders, and landlords, securing \$200,000,000 in financing in June of 2023 from an affiliate of Cadillac Fairview and a subsidiary of the Ontario Teachers' Pension Plan to support Canadian retail operations;
- (c) lease monetization efforts, wherein the Company sold valuable leasehold rights and reinvested the proceeds into its retail operations;
- (d) engaging Gordon Brothers to facilitate vendor financing programs, ensuring continued inventory movement; and
- (e) appointing a new CEO of Hudson's Bay to lead the Company's turnaround restructuring efforts. Gross margins improved as a result of changes to the merchandise assortment and promotional activity, but sales declined by more than 30% year-over-year.

186. Additional cost savings measures were taken to mitigate the decline in sales, including reductions to Hudson's Bay's staff in stores and its corporate office.

187. As detailed above, the credit facilities provided to the combined Canadian and U.S. businesses were under single credit facilities, and as a result of the Neiman Marcus Transaction, Hudson's Bay's Canadian business and real estate assets became separately financed with their own standalone credit facilities that the U.S. business is not part of given the U.S. business has its own standalone credit facility. The outstanding amount under the revolving credit exposure of the Canadian business was reduced to \$0 and the outstanding amount owed under the FILO Credit Facility was reduced to the principal amount of \$130,000,000. Similarly, the outstanding amounts owed under the Pathlight Credit Facility was substantially reduced to approximately \$86,000,000, reducing the debt burden on Hudson's Bay's Canadian operations, which allowed it to focus on liquidity preservation, financial sustainability, and improved operations domestically.

188. As set out above, earlier this year, Hudson's Bay had advanced discussions with potential lenders regarding financing commitments. Until recently, the Company was confident it could refinance all or a portion of its Credit Facilities and improve its liquidity position to continue to

execute on its business plan. However, the Trade War and the ensuing uncertainty in financial markets made it extremely challenging for Hudson's Bay to raise incremental financing and monetize its real estate assets. Accordingly, the potential lenders that Hudson's Bay had advanced discussions with were ultimately not willing to provide any financing to improve Hudson's Bay's liquidity position. As a result, in spite of the Company's best efforts, it could not avoid the liquidity crisis that it faces today

VII. URGENT NEED FOR RELIEF

189. Hudson's Bay Canada is facing an imminent liquidity crisis. Hudson's Bay is unable to fund its obligations generally as they come due. Hudson's Bay has not paid rent at several of its leased stores and several of its trade creditors have not been paid.

190. As set out above, Hudson's Bay's failure to pay rent at its stores will imminently set off a rapidly escalating chain of events that leads to defaults under the leases where Hudson's Bay failed to pay rent and cross-defaults on its secured obligations.

191. As set out in the cash flow projection (the "**Cash Flow Forecast**") that was prepared by Hudson's Bay and reviewed by the Proposed Monitor, a copy of which is attached to the pre-filing report of the Proposed Monitor, the Companies critically need immediate financing to continue operating in the ordinary course and to fund these CCAA Proceedings.

VIII. RELIEF SOUGHT

A. Stay of Proceedings

192. As set out above, without the requested Stay and approval of the DIP Agreement, the Companies will be unable to meet their liabilities as they become due and be in default of their secured obligations.

193. The Applicants urgently require the Stay to protect the value of their businesses which will allow them to:

- (a) obtain the funding necessary to continue operations;
- (b) obtain the breathing space required to implement a restructuring, including:
 - i. conducting an orderly wind-down with respect to certain stores;

- ii. marketing certain of their leases; and
- iii. restructuring their operations around a core group of stores.

194. Hudson's Bay is concerned that certain of their landlords will exercise self-help remedies as a result of the missed or delayed payments, including locking out Hudson's Bay from its retail stores. On March 7, 2025, a landlord unlawfully locked Hudson's Bay out of a retail store located in Sydney, Nova Scotia, and a team of bailiffs attempted to seize merchandise from a retail store in Sherway Gardens, Ontario. Hudson's Bay is also concerned that cross-defaults under its credit agreements and the Credit Facilities will similarly result in those lenders attempting to exercise self-help remedies. It would be detrimental to Hudson's Bay Canada and their stakeholders if proceedings were commenced, or rights or remedies were executed against Hudson's Bay.

195. As set out in the Cash Flow Projection, with the funds to be advanced under the DIP Agreement, the Applicant expects to have sufficient cash to fund its projected operating costs during these CCAA Proceedings.

196. The Applicants therefore request the Stay for the initial period of ten days and, if granted by this Court, the Applicants will subsequently request an additional extension of the Stay Period, at the motion where the Applicants will seek, among other things, an amended and restated Initial Order (the "**Comeback Motion**").

B. Extension of Stay to Non-Applicant Stay Parties

197. The Applicants are also requesting to extend the Stay in favour of, and an extension of the protections and authorizations of the Initial Order to the Non-Applicant Stay Parties. As set out above, the Non-Applicant Stay Parties are closely intertwined with the operations of the Applicants, including, among others: (a) being Hudson's Bay's primary real estate subsidiaries and an integral part of Hudson's Bay's real estate business; and (b) being an integral part of the PropCo-OpCo Structure in which certain Non-Applicant Stay Parties, among other things: (i) lease retail space from third-party property owners and sublease the same premises to Hudson's Bay; (ii) leases retail space to Hudson's Bay; and (c) holds title to real estate assets for the benefit of Hudson's Bay (through its subsidiaries).

198. The business and operations of the Non-Applicant Stay Parties is therefore significantly intertwined with those of the Applicants, and any proceedings commenced against the Non-Applicant Stay Parties would consume the Applicants' limited resources.

199. Further, extending the Stay to the Non-Applicant Stay Parties will mitigate against the risk of uncoordinated realization and enforcement attempts in different jurisdictions, all of which would be counterproductive to the maximization and protection of value for the Applicants' stakeholders.

200. The Stay will provide Hudson's Bay Canada with the necessary breathing space required to implement its restructuring, for the benefit of their stakeholders.

C. DIP Facility and DIP Charge²

201. As set out above, the Companies critically need interim financing, including prior to the Comeback Motion. On or about February 25, 2025, the Company, together with its financial advisor, Reflect Advisors, LLC ("**Reflect**"), and in consultation with the Proposed Monitor, began reaching out to potential lenders to solicit their interest in providing debtor-in-possession ("**DIP**") financing to the Company for the duration of the CCAA Proceedings.

202. The Company, Reflect, and the Proposed Monitor reached out to parties who they believed may be interested in providing DIP financing. In addition, Reflect commenced discussions with certain of the Company's secured lenders to solicit their interest.

203. In total, 12 potential lenders were solicited to provide DIP financing to the Company. The Company received two proposals for DIP financing in amounts that would be sufficient to allow the Company to implement its restructuring strategy, including one from certain of its pre-filing secured creditors. The parties were unable to finalize the negotiations and terms of either of those proposals in time to present them for approval at the Initial Hearing.

204. Shortly before the scheduled time of the Initial Hearing, the DIP Lender (who is a pre-filing secured creditor of the Applicants) proposed an interim DIP financing to allow the Company to operate until the Comeback Hearing. The Company and its advisors negotiated the terms of the proposed interim financing and Hudson's Bay, as borrower, and the Guarantors, as guarantors, will enter into the form of the DIP Agreement with the DIP Lender in substantially the same form as the DIP Agreement attached hereto as **Exhibit "E"**, subject to Court approval. Once entered into, the Applicants will provide the Court with a redline comparison of the final executed DIP Agreement compared against the form of the DIP Agreement at Exhibit "E".

² Capitalized terms used in this section and not otherwise defined have the meanings given to them in the DIP Agreement.

205. The Company intends to continue negotiations of the other two DIP financing offers following the Initial Hearing and intends to bring a motion for Court approval at the Comeback Hearing of an agreement for DIP financing in an amount that would allow the Company to implement its restructuring strategy.

206. The DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties made by the Loan Parties to the DIP Lender. The summary of some of the terms of the DIP Agreement is as follows:

	DIP LENDERS
AMOUNT	<p>\$16,000,000.</p> <p>The Facility Amount may be increased on agreement of the DIP Agent, DIP Lender, and Loan Parties with the approval of the Monitor and the Court at the Comeback Hearing.</p>
BORROWING TERMS	<ul style="list-style-type: none"> • Prior to the Comeback Hearing, the DIP Facility shall be made available to the Borrower by way advances (each an, "Advance") from the DIP Lender to an account designated by the Borrower, which Advances shall not exceed the principal aggregate amount of \$16 million or such higher or lower amount as may be authorized by the Initial Order on the Filing Date and agreed to by the DIP Agent.
MATURITY DATE	<p>The earlier of:</p> <ul style="list-style-type: none"> • the occurrence of any Event of Default which is continuing and has not been cured; • the completion of a Permitted Restructuring Transaction; • the effective date of any Plan which is proposed and filed with the Court in the CCAA Proceedings; and • the Outside Date of June 30, 2025.
CCAA MILESTONES	<ul style="list-style-type: none"> • Court shall have issued DIP Approval Order by March 7, 2025. • Court shall have issued, by no later than March 17, 2025, approving: <ul style="list-style-type: none"> ○ borrowing up to the full amount of the Facility Amount; ○ the Liquidation Services Agreement (to apply to not less than 25 stores at any time (unless consented to by DIP Agent or further Court order)); and

	<ul style="list-style-type: none"> ○ the Lease Solicitation Process. • By no later than March 24, 2025, an order approving, the SISP. • If a Permitted Restructuring Transaction (i.e., one that preserve the Excluded Stores as a going concern) is entered into, such transaction shall be subject to a binding commitment or agreement (not subject to a third party financing condition) no later than six weeks after the Initial Order. • If Permitted Restructuring is not so consummated, Liquidation Services Agreement will apply to the Excluded Stores. • All milestones contemplated by the Lease Solicitation Process and the SISP shall be complied with by the Loan Parties in all material respects
INTEREST RATE AND FEES	<ul style="list-style-type: none"> • Term CORRA plus 11.5% <i>per annum</i>, payable monthly in arrears in cash • Upon the occurrence and during the continuation of an Event of Default, Term CORRA plus 14.5% <i>per annum</i> payable on demand in arrears in cash on all overdue amounts • Exit Fee in aggregate amount of 3%, which is fully earned upon execution, but shall not be payable if the Advances made are repaid from an Alternative Financing Arrangement.
USE OF FUNDS	<ul style="list-style-type: none"> • To pay reasonable and documented legal and financial advisory fees and expenses of the Loan Parties, the Monitor (and its counsel), DIP Agent and Lender, Pre-Filing Term Loan Agent. • From the Second Monitor Transfer, to cash collateralize L/C, Bank Product and cash management obligations (other than Excess ABL Obligations) in amount reasonably agreed by Pre-Filing ABL Agent. • Interest, fees, other amounts owing to DIP Agent • Interest on amounts owing in connection with Pre-Filing ABL and Term Loan Credit Agreements at the default rates and as provided for in DIP Budget

	<ul style="list-style-type: none"> Operating expenditures, including working capital and general corporate funding during CCAA proceedings. <p>The Loan Parties <u>may not</u> use the proceeds of the DIP Facility to pay any obligations of the Loan Parties and Non-Applicant Stay Parties arising or relating to the period prior to the Filing Date without the prior written consent of the DIP Agent, unless such amounts are identified in the DIP Budget.</p> <p>The Loan Parties also may not pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to.</p>
MANDATORY PREPAYMENTS	<p>Subject to the Priority Payables Reserve, Liquidation Services Agreement and Priority Waterfall, loans to be repaid from 100% of net proceeds of asset sales outside the ordinary course of business (net of payments to holders of Permitted Priority Liens on the assets subject to such disposition).</p>
CONDITIONS PRECEDENT TO ALL ADVANCES:	<ul style="list-style-type: none"> The Loan Parties shall have executed and delivered the Term Sheet, and a guarantee provided by each of the Guarantors Priority over all Liens on the Collateral other than the Permitted Priority Liens in favour of DIP Lenders. With respect to Advances up to the full amount of the DIP Facility, the Court shall have issued (i) an amended DIP Approval Order within 10 days of the CCAA filing date, and (ii) an order approving the Liquidation Services Agreement. The Shared Services Agreement shall be continuing in full force and effect and all services provided thereunder shall be ongoing. No Default or Event of Default.

REPRESENTATIONS AND WARRANTIES	<p>Customary</p> <p>*Includes representation that no material default has occurred or is continuing under the Material Contracts, other than those arising in connection with the CCAA Proceedings.</p>
COVENANTS:	<ul style="list-style-type: none">• Keep DIP Agent and counsel apprised of any material developments in respect of any Material Contract.• The DIP Agent may request an Updated DIP Budget up to once every two weeks, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than five (5) Business Days following receipt of the request.• Keep DIP Agent informed of offers pursuant to the SISP.• Maintain adequate insurance coverage in coverage and scope acceptable to DIP Agent.• Consult with the DIP Agent with respect to any proposed termination or disclaimer of any Real Property Lease.• Consent of DIP Agent required for disclaimer, termination or materially adverse amendment of any Material Contract.• No intercompany advances, distributions, or other payments may be made, including to Non-Loan Party Applicants, unless provided for in DIP Budget or with the consent of DIP Lender
EVENTS OF DEFAULT	<ul style="list-style-type: none">• Any Milestone set forth on Schedule "F" of the Term Sheet shall not be satisfied• Except as stayed by the Initial Order or consented to by the DIP Agent, a default under, revocation or cancellation of, any Material Contract.

207. The DIP Lenders' Charge is proposed to rank as follows with respect to the assets, properties, and undertakings of the Loan Parties (the "**Loan Parties' Property**"):

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	KERP Charge Obligations	KERP Charge Obligations	KERP Charge Obligations
3 rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
4 th	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	DIP Lenders' Charge.
5 th	DIP Lenders' Charge.	Directors' Charge (to the maximum amount of \$13,500,000)	Directors' Charge (to the maximum amount of \$13,500,000).
6 th	Directors' Charge (to the maximum amount of \$13,500,000).	DIP Lenders' Charge.	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).	

208. At the Comeback Motion, the Companies intends to seek approval of additional DIP financing.

209. The Proposed Monitor has advised that it is supportive of the approval of the DIP Agreement and DIP Lenders' Charge.

210. Accordingly, I believe that it is appropriate in the circumstances for this Court to approve the DIP Agreement and the DIP Lenders' Charge.

D. Staying and Suspending Post-Filing Amounts from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, under the PropCo-OpCo Structure

211. The Applicants are seeking to stay the payment of rent from Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable.

212. As referenced above, Hudson's Bay implemented the PropCo-OpCo Structure in which: (a) RioCan-Hudson's Bay JV, YSS 1, and YSS 2, as applicable, acquired the tenant's head leasehold interests in the JV Head Leases from Hudson's Bay, and Hudson's Bay entered into subleases with RioCan-Hudson's Bay JV; and (b) RioCan-Hudson's Bay JV acquired freehold interests in seven other properties from Hudson's Bay, and Hudson's Bay entered into leases with RioCan-Hudson's Bay JV.

213. Under the five JV Head Leases that are part of the Opco-PropCo Structure, the monthly rents payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to the third-party landlords under the JV Head Leases are below current market rents and the monthly rents payable by Hudson's Bay Company under the subleases for the same leased premises. The monthly rents paid to the landlords and the longer terms under the JV Head Leases reflect the leasing market at the time that the JV Head Leases were entered into. The higher rents under the 2015 Hudson's Bay retail store subleases payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, and YSS 2, reflect the market rates for the Hudson's Bay store subleases in 2015.

214. RioCan-Hudson's Bay JV, YSS 1, and YSS 2 uses the rents paid by Hudson's Bay under its retail store subleases to fund monthly rents to the head landlords under the JV Head Leases, administrative expenses, and to make debt service payments to its lenders on property specific mortgages. RioCan-Hudson's Bay JV, YSS 1, and YSS 2, typically distributes the remaining rents received each month (net of the rents paid under the JV Head Leases rents and debt service payments due to its lenders) to its limited partners, Hudson's Bay Holdings LP and RioCan, as an equity distribution on a monthly basis (as RioCan-Hudson's Bay JV owns all (but one) of the limited partnership units in each of YSS 1 and YSS).

215. The effect of such relief will be to preserve the status quo by staying the payment of pre-filing secured debt and equity distributions while continuing to pay the rent payable under the JV Head Leases while Hudson's Bay continues to occupy and use the leased premises.

216. As set out above, Hudson's Bay Canada is facing a liquidity crisis. The Cash Flow Forecast does not contemplate Hudson's Bay paying the full amount of rent to RioCan-Hudson's Bay JV under the subleases or Hudson's Bay paying rent under the leases with RioCan-Hudson's Bay JV.

217. The Proposed Monitor has advised that it is supportive of Hudson's Bay paying rent directly to the landlords under the JV Head Leases and not otherwise making any payments to RioCan-Hudson's Bay JV, YSS 1, and YSS 2.

E. Continued Access to Cash Management System

218. Hudson's Bay's and The Bay LP's continued and uninterrupted access to the Cash Management System and the bank accounts associated thereunder are critical to the Companies' ongoing business. If their access to the Bank Accounts is blocked or restricted, the Companies will not be able to operate in the normal course.

219. The Applicants therefore request that Hudson's Bay and The Bay LP be granted continued access with full authority to manage their bank accounts associated with the Cash Management System, and that neither RBC nor TD will restrict their rights in any way in respect of the Bank Accounts associated with the Cash Management System.

F. Appointment of A&M as Monitor

220. A&M has consented to act as the Monitor of the Applicant, subject to Court approval. A&M has retained Bennett Jones LLP ("**Bennett Jones**") as its counsel. A copy of A&M's consent to act is attached hereto as **Exhibit "F"**.

221. I am advised by the Applicants' legal counsel that A&M is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (as amended) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

222. I understand that A&M has extensive experience in matters of this nature and is therefore well suited to this mandate.

223. A&M has provided no accounting or auditing advice to the Applicants. Fees payable to A&M pursuant to its engagement letter are based on hours worked multiplied by normal hourly

rates. A&M is not entitled to any success-based or other contingency-based fee with respect to any of the services provided.

224. I am advised by Greg Karpel of A&M that the Proposed Monitor is supportive of the relief sought by the Applicants in the Initial Order, as described in this affidavit. Mr. Karpel has also advised me that the Proposed Monitor will be filing a pre-filing report of the Proposed Monitor in respect of such relief.

G. Administration Charge

225. The Applicants seek the Administration Charge on the Property in the maximum amount of \$2,800,000 to secure the fees and disbursements incurred in connection with services rendered to the Applicants, both before and after the commencement of the CCAA Proceedings by:

- (a) the Monitor and its counsel, Bennett Jones;
- (b) Stikeman Elliott LLP, the Applicants' counsel; and
- (c) after the Comeback Motion, Reflect, in its capacity as financial advisor to the Companies.

226. The Administration Charge is proposed to rank in priority to all other security interests, trusts, liens, charges, encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person with respect to the assets, properties, and undertakings of the Applicants (the "**Applicants' Property**"), other than a person who has not received notice of the Application.

227. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

228. The Applicants have worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge. I am advised that the Proposed Monitor believes that the Administration Charge is reasonable and appropriate in the circumstances, given the services to be provided by the beneficiaries of the Administration Charge, the complexities of the CCAA

Proceedings, and the significant fees accrued by the beneficiaries of the Administration Charge to date.

H. Directors' Charge

229. To ensure the ongoing stability of Hudson's Bay Canada's business during the CCAA Proceedings, Hudson's Bay Canada require the active and committed involvement of the D&Os. Certain of the D&Os have indicated, however, that due to the potential personal exposure associated with certain of Hudson's Bay Canada's liabilities where D&Os may be liable, they cannot continue their service unless the Initial Order grants them certain protections commonly granted to directors and officers of companies involved in CCAA proceedings.

230. The Companies maintain directors' and officers' liability insurance (the "**D&O Insurance**") for the D&Os. However, it is uncertain whether all claims for which the D&Os may be personally liable will be covered by the D&O Insurance given the convoluted nature of the exclusions provided for under the D&O Insurance and potential coverage positions that may be taken by the insurer. It is also uncertain whether the amount of coverage provided by the D&O Insurance will be sufficient to adequately protect the D&Os from liability and to incentivize the D&Os to continue their service with the Companies.

231. Absent approval by this Court of the Directors' Charge in the amounts set out above, I have been advised that all of the Companies' D&Os will resign, which would, in all likelihood, render the CCAA Proceedings much more challenging, and possibly much more costly, and also likely destroy potential value of the business to the detriment of the Companies' creditors and other stakeholders.

232. Accordingly, the Applicants seek a charge on the Property in the amount of \$26,300,00 to secure payment under the indemnity granted by the Initial Order in favour of the D&Os. At the Comeback Motion, the Applicants will seek to increase the quantum of the Directors' Charge to \$49,200,000. The Directors' Charge is proposed to rank immediately after the Administration Charge and ahead of all other Encumbrances with respect to the Applicants' Property. It is intended that the Directors' Charge will only apply in circumstances where the D&O Insurance is insufficient or ineffective.

233. The Proposed Monitor has advised that it is supportive of the proposed Directors' Charge and quantum thereof.

234. I believe that in these circumstances, the requested Directors' Charge is reasonable and adequate given, notably, the complexity of their business, and the corresponding potential exposure of the D&Os to personal liability, especially in the present context. The quantum of the Directors' Charge contemplated in the Initial Order was specifically sized by the Companies, in consultation with the Proposed Monitor, based upon the potential director liabilities that could be outstanding at any time during the CCAA Proceedings.

I. Proposed Ranking of the Court-Ordered Charges

235. The proposed ranking of the Court-ordered Charges in the Initial Order is as follows:

With respect to the Applicants' Property:

First – Administration Charge (to the maximum amount of \$2,800,000); and

Second – Directors' Charge (to the maximum amount of \$26,300,000).

With respect to the Loan Parties' Property:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	KERP Charge Obligations	KERP Charge Obligations	KERP Charge Obligations
3 rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
4 th	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	DIP Lenders' Charge.
5 th	DIP Lenders' Charge.	Directors' Charge (to the maximum amount of \$13,500,000)	Directors' Charge (to the maximum amount of \$13,500,000).

6 th	Directors' Charge (to the maximum amount of \$13,500,000).	DIP Lenders' Charge.	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).	

236. Pursuant to the proposed Initial Order, the Charges on the assets and property of the Companies, as per immediately above, would rank in priority to all other Encumbrances in favour of any person (except for the DIP Lenders' Charge, which shall only constitute a charge on the Loan Parties' Property), and rank behind the security interests of the ABL Agent, the FILO Agent, the ABL Lenders, the Pathlight Agent, and the Pathlight Lenders but in priority to all other Encumbrances) notwithstanding the order of perfection or attachment, except for (a) any secured creditor of the Companies who does not receive notice of this Application; and (b) Permitted Priority Liens (as that term is defined in the DIP Agreement).

237. The Applicants will seek to have the Charges rank ahead of all Encumbrances (except for the DIP Lenders' Charge, which shall only constitute a charge on the Loan Parties' Property) on the Comeback Motion, on notice to those persons likely to be affected thereby.

J. Critical Suppliers

238. The Applicants are seeking authorization to make payments for pre-filing arrears to the Critical Suppliers that provide the Applicants with essential services and/or products, with the consent of the Monitor.

239. The cooperation of the Critical Suppliers is necessary for the Companies to maintain their operations.

240. The Applicants do not have any readily available means to replace the Critical Suppliers; even if they did, doing so would be time consuming and costly.

241. The proposed form of Initial Order provides that payments to the Critical Suppliers will only be made with the express authorization of the Monitor, and only to Critical Suppliers that the Monitor agrees are essential to the Companies' business and operations. I believe that this

provides the necessary flexibility required to deal with the circumstances in a time-sensitive manner.

242. The Proposed Monitor supports the Applicants' request to make payments to Critical Suppliers, with the consent of the Monitor.

IX. NEXT STEPS

243. In addition to the Applicants' intent to seek approval from the Court to draw increased amounts under the DIP Facility and an increase to the quantum of the Charges at the Comeback Motion, the Applicants also intend to seek the relief set out below at the Comeback Motion or a subsequent hearing.

244. Details regarding the below-noted relief will be set out in greater detail in a separate affidavit filed in advance of the Comeback Hearing, on appropriate notice to stakeholders.

A. KERP and KERP Charge

245. At the Comeback Motion, the Applicants intend to seek approval of a key-employee retention plan ("**KERP**") and a related Court-ordered priority charge to secure the amounts payable to the key employees (the "**Key Employees**") under the KERP.

246. If a KERP is not approved, I believe it is likely that certain Key Employees will pursue other employment options. Additionally, finding alternative, qualified individuals will be challenging, disruptive, costly, and time consuming for the Applicants, particularly given the Key Employees' institutional knowledge related to the Applicants' businesses. I also believe that the Key Employees will be critical to the operational success of the businesses through these CCAA Proceedings and that they will be critical to advancing the Companies' restructuring plan.

B. Liquidation Approval Order

247. As referenced above, the Companies intend to conduct an orderly liquidation with respect to certain retail stores. The Applicants intend to seek Court approval for a process to conduct an orderly liquidation in a manner that is fair and reasonable for the Applicants, landlords, and other stakeholders.

C. Lease Monetization Process Order

248. Also set out above, Hudson's Bay has various leases which have value as the rents are below-market. The Applicants intend to seek Court approval for a process to market such leases in a manner that is fair and reasonable for the Applicants, landlords, and other stakeholders.

D. Approval of Reflect Engagement

249. On February 14, 2025, the Company engaged Reflect as financial advisor (the "**Reflect Engagement Letter**"), to assist the Company with considering its various strategic alternatives and restructuring options, developing pro-forma financial models in respect of the Company's various alternatives and restructuring options, and other advisory service as may be required and agreed to between the parties.

250. Fees payable under the Reflect Engagement Letter include a monthly fee of \$62,500 for the first two months and hourly fees should a formal restructuring be commenced. Reflect does not earn any "success" fees or any fees that are contingent on certain milestones in a restructuring of the Company.

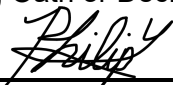
251. Further details regarding Reflect's engagement and a copy of the Reflect Engagement Letter will be provided in a separate affidavit filed in advance of the Comeback Motion.

X. CONCLUSION

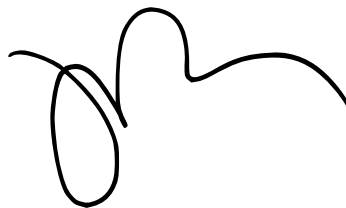
252. For the reasons set out above, I believe that it is in the interest of the Companies and their stakeholders that the Companies be granted protection under the CCAA in accordance with the terms of the proposed Initial Order.

253. I swear this affidavit in support of the Application and for no other or improper purpose.

SWORN remotely via videoconference, by Jennifer Bewley, stated as being located in the City of New York, in the State of New York, before me at the City of Toronto, in Province of Ontario, this 7th day of March, 2025, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits, etc.
Philip Yang | LSO #820840



JENNIFER BEWLEY

EXHIBIT "B"
referred to in the Affidavit of
JENNIFER BEWLEY
Sworn March 14, 2025

A handwritten signature in cursive script, appearing to read "Philip", is written over a horizontal line.

Commissioner for Taking Affidavits

HUDSON'S BAY

Hudson's Bay Company ULC, the Operator of Hudson's Bay Stores and TheBay.com, Initiates Restructuring Proceedings Under CCAA in Response to Canadian Retail Industry Challenges

Filing positions Hudson's Bay for recovery and long-term stability in an evolving market

March 07, 2025 06:40 PM Eastern Standard Time

TORONTO--(BUSINESS WIRE)--**Hudson's Bay Company ULC (Hudson's Bay or the company)**, the Canadian entity that comprises the retailer Hudson's Bay and TheBay.com, today announced that it has commenced proceedings under the Companies' Creditors Arrangement Act (CCAA) pursuant to an initial order for creditor protection from the Ontario Superior Court of Justice (Commercial List) (the Court). Pursuant to the Initial Order, the Court has appointed Alvarez & Marsal Canada Inc. as the monitor to oversee the CCAA proceedings.

After careful consideration of all reasonably available alternatives, the decision to seek protection under the CCAA was made in consultation with Hudson's Bay's legal and financial advisors. Among other things, the Initial Order provides for a stay of proceedings in favour of Hudson's Bay and its subsidiaries for an initial period of 10 days, subject to extension thereafter as the Court deems appropriate. The stay of proceedings is also extended to Hudson's Bay's real estate joint venture with RioCan.

Restore Capital, LLC, an affiliate of Hilco Global, together with other lenders, has committed to provide interim debtor-in-possession financing to finance Hudson's Bay's operations in the lead up to the "comeback motion" hearing, with a CAD\$16 million advance approved earlier today. Hudson's Bay will be seeking additional financing to fund its operations during the CCAA proceedings.

"Hudson's Bay has been a vital retailer to Canadians for generations, and this decision was made with the best interests of our customers, associates and partners in mind," said Liz Rodbell, President and CEO of Hudson's Bay. "While very difficult, this is a necessary step to strengthen our foundation and ensure that we remain a significant part of Canada's retail landscape, despite the sector-wide challenges that have forced other retailers to exit the market. Now more than ever, it is critical that Canadian businesses are protected and positioned to succeed."

Ms. Rodbell added, "Earlier this year, we worked with potential investors to refinance a portion of our credit facilities to improve our liquidity and support our business plan. However, the threat and realization of a trade war has created significant market uncertainty and has impacted our ability to complete these transactions."

The company is exploring strategic alternatives and engaging stakeholders to explore potential solutions to preserve and strengthen its business. While no assurances can be provided, these discussions reflect Hudson's Bay's commitment to preserving jobs and community ties where possible.

Ms. Rodbell added, "Hudson's Bay remains deeply connected to Canada and is focused on the future. Our goal is to re-establish our foothold and ensure the company's long-term place in the evolving Canadian retail market. As we go through this process, we will continue to show up for our customers and communities, as we always have."

Like many retailers, Hudson's Bay has been navigating significant macroeconomic and industry-wide pressures, including:

- **Trade and Financing Uncertainty:** Ongoing trade tensions with the U.S., including the new and wide-ranging tariffs on exports to the U.S., together with retaliatory tariffs imposed by Canada on U.S. imports, have created economic uncertainty, directly impacting refinancing efforts and limiting access to the capital needed to support the business.
- **Post-Pandemic Shifts:** Marked shifts in Canada's corporate culture resulting from work-from-home policies has created a permanent and drastic population reduction in downtown stores. This, among other long-lasting impacts of pandemic-related challenges, has put significant pressure on the retail sector.
- **Economic Headwinds:** Rising costs of living, higher mortgage rates, and a weakening Canadian dollar have strained household budgets, leading to subdued discretionary consumer spending and broader economic challenges.

The CCAA process will allow Hudson's Bay to restructure its operations, streamline costs, and refocus on its core strengths. Through a license agreement, Hudson's Bay Company ULC has a small footprint of Canadian Saks Fifth Avenue and Canadian Saks OFF 5TH stores. These stores will also continue to operate.

The CCAA proceedings do not affect U.S.-Saks Global, which is a standalone entity distinct from Hudson's Bay Company ULC.

About Hudson's Bay Company ULC

Hudson's Bay Company ULC is a Canadian entity that includes the retail company Hudson's Bay, comprising 80 stores and TheBay.com. Through a licensing agreement, 3 Saks Fifth Avenue and 13 Saks OFF 5TH stores also operate in Canada under Hudson's Bay Company ULC.

Additional Information

Court filings as well as other information related to Hudson's Bay Company's CCAA proceedings will be available on the Monitor's website at www.alvarezandmarsal.com/HudsonsBay. Information regarding the CCAA process may also be obtained by calling the Monitor's hotline at (416) 847-5157 (toll free), or by email at hudsonsbay@alvarezandmarsal.com. Hudson's Bay will continue to provide updates regarding the CCAA proceedings as developments or circumstances may warrant.

Contacts

tiffany.bourre@hbc.com

VP, Corporate Communications

EXHIBIT "C"
referred to in the Affidavit of
JENNIFER BEWLEY
Sworn March 14, 2025

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

Commissioner for Taking Affidavits

AMENDED AND RESTATED JUNIOR DIP TERM SHEET

Hudson Bay Company ULC

Dated as of March 17, 2025

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, (i) approved the terms of a DIP Term Sheet entered into by the DIP Agent, the DIP Lenders and the Loan Parties dated March 7, 2025, as amended by a First Amending Agreement to DIP Term Sheet dated March 7, 2025 (collectively, the “**Original Term Sheet**”) and authorized the Borrower to borrow amounts provided for thereunder in the total aggregate principal amount of \$16,000,000 (the “**Interim Borrowings**”), and (ii) granted the DIP Agent and DIP Lenders a super priority charge (subject to certain Permitted Priority Liens) on the Collateral as security for all DIP Financing Obligations (the “**DIP Charge**”).

AND WHEREAS, in addition to the Interim Borrowings, the Loan Parties require financing to fund certain obligations of the Loan Parties for the purposes of pursuing and implementing an Orderly Liquidation;

AND WHEREAS the DIP Lenders have agreed to provide such additional financing to the Loan Parties pursuant to this Term Sheet, which amends and restates the Original Term Sheet as provided herein;

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. **BORROWER:** Hudson Bay Company ULC (the “**Borrower**”).
2. **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**”).
3. **LOAN PARTIES:** The Borrower and the Guarantors (collectively, the “**Loan Parties**”, and “**Loan Party**” means each of them).
4. **DIP AGENT:** Restore Capital, LLC (the “**DIP Agent**”).
5. **DIP LENDERS:** Restore Capital, LLC and the other Persons listed on Schedule “A”, and any permitted assignee thereof in accordance with Section 37 (collectively, the “**DIP Lenders**”, and “**DIP Lender**” means each of them).

Subject to the terms and conditions set forth herein, each DIP Lender commits to make Advances to the Borrower in an aggregate principal amount outstanding up to the amount set forth beside such DIP Lender’s name in Schedule “A” under the heading “Commitment”, as such Schedule may be updated from time to time by the DIP Agent to reflect any

modifications to the DIP Lenders and their Applicable Percentages made in accordance with this Term Sheet.

6. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this Term Sheet have the meanings given thereto in Schedule “B”.
7. **CURRENCY:** Unless otherwise stated, all monetary denominations shall be in the lawful currency of Canada and all payments made by any of the Loan Parties under this Term Sheet shall be in Canadian dollars.
8. **DIP FACILITY;
DRAWDOWNS:**
- (a) DIP Facility. A debtor-in-possession, interim, credit facility (the “**DIP Facility**”) up to a maximum principal amount of \$23 million (inclusive of, and not additional to, the Interim Borrowings) (the “**Facility Amount**”), subject to the terms and conditions contained herein.
 - (b) Monitor’s Trust Account. Within one Business Day of the Comeback Hearing, the DIP Agent shall transfer into an interest-bearing trust account in the name of, and designated by, the Monitor (the “**Monitor's Trust Account**”) an amount of \$3,000,000 under the DIP Facility (the “**Initial Monitor Transfer**”). The Monitor shall be entitled to provide written notice to the DIP Agent requesting a further transfer of up to \$4,000,000 (provided that no individual transfer shall be less than \$500,000) under the DIP Facility into the Monitor's Trust Account (the “**Subsequent Monitor Transfer**”) and, following receipt of such notice (if any), the DIP Agent shall be required to make any Subsequent Monitor Transfer within one Business Day of receipt of such notice. Notwithstanding the foregoing, the Monitor shall not be entitled to make any requests for Subsequent Monitor Transfers after 4:00 p.m. (Toronto time) on April 4, 2025. After this time, the DIP Agent and the DIP Lenders shall have no obligation to make any further Subsequent Monitor Transfers and the total Commitments shall be automatically reduced by the undrawn amount of the DIP Facility effective as at 4:00 p.m. (Toronto time) on April 4, 2025.
 - (c) Advances. The DIP Facility shall be made available to the Borrower by way of advances (each an, “**Advance**”) from the Monitor’s Trust Account, which, in the aggregate, shall not exceed the Facility Amount or such higher or lower amount as may be authorized by the ARIO at the Comeback Hearing and agreed to by the DIP Agent (including all interest accrued thereon). The timing for each Advance shall be determined based on the funding needs of the Loan Parties as set forth in the DIP Budget and as agreed among the DIP Agent and the Borrower and consented to by the Monitor. Each Advance (other than the final Advance) shall

be in a principal amount of not less than \$200,000.

- (d) Advance Request Certificate. In order to receive an Advance the Borrower shall deliver to the DIP Agent, with a copy to the Monitor, an Advance request certificate in the form of Schedule “C” (an “**Advance Request Certificate**”). The Advance Request Certificate shall certify that (i) all representations and warranties of the Borrower contained in this Term Sheet remain true and correct in all material respects both before and after giving effect to the use of such Advance and (ii) no Default or Event of Default then exists and is continuing or would result therefrom.
- (e) Advance Release Consent. If the DIP Agent is satisfied that the Advance Conditions are met as of the date on which such Advance Request Certificate is delivered and will remain satisfied on the date the Advance is to be made, as soon as reasonably practicable, the DIP Agent shall deliver to the Monitor, with a copy to the Borrower, a consent to the immediate release of an Advance to the Borrower (“**Advance Release Consent**”). The DIP Agent may make further inquiry of the Borrower and/or the Monitor should it have any concerns with the form or content of the Advance Release Consent, or any representations made therein.

The Monitor shall be entitled to release the Advance to the Operating Account of the Borrower, as requested in the Advance Request Certificate, immediately upon receipt of the Advance Release Consent. For greater certainty, the Monitor shall not be entitled to release the Advance to the Operating Account of the Borrower unless and until such Advance Release Consent is received by the Monitor.

9. **PURPOSE AND
PERMITTED
PAYMENTS:**

The Borrower shall use proceeds of the DIP Facility solely for the following purposes and in the following order, in each case in accordance with the DIP Budget, the Initial Order and the ARIO and for the purpose 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), (iii) the DIP Agent and DIP Lenders, (iv) the Pre-Filing ABL Agent, and (v) the Pre-Filing Term Loan Agent, in each case pursuant to the terms hereof, it being acknowledged by the Loan Parties and the DIP Agent and DIP Lenders that those fees and expenses incurred to the date hereof and those provided for in the DIP Budget as of the date hereof are reasonable;
- (b) to pay the interest, fees and other amounts owing to the DIP

Agent and DIP Lenders under this Term Sheet;

- (c) to pay the interest on the amounts owing in connection 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 DIP 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; and
- (d) to fund, in accordance with the DIP 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 the Participating Concession Vendors.

For greater certainty, and other than as expressly set out above, the Loan Parties may not use the proceeds of the DIP Facility 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 the prior written consent of the DIP Agent unless the payment of such pre-Filing Date obligations are specifically identified in the approved DIP Budget and authorized pursuant to the Initial Order or any subsequent Court Order.

10. **ADVANCE
CONDITIONS**

The DIP Agent's and DIP Lenders' agreement to make the Facility Amount available to the Borrower and to advance any Advance to the Borrower is subject to the satisfaction, as determined by the DIP Agent, of each of the following conditions precedent (collectively, the "**Advance Conditions**"), each of which is for the benefit of the DIP Agent and DIP Lenders and may be waived by the DIP Agent on behalf of the DIP Lenders:

- (a) With respect to the first Advance:
 - (i) The Loan Parties shall have executed and delivered this Term Sheet, and the Guarantee.
 - (ii) The Court shall have issued an amended and restated Initial Order, which amends, replaces, restates and supersedes the Initial Order ("**ARIO**");

- (A) approving this Term Sheet (subject only to such modifications as may be acceptable to the DIP Agent and DIP Lenders);
- (B) authorizing the Borrower to borrow up to the Facility Amount by way of Advances;
- (C) granting the DIP Charge on the Collateral as security for all DIP Financing Obligations, which DIP Charge shall have priority over all Liens on the Collateral other than the Permitted Priority Liens;
- (D) authorizing the DIP Agent to effect registrations, filings and recordings wherever it deems appropriate regarding the DIP Charge;
- (E) providing that the DIP Charge shall be valid and effective to secure all of the DIP Financing Obligations without the necessity of making any registrations or filings and whether or not any other documents have been executed by the Loan Parties;
- (F) declaring that the granting of the DIP Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Charge, do not constitute conduct meriting oppression, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transactions under any applicable federal or provincial legislation;
- (G) restricting the granting of additional Liens on the Collateral other than the DIP Charge and as permitted herein;
- (H) authorizing the Monitor to hold the Monitor Transfer in accordance with the terms of this Term Sheet; and
- (I) authorizing and requiring the cash collateralization set forth under Section 25(e) hereof and, upon confirmation of the validity and enforceability of the security interests of the Pre-Filing ABL Agent by the Monitor's independent counsel, the

repayment set forth under Section 25(e) hereof.

- (iii) the Pre-Filing Term Loan Agent shall have consented to the Facility Amount.
 - (iv) the Court shall have issued an order approving the Liquidation Services Agreement.
 - (v) the Court shall have issued an order approving the Lease Solicitation Process.
 - (vi) the Court shall have issued an order approving the SISF.
- (b) With respect to all Advances:
- (i) The Loan Parties' cash management system shall continue in the manner approved by the Initial Order unless otherwise consented to in writing by the DIP Agent and the Monitor in their reasonable discretion.
 - (ii) The ARIO shall not have been stayed, vacated or otherwise amended, restated or modified in any manner relating to the DIP Facility, the DIP Lenders or the DIP Charge without the written consent of the DIP Agent.
 - (iii) The Shared Services Agreement shall be continuing in full force and effect and all services provided thereunder shall be ongoing.
 - (iv) There shall be no Liens ranking *pari passu* with or in priority to the DIP Charge over the Collateral other than the Permitted Priority Liens.
 - (v) No Default or Event of Default shall have occurred or will occur as a result of the requested Advance.
 - (vi) Such Advance shall not cause the aggregate amount of all outstanding Advances to exceed the amount then authorized by the ARIO.
 - (vii) There shall be no order of the Court in the CCAA Proceedings that contravenes this Term Sheet or the Guarantee so as to materially adversely impact the rights or interests of the DIP Agent or any DIP Lender, as determined by the DIP Agent and DIP Lenders.

- (viii) The Borrower shall have delivered any Updated DIP Budget then requested and such Updated DIP Budget shall have been approved by the DIP Agent and, until the cash collateralization and/or repayment of obligations pursuant to Section (a)(ii)(I), the Pre-Filing ABL Agent.
- (ix) The Borrower shall have delivered all Variance Reports required under Section 18 hereof.
- (x) The Borrower shall have delivered an Advance Request Certificate in respect of such Advance.

For greater certainty, no DIP Lender shall be obligated to make a further Advance or otherwise make available funds pursuant to this Term Sheet unless and until all the foregoing conditions have been satisfied or waived in accordance with this Term Sheet.

11. **COSTS AND EXPENSES**

The Loan Parties shall reimburse the DIP Agent and DIP Lenders for all reasonable and documented fees and expenses incurred (including reasonable and documented legal, financial advisory and professional fees and expenses on a full indemnity basis) (the “**DIP Lender Expenses**”) by the DIP Agent and DIP Lenders or any of their affiliates in connection with the negotiation, development, and implementation of DIP Facility (including the administration of the DIP Facility). The DIP Lender Expenses shall form part of the DIP Financing Obligations secured by the DIP Charge.

12. **DIP FACILITY SECURITY:**

All DIP Financing Obligations shall be secured by the DIP Charge.

13. **INTER-COMPANY ADVANCES:**

No intercompany advances, distributions, or other payments may be made unless provided for in the DIP Budget or consented to in writing by the DIP Agent and for greater certainty, no intercompany advances, distributions or other payments shall be made to Non-Loan Party Applicants.

14. **PERMITTED LIENS: AND PRIORITY:**

All of the Collateral will be free and clear of all Liens except for Permitted Liens.

The DIP Charge shall rank in priority to any and all Liens on the Collateral other than the Permitted Priority Liens. As among the DIP Charge, the Administration Charge, the Directors’ Charge, and the KERP Charge the relative priority shall be as follows:

- (a) *first*, the Administration Charge;
- (b) *second*, the KERP Charge;
- (c) *third*, the Directors’ Charge up to \$13.5 million;
- (d) *fourth*, the DIP Charge; and

(e) *fifth*, the Directors' Charge up to \$35.7 million.

15. **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 priority waterfall set on Schedule "**D**" (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.

16. **MONITOR:** The monitor in the CCAA Proceedings shall remain Alvarez and Marsal Canada Inc. (the "**Monitor**").

17. **MATURITY DATE:** The DIP Facility shall mature and the DIP Financing Obligations shall be due and repayable in full on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the completion of a Permitted Restructuring Transaction; (iii) the effective date of any Plan which is proposed and filed with the Court in the CCAA Proceedings; and (iv) the Outside Date (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Agent and the Monitor for such period and on such terms and conditions as the DIP Agent may agree in its sole discretion.

Without the consent of the DIP Agent, no Court Order sanctioning a Plan shall discharge or otherwise affect in any way the DIP Financing Obligations, other than after the permanent and indefeasible payment in cash of all DIP Financing Obligations on or before the date such Plan is implemented.

18. **DIP BUDGET AND VARIANCE REPORTING:** Attached hereto as Schedule "**E**" is a copy of the agreed summary budget (excluding the supporting documentation provided to the DIP Agent in connection therewith) as in effect on the date hereof (the "**DIP Budget**"), which the DIP Agent acknowledges and agrees is in form and substance satisfactory to the DIP Agent. Such DIP Budget shall be the DIP Budget referenced in this Term Sheet unless and until such time as an Updated DIP Budget has been approved by the DIP Agent in accordance with this Section 18.

(a) At the written request of the DIP Agent (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 DIP Budget, the Borrower shall update and propose a revised 13-week DIP Budget to the DIP Agent (the "**Updated DIP Budget**"). The DIP Agent may make such request up to once every two weeks, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than five Business Days following receipt of the request. Such Updated DIP Budget shall have been reviewed and approved by the Monitor, prior to submission to the DIP Agent. If the DIP Agent, determines that the Updated DIP Budget is not acceptable, it shall provide written notice to the Borrower and the Monitor within three Business Days following receipt of the Updated DIP Budget stating that the Updated DIP Budget is not acceptable and setting out the reasons why such Updated DIP Budget is not acceptable. For greater

certainty, until the Borrower has delivered a revised Updated DIP Budget acceptable to the DIP Agent, the prior DIP Budget shall remain in effect, and if the DIP Agent does not respond within three Business Days to a submitted Updated DIP Budget, it shall be deemed to have accepted such Updated DIP Budget.

At any time, the Updated DIP Budget acceptable to the DIP Agent at such time shall be the DIP Budget for the purpose of this Term Sheet.

On or before 3:00 p.m. Eastern Time on the Wednesday of every week commencing with the first full week after the date of issuance of the Initial Order (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower shall deliver to the Monitor and the DIP Agent and its 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 DIP 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 DIP Budget; each such Variance Report to be promptly discussed with the DIP Agent and its legal and financial advisors, if so requested. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period. Notwithstanding the above, the delivery of the first Variance Report shall be due on or before 3:00 p.m. Eastern Time on the Thursday of the second full week after the date of issuance of the Initial Order.

19. **EVIDENCE OF INDEBTEDNESS:** The DIP Agent’s accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the DIP Financing Obligations.
20. **PREPAYMENTS:** Provided the Monitor is satisfied that the Loan Parties have sufficient cash reserves to satisfy (a) amounts secured by any Permitted Priority Liens, and (b) other obligations incurred by the Loan Parties from and after the Filing Date for which payment has not been made (collectively, the “**Priority Payables Reserve**”), the Borrower may prepay any amounts outstanding under the DIP Facility, in accordance with the Priority Waterfall, at any time prior to the Maturity Date. Subject to Section 23, any amount repaid may not be reborrowed.
21. **INTEREST RATE:** Interest shall be payable on the aggregate outstanding amount of the Facility Amount that has been deposited in the Monitor’s Trust Account from the date of the funding thereof at a rate equal to Term CORRA (as defined in the Pre-Filing ABL Credit Agreement) plus 11.5% *per annum*, compounded monthly and payable monthly in arrears in cash on the last Business Day of each month, with the first such payment being made on March 31, 2025. Upon the occurrence and during the continuation of an Event of Default, all overdue amounts shall bear interest at a rate equal to Term CORRA plus 14.5% *per annum* payable on demand in arrears in cash. All interest shall be computed on the basis of a 365-day year, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act*

(Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

22. MANDATORY REPAYMENTS:

Unless otherwise consented to in writing by the DIP Agent, the DIP Facility shall, subject to retention of the Priority Payables Reserve, the terms of the Liquidation Services Agreement and the Priority Waterfall, be promptly repaid and the Facility Amount shall be permanently reduced upon a sale, realization or disposition of or with respect to any assets or property of the Loan Parties (including obsolete, excess or worn-out Collateral) outside of the ordinary course of business, including any sale or disposition of any Real Property Leases, intellectual property, equipment, machinery and other operating or fixed assets in each case, in an amount equal to the net cash proceeds of such sale, realization or disposition (for greater certainty, net of applicable fees costs and expenses in connection with such sale, realization or disposition and net of payments to holders of Permitted Priority Liens on the assets subject to such disposition) and applicable taxes in respect thereof). Any amount repaid may not be reborrowed.

23. EXCESS CASH:

In the event the Loan Parties have Excess Cash, the Excess Cash shall be deposited in the Monitor's Trust Account and will remain available to be reborrowed by the Borrower, by way of Advances, subject to and in accordance with the terms of this Term Sheet.

24. REPRESENTATIONS AND WARRANTIES:

The Loan Parties represent and warrant to the DIP Agent and DIP Lenders upon which the DIP Agent and DIP Lenders are relying in entering into this Term Sheet and the Guarantee, that:

- (b) The transactions contemplated by this Term Sheet and the Guarantee, upon the granting of the Initial Order (or any amendment and restatement thereof on the Comeback Date, as applicable):
 - (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;

- (c) 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;
- (d) The Loan Parties own their assets and undertaking free and clear of all Liens other than Permitted Liens;
- (e) The only assets of the Non-Loan Party Applicants are registered title as nominee to certain real property assets (in the case of Snospmis Limited, 2472596 Ontario Inc. and 2472598 Ontario Inc.), general partnership interests in HBC Holdings LP (in the case of HBC Holdings GP Inc.), general partnership interests in HBC Centrepont LP (in the case of HBC Centrepont GP Inc.) certain non-material limited partnership interests in HBC YSS 1 Limited Partnership (in the case of HBC YSS 1 LP Inc.) and non-material limited partnership interests in HBC YSS 2 Limited Partnership (in the case of HBC YSS 2 LP Inc.) and cash in bank accounts up to \$1,000 in the aggregate, and such assets in the aggregate do not have material value relative to the assets of the Loan Parties collectively.
- (f) The Loan Parties have been duly formed and are validly existing under the laws of their jurisdictions of incorporation or formation;
- (g) 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;
- (h) 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;
- (i) No Default or Event of Default has occurred and is continuing; and
- (j) *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.

25. **AFFIRMATIVE
COVENANTS:**

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

- (a) In connection with matters reasonably related to the DIP Facility, the CCAA Proceedings or compliance of the Loan Parties with their obligations pursuant to this Term Sheet, (i) allow representatives or advisors of the DIP Agent reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Loan Parties, and (ii) cause management, the financial advisor and/or legal counsel of the Loan Parties to cooperate with reasonable requests for information by the DIP Agent 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 DIP Agent the reporting and other information from time to time reasonably requested by it and as set out in this Term Sheet including, without limitation, the Variance Reports at the times set out herein;
- (c) Use the proceeds of the DIP Facility and any cash receipts received from and after the Filing Date only in accordance with the restrictions set out in this Term Sheet and pursuant to the DIP Budget and the Court Orders;
- (d) Comply with the provisions of the Initial Order, ARIO and all other Court Orders;
- (e) Within three weeks of the Comeback Date, and prior to any payments with respect to the DIP Facility, in accordance

with the DIP Budget, utilize cash receipts from the sale of inventory to (i) cash collateralize in each case in an amount equal to 104% of the face amounts thereof, and to provide cash collateral for 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/or (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), in each case through payment to the Cash Collateral Account (as defined in the Pre-Filing ABL Credit Agreement) all L/C/ Obligations, Bank Product Obligations and cash management obligations (as such terms are defined in the Pre-Filing ABL Credit Agreement) (other than Excess ABL Obligations);

- (f) The Loan Parties shall bring a motion before the Court returnable no later than May 9, 2025 (subject to Court availability) for the Distribution Order;
- (g) Preserve, renew and keep in full force their corporate existence subject to the liquidations pursuant to the Liquidation Services Agreement;
- (h) Preserve, renew and keep in full force and effect all licenses and permits necessary to carry on their business;
- (i) Conduct their businesses in accordance with, and otherwise comply with, the DIP Budget, subject to the Permitted Variance;
- (j) Promptly notify the DIP Agent of the occurrence of any Default or Event of Default;
- (k) Comply, in all material respects, with Applicable Law, except to the extent not required to do so pursuant to any Court Order;
- (l) Provide the DIP Agent and its 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 DIP Agent or DIP Lenders shall be reasonably satisfactory to the DIP Agent;

- (m) Take all actions necessary or available to defend the Court Orders that affect the DIP Agent, the DIP Lenders or the Collateral from any appeal, reversal, modifications, amendment, stay or vacating, unless expressly agreed to in writing in advance by the DIP Agent in its reasonable discretion;
- (n) Promptly provide notice to the DIP Agent and its counsel, and keep them otherwise apprised, of any material developments in respect of any Material Contract;
- (o) Complete all necessary Lien and other searches against the Loan Parties, together with all registrations, filings and recordings wherever the DIP Agent deems appropriate, to satisfy the DIP Agent that there are no Liens affecting the Collateral except Permitted Liens;
- (p) At all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the Loan Parties with financially sound and reputable insurers in coverage and scope acceptable to the DIP Agent;
- (q) Pay the amounts specified in Section 9 and all DIP Lender Expenses no less frequently than every week and in accordance with the DIP Budget;
- (r) Consult with the DIP Agent with respect to any proposed termination or disclaimer of any Real Property Lease;
- (s) Promptly, upon becoming aware thereof, provide details of the following to the DIP Agent:
 - (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 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; and
 - (iii) subject to appropriate confidentiality arrangements, any indications of interest, proposals or offers for any of the

Collateral received by any Loan Party or the Monitor outside the ordinary course of business.

- (t) Strictly comply with the terms of all Court Orders; and
- (u) Deliver the DIP Budgets and Variance Reports required under Section 18.

**26. 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 DIP Agent or with the express consent required as outlined below:

- (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 or any subsequent Court Order and this Term Sheet;
- (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 or any subsequent Court Order and the DIP Budget; provided that the Loan Parties shall (i) pay the DIP Lender Expenses pursuant to the terms of this Term Sheet, (ii) remit (x) any fees owing under the Liquidation Services Agreement or Memo Consignment Agreement, or (y) proceeds in respect of Consigned Goods, (iii) 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 DIP Budget and fees and expenses of the Pre-Filing ABL Agent pursuant to the terms of this Term Sheet, and (iv) pay the expenses of the Pre-Filing Term Loan Agent pursuant to the terms of this Term Sheet and provided for in the DIP Budget.
- (c) (i) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date of this Term Sheet, 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, (B) the DIP Financing Obligations, (C) 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 DIP Budget and the Initial Order, 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 Term Sheet or with the prior written consent of the DIP Agent;

- (d) Other than with the prior written consent of the DIP Agent or as provided for in the DIP 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 DIP Budget or with the prior written consent of the DIP Agent, 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 and the DIP Agent, in each case engaged as of the date hereof, (iii) respective legal advisors of the Pre-Filing Term Loan Agent and Pre-Filing ABL Agent pursuant to the terms of this Term Sheet and provided for in the DIP 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 DIP Agent, 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) Challenge or fail to support the Liens and claims of the DIP Agent and DIP Lenders;
- (i) Create or establish any employee retention plan or similar benefit plan for any employees of the Loan Parties, except as reflected in the approved DIP Budget;
- (j) Make any payments or expenditures (including capital expenditures) other than in accordance with this Term Sheet and the DIP Budget, subject to the Permitted Variance;
- (k) Terminate or disclaim any Material Contract or amend any Material Contract in any material adverse manner except

with the prior consent of the DIP Agent, acting reasonably;

- (l) Pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to;
- (m) 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 without the prior written consent of the DIP Agent;
- (n) 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 with the prior written consent of the DIP Agent;
- (o) 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;
- (p) Seek, obtain, support, make or permit to be made any Court Order or any change, amendment or modification to any Court Order in respect of any amendment relating to the DIP Facility or any other matter that affects the DIP Agent or DIP Lenders, except with the prior written consent of the DIP Agent, acting reasonably;
- (q) Seek or obtain an order from the Court that materially adversely affects the DIP Agent or DIP Lenders except with the prior written consent of the DIP Agent;
- (r) 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 DIP Budget or except with the prior written consent of the DIP Agent;

- (s) Without the approval of the Court or the prior written consent of the DIP Agent, 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;
- (t) Seek, or consent to the appointment of, a receiver, interim receiver, or trustee in bankruptcy or any similar official in any jurisdiction;
- (u) Remove any stores from the liquidation subject to the Liquidation Services Agreement; or
- (v) Unless and until all Senior Indebtedness is repaid in full, notwithstanding anything else in this Term Sheet, 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.

**27. 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 Term Sheet:

- (a) Failure of the Loan Parties to pay principal, interest or other amounts when due pursuant to this Term Sheet or the Guarantee;
- (b) Failure of the Loan Parties to perform or comply with any covenant under Section 26 hereof;
- (c) Any representation or warranty by the Loan Parties made or deemed to be made in this Term Sheet or the Guarantee is or proves to be incorrect or misleading in any material respect as of the date made or deemed to be made;
- (d) Failure of the Loan Parties to perform or comply with any term, condition, covenant or obligation pursuant to this Term Sheet or the Guarantee and such failure remains unremedied for more than five Business Days, *provided that*, where another provision in this Section 27 provides for a shorter or no cure period in respect of a particular Event of Default, such other provision shall apply;
- (e) 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) granting any other Lien in respect of the Collateral that is in priority to or *pari passu* with the DIP Charge other than as permitted pursuant to this Term Sheet, (iii) modifying this Term Sheet or the Guarantee without the prior written consent of the DIP Agent, (iv) approving a Restructuring Transaction, other than a Permitted Restructuring Transaction, that has not been previously consented to in writing by the DIP Agent, or (v) staying, reversing, vacating or otherwise modifying any Court Order relating to the DIP Facility, or any other matter that affects the DIP Agent or DIP Lenders without the prior written consent of the DIP Agent;

- (f) Unless consented to in writing by the DIP Agent, the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (g) (i) a Variance Report or Updated DIP Budget is not delivered when due under this Term Sheet 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;
- (h) Unless the DIP Agent has 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 Term Sheet, the Guarantee or the Initial Order, as applicable, (ii) could otherwise be expected to have a material adverse effect on the interests of the DIP Agent or DIP Lenders, (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;
- (i) 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 DIP Agent;
- (j) The making by any Loan Party of a payment of any kind that is not permitted by this Term Sheet or is not in accordance with the DIP Budget, subject to the Permitted Variance;
- (k) Except as stayed by the Initial Order or consented to by the DIP Agent, a default under, revocation or cancellation of, any Material Contract;

- (l) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Term Sheet or the Guarantee;
- (m) 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;
- (n) 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
- (o) Any Milestone set forth on Schedule “F” hereof shall not be satisfied.

28. UNAFFECTED CREDITOR STATUS

The DIP Agent and DIP Lenders shall at all times be treated as “unaffected creditors” and “unimpaired” in any plan of compromise or arrangement filed pursuant to the CCAA Proceedings and/or in any other plan, compromise, arrangement and/or proposal filed in any insolvency, restructuring, reorganization and/or arrangement or any other similar proceeding with respect to any Loan Party thereafter, including, without limitation, in any proceedings under the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or any other legislation of any jurisdiction pertaining to insolvency or creditors’ rights.

29. REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Court Orders, the DIP Agent may elect to terminate the commitments hereunder and declare the DIP Financing Obligations to be immediately due and payable and refuse to permit further Advances and direct that the Monitor return any remaining portion of the Monitor Transfers to the DIP Agent to such account as the DIP Agent may designate. In addition, upon the occurrence of an Event of Default, the DIP Agent may, subject to the Court Orders including any notice provision contained therein:

- (a) apply to the Court for the appointment of a 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;
- (b) 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 DIP Agent may agree;
- (c) set-off or combine any amounts then owing by the DIP Agent or the DIP Lenders to the Loan Parties against the obligations of the Loan

Parties to the DIP Agent and DIP Lenders hereunder;

- (d) 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) exercise all such other rights and remedies under this Term Sheet, the Court Orders and Applicable Law.

30. **DIP LENDER
APPROVALS:**

All consents, approvals, waivers, or instructions of the DIP Agent or DIP Lenders hereunder shall be in their sole and absolute discretion and shall be in writing unless otherwise expressly set out herein. Any consent, approval, instruction or other expression of the DIP Lenders or DIP Agent to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.

31. **EXIT FEE:**

The Loan Parties shall pay an Exit Fee to the DIP Agent, on behalf of the DIP Lenders, in the aggregate amount of 3% of the DIP Facility on the Maturity Date (the “**Exit Fee**”), which Exit Fee is fully earned on execution of this Term Sheet.

32. **INDEMNITY AND
RELEASE:**

The Loan Parties agree to indemnify and hold harmless the DIP Agent and the DIP 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 the DIP Facility or this Term Sheet 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 DIP Agent, DIP 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 Term Sheet shall survive any termination of the DIP Facility.

33. **TAXES:**

All payments by the Loan Parties under this Term Sheet to the DIP Agent or DIP Lenders, including any payments required to be made from and after the exercise of any remedies available to the DIP Agent or DIP Lenders upon an Event of Default, shall be made free and clear of, and without reduction for

or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any Governmental Authority country or any political subdivision of any country (collectively “**Taxes**”); provided, however, that if any Taxes are required by Applicable Law to be withheld (“**Withholding Taxes**”) from any amount payable to the DIP Agent or DIP Lenders under this Term Sheet, the amount so payable to such DIP Agent or DIP Lenders shall be increased by an amount necessary to yield to such DIP Agent or DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under this Term Sheet at the rate or in the amount specified herein and the Loan Parties shall provide evidence satisfactory to such DIP Agent or DIP Lenders, as applicable, that the Taxes have been so withheld and remitted.

If the Loan Parties pay an additional amount to the DIP Agent or any DIP Lender to account for any deduction or withholding, the DIP Agent or DIP Lender shall, at the sole cost and expense of the Loan Party, reasonably cooperate with the Loan Party to obtain a refund of the amounts so withheld and paid to the DIP Agent or DIP Lender. Any refund of an additional amount so received by the DIP Agent or any DIP Lender, without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund which the DIP Agent or any DIP Lender determines in its sole discretion will leave it, after such payment, in no better or worse position than it would have been if no additional amounts had been paid to it), net of all out of pocket expenses of the DIP Agent or any DIP Lender, shall be paid over by the DIP Agent or any DIP Lender to the Loan Party promptly. If reasonably requested by the Loan Party, the DIP Agent or DIP Lender shall apply to the relevant Governmental Authority to obtain a waiver from such withholding requirement, and the DIP Agent or DIP Lender shall reasonably cooperate, at the sole cost and expense of the Loan Parties, with the Loan Parties and assist the Loan Parties to minimize the amount of deductions or withholdings required. The Loan Parties, upon the request of the DIP Agent, shall repay any portion of the amount repaid by the DIP Agent or DIP Lender pursuant to this Section 33 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the DIP Agent or DIP Lender is required to repay such portion of the refund to such Governmental Authority. This Section 33 shall not be construed to require the DIP Agent or DIP Lenders to make available their tax returns (or any other information relating to its Taxes that it deems confidential) to the Loan Parties or any other Person. Neither the DIP Agent nor the DIP Lenders shall by virtue of anything in this Term Sheet be under any obligation to arrange their tax affairs in any particular manner so as to claim any refund on behalf of any of the Loan Parties.

34. **FURTHER
ASSURANCES:**

The Loan Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, all such further acts and things as the DIP Agent may reasonably request for the purpose of giving effect to this Term Sheet.

35. **ENTIRE AGREEMENT; CONFLICT:** This Term Sheet, including the schedules hereto and the Guarantee delivered in connection with this Term Sheet, constitute the entire agreement between the parties relating to the subject matter hereof.
36. **AMENDMENTS, WAIVERS, ETC.:** No waiver or delay on the part of the DIP Agent or DIP Lenders 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 DIP Agent or DIP Lenders and delivered in accordance with the terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
37. **ASSIGNMENT:** Any DIP Lender may assign their rights and obligations hereunder, in whole or in part, to (a) any affiliate of such DIP Lender in its discretion, (b) any other DIP Lender, or (c) any other Person with the DIP Agent's prior written consent and, provided that no Event of Default has occurred and is then continuing, the Monitor's prior written consent (such consent not to be unreasonably withheld or delayed), or with the authorization of the Court, subject in each case to (i) other than in the case of clause (b) above, providing the DIP Agent, the Borrower and the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder, and (ii) the assignee providing notice to the DIP Agent (other than in the case of clause (c) above) and the Borrower to confirm such assignment). Neither this Term Sheet nor any right or obligation hereunder may be assigned by the Loan Parties.
38. **NO THIRD PARTY BENEFICIARY:** No Person, other than the Loan Parties, the DIP Agent, the DIP Lenders, the Indemnified Persons, the Monitor, the Pre-Filing ABL Agent, and the Pre-Filing Term Loan Agent is entitled to rely upon this Term Sheet, and the parties expressly agree that this Term Sheet does not confer rights upon any other party.
39. **APPOINTMENT OF DIP AGENT:** Each DIP Lender hereby designates Restore Capital, LLC as administrative agent to act as herein specified and as specified in the Guarantee. Each DIP Lender hereby irrevocably authorizes the DIP Agent to take such action on its behalf and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the DIP Agent by the terms thereof and such other powers as are reasonably incidental thereto. The DIP Agent may perform any of its duties hereunder by or through its agents or employees. The provisions of this Section 39 are solely for the benefit of the DIP Agent and the DIP Lenders, and no Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" as used herein or in the Guarantee (or any similar term) with reference to the DIP Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

The DIP Agent shall have no duties or responsibilities except those expressly set out with respect to the DIP Agent in this Agreement and as specified in the Guarantee. None of the DIP Agent, its affiliates nor their

respective directors, officers, employees, agents and advisors shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the DIP Agent shall be mechanical and administrative in nature; the DIP Agent shall not have, by reason of this Term Sheet or the Guarantee, a fiduciary relationship in respect of any DIP Lender. The DIP Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to this Term Sheet or the Guarantee unless it is requested in writing to do so by the Required DIP Lenders.

Each DIP Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and not investments in a business enterprise or securities. Independently, and without reliance upon the DIP Agent, each DIP Lender, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the taking or not taking of any action in connection herewith, and (b) its own appraisal of the creditworthiness of the Loan Parties and, except as expressly provided in this Term Sheet and the Guarantee, the DIP Agent shall have no duty or responsibility to provide any DIP Lender with any credit or other information with respect thereto.

The DIP Agent shall not be responsible to any DIP Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Term Sheet or the Guarantee or the financial condition of the Loan Parties or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Term Sheet or the Guarantee, or the financial condition of the Loan Parties, or the existence or possible existence of any Default or Event of Default.

If the DIP Agent shall request instructions from the DIP Lenders or the Required DIP Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Term Sheet or the Guarantee, the DIP Agent shall be entitled to refrain from such act or taking such action unless and until the DIP Agent shall have received written instructions from the DIP Lenders or the Required DIP Lenders, as applicable, and the DIP Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no DIP Lender shall have any right of action whatsoever against the DIP Agent as a result of the DIP Agent acting or refraining from acting under this Term Sheet and the Guarantee in accordance with the instructions of the Required DIP Lenders or all of the DIP Lenders.

The DIP Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, electronic mail, telephone message, Internet or intranet website posting or other distribution believed by it to be genuine and correct and to have been

signed, sent or made by the proper Person. The DIP Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of any Advance that by its terms must be fulfilled to the satisfaction of a DIP Lender, the DIP Agent may presume that such condition is satisfactory to such DIP Lender unless the DIP Agent shall have received notice to the contrary from such DIP Lender prior to the making of such Advance. The DIP Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

To the extent the DIP Agent is not reimbursed and indemnified by the Loan Parties, each DIP Lender shall reimburse and indemnify the DIP Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the DIP Agent in performing its duties hereunder, in any way relating to or arising out of this Term Sheet or the Guarantee; provided that no DIP Lender shall be liable to the DIP Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the DIP Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct. For the avoidance of doubt, the Loan Parties shall reimburse a DIP Lender for any payment pursuant to this Section 39.

**40. AMENDMENTS,
WAIVERS,
CONSENTS:**

Except as set out in the immediately following paragraph, no amendment or waiver of any provision of this Term Sheet or the Guarantee, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the DIP Agent, with the consent of the Required DIP Lenders, and (in the case of any amendment) the Borrower or the applicable Loan Party and the Monitor, as the case may be. Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Any amendment to this Term Sheet or any other Credit Agreement relating to the following matters shall require the unanimous consent of the DIP Lenders:

- (a) decreases in interest rates and fees in respect of the DIP Facility;
- (b) increases in any DIP Lender's Commitment;
- (c) extensions of the Maturity Date;
- (d) extensions of the scheduled or mandatory dates or decreases in the scheduled or mandatory amounts for repayments hereunder;

- (e) releases of all or any material portion of the Collateral and the DIP Charge (including, for certainty release of any of the guarantees), except to the extent otherwise permitted pursuant to this Term Sheet;
- (f) the definitions of “Permitted Priority Liens” and “Required DIP Lenders”;
- (g) except as expressly permitted hereunder or under the Guarantee, release, or limit the liability of, any Loan Party without the written consent of each DIP Lender affected thereby;
- (h) modify the priority of (i) the DIP Charge set forth in Section 14, or (ii) the DIP Financing Obligations under the Priority Waterfall, in each case in any way that is adverse to the DIP Lenders; and
- (i) this Section 40.

**41. AMENDMENT
AND
RESTATEMENT**

This Term Sheet amends and restates the Original Term Sheet and represents the entire agreement currently constituted between the Loan Parties, the DIP Agent and the DIP Lenders respecting the subject matter of the Original Term Sheet. The parties hereto acknowledge and agree that (i) this Term Sheet and the other agreements, documents and instruments executed and delivered in connection herewith do not constitute a novation or termination of the obligations and liabilities of any of the parties under the Original Term Sheet as in effect prior to the date hereof, and (ii) such obligations and liabilities are in all respects continuing (as amended and restated hereby) with the terms of the Original Term Sheet being modified only as provided in this Term Sheet. Any and all references to the Original Term Sheet in the Guarantee shall mean and be a reference to this Term Sheet as this Term Sheet may from time to time in the future be further amended, supplemented, restated or replaced. On the date hereof, the DIP Agent shall make all usual and customary adjustments to ensure that all outstanding Advances under the Original Term Sheet are outstanding in accordance with the rateable portion of each DIP Lender, and each DIP Lender agrees to take all actions as are necessary to give effect to such adjustments.

**42. INTERCREDITOR
AGREEMENT**

Except as explicitly set forth in the consent to this Term Sheet delivered by the Pre-Filing Term Loan Agent to the DIP Agent, this Term Sheet is subject to the terms of the Intercreditor Agreement in all respects. In the event of any conflict between the provisions of this Term Sheet and the provisions of the Intercreditor Agreement, subject to the terms of the consent to this Term Sheet delivered by the Pre-Filing Term Loan Agent to the DIP Agent, the provisions of the Intercreditor Agreement shall govern and control.

**43. COUNTERPARTS
AND
SIGNATURES:**

This Term Sheet 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.

44. 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 “G”, 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.

**45. ENGLISH
LANGUAGE:**

The parties hereto confirm that this Term Sheet and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

**46. GOVERNING
LAW AND
JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the DIP Agent and DIP Lenders to enforce this Term Sheet in any other proper jurisdiction, the Loan Parties irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.

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

RESTORE CAPITAL, LLC, as DIP Agent

By: _____

Name: _____

Title: _____

HCS 102, LLC, as DIP Lender

By: _____

Name: _____

Title: _____

TIGER ASSET SOLUTIONS CANADA, ULC, as DIP Lender

By: _____

Name: _____

Title: _____

1903 PARTNERS, LLC as DIP Lender

By: _____

Name: _____

Title: _____

GA GROUP SOLUTIONS, LLC as DIP Lender

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”
DIP LENDERS AND COMMITMENTS**

DIP Lender	Commitment	Applicable Percentage
HCS 102, LLC	\$13,133,000	57.1%
Tiger Asset Solutions Canada, ULC	\$3,289,000	14.3%
1903 Partners, LLC	\$3,289,000	14.3%
GA Group Solutions, LLC	\$3,289,000	14.3%
Total Commitments:	\$23,000,000	100%

SCHEDULE “B” 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.

“**ABL Priority Liens**” means the Liens in favour of the Pre-Filing ABL Agent securing the ABL Obligations.

“**Administration Charge**” means a priority charge over the Collateral 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.

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

“**Advance Conditions**” has the meaning given thereto in Section 10.

“**Advance Release Consent**” has the meaning given thereto in Section 8.

“**Advance Request Certificate**” has the meaning given thereto in Section 8.

“**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.

“**Applicable Percentage**” means, in respect of any DIP Lender at any time, the percentage of the DIP Facility which such DIP Lender has agreed to make available to the Borrower at such time, determined by dividing such DIP Lender’s Commitment by the aggregate of all of the DIP Lenders’ Commitments.

“**ARIO**” has the meaning given thereto in Section 10.

“**Borrower**” has the meaning given thereto in Section 1.

“**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.

“**Claims**” has the meaning given thereto in Section 32.

“**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. 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 Term Sheet and 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 Term Sheet and the Liquidation Services Agreement, among other things.

“Commitment” means, with respect to each DIP Lender, the commitment of such DIP Lender to make Advances under the DIP Facility hereunder. The initial amount of each DIP Lender’s Commitment is set out in Schedule “A”.

“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, or (ii) the DIP Agent has otherwise agreed that the DIP Charge does not attach to such proceeds. 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 Agent” has the meaning given thereto in Section 4.

“DIP Budget” has the meaning given thereto in Section 18. For greater certainty, for purposes of this Term Sheet, the DIP Budget shall include all supporting documentation provided in respect thereof to the DIP Agent.

“DIP Charge” has the meaning given thereto in the Recitals.

“DIP Facility” has the meaning given thereto in Section 8.

“DIP Facility Exposure” means, with respect to any DIP Lender at any time, the outstanding principal amount of such DIP Lender’s Advances at such time.

“DIP Financing Obligations” means, collectively, all indebtedness, liabilities and other obligations owing by each of the Loan Parties from time to time to the DIP Agent and the DIP Lenders (or any of them) pursuant to this Term Sheet and the Guarantee, including, without limitation, all principal, interest, fees, costs, expenses, disbursements and DIP Lender Expenses.

“DIP Lenders” has the meaning given thereto in Section 5.

“DIP Lender Expenses” has the meaning given thereto in Section 11.

“Directors’ Charge” means a priority charge over the Collateral 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 Initial Order, in an aggregate amount not exceeding \$27,000,000.

“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 27.

“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.

“Exit Fee” has the meaning given thereto in Section 31.

“Facility Amount” has the meaning given thereto in Section 8.

“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.

“Guarantee” means a Guarantee of the DIP Financing Obligations to be provided by all Guarantors in form and substance satisfactory to the DIP Agent.

“Guarantors” has the meaning given thereto in Section 2.

“Indemnified Persons” has the meaning given thereto in Section 32.

“Initial Monitor Transfer” has the meaning given thereto in Section 8.

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

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

“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.

“Interim Borrowings” has the meaning given thereto in the Recitals.

“KERP” means a key employee retention plan the terms and conditions of which shall be satisfactory to the DIP Agent acting reasonably.

“KERP Charge” means a priority charge over the Collateral granted by the Court pursuant to the Initial Order or subsequent Court Order in an amount not to exceed \$5 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 amended and restated Initial Order in an amount acceptable to the DIP Agent acting reasonably.

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

“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 in form and substance satisfactory to the DIP Agent and 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 as may be consented to by the DIP Agent and reduced in accordance with the terms of the Liquidation Services Agreement).

“Loan Parties” has the meaning given to it in Section 3.

“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.

“Maturity Date” has the meaning given thereto in Section 17.

“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 Section 16.

“Monitor’s Trust Account” has the meaning given thereto in Section 8.

“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.

“Operating Account” means a bank account of the Borrower designated by the Borrower to receive Advances acceptable to the DIP Agent.

“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.

“Original DIP Term Sheet” has the meaning given thereto in the Recitals.

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

“Outside Date” means June 30, 2025.

“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) the DIP Charge; (ii) any other charges created under the Initial Order or other Court Order subsequent in priority to the DIP Charge and approved in writing by the DIP Agent acting in its, reasonable discretion; (iii) validly perfected Liens existing prior to the date hereof; (iv) 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 (v) 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 only to the extent that the priority of such amounts has not been subordinated to the DIP Charge; 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 and (b) the priority of such amounts has not been subordinated to the DIP Charge.

“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 DIP Agent to be outstanding under the Senior Indebtedness following completion of the Lease Solicitation Process and the liquidation under the Liquidation Services Agreement and is otherwise satisfactory to the DIP Agent.

“Permitted Variance” means an adverse variance of not more than 15%, measured for on a consolidated and cumulative basis for disbursements being Payroll – Non Corp, Payroll - Corp./Shared Svcs, Occupancy Costs, Accrued Vacation Corporate KERP, Chargeback Reserve/Deposits, Store Ops, 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 DIP Agent and the DIP Lenders 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” means Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the Pre-Filing ABL Credit Agreement.

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

“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 Payables Reserve” has the meaning given thereto in Section 20.

“Priority Waterfall” has the meaning given thereto in Section 15.

“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.

“Required DIP Lenders” means, at any time, DIP Lenders having outstanding DIP Facility Exposures and unused and uncanceled Commitments representing more than 50% of the sum of the total DIP Facility Exposures and unused and uncanceled Commitments at such time.

“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.

“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, the Term Loan Obligations and the DIP Financing Obligations.

“Shared Services Agreement” means the Shared Services Agreement dated December 23, 2024 by and among Saks Global Enterprises LLC, the Borrower and HBC Canada Parent Holdings 2 Inc. as amended February 28, 2025 and as amended, restated, supplemented or otherwise modified and in effect from time to time.

“SISP” means the sale and investment solicitation process, satisfactory to the DIP Agent, 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.

“Subsequent Monitor Transfer” has the meaning given thereto in Section 8.

“Surplus Cash” means amounts held by the Monitor on 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 DIP Budget and amounts actually disbursed up to such date shall be added to the \$35 million threshold amount.

“Taxes” has the meaning given thereto in Section 33.

“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.

“Term Loan Priority Liens” means the Liens in favour of the Pre-Filing Term Loan Agent securing the Term Loan Obligations but only to the extent of such Liens are against the Term Loan Priority Collateral and not, for greater certainty the extent to which such Liens secure the Term Loan Obligations against the ABL Priority Collateral.

“Term Sheet” means this amended and restated term sheet, as further amended, restated or otherwise modified from time to time.

“Testing Period” has the meaning given thereto in Section 18.

“Updated DIP Budget” has the meaning given thereto in Section 18.

“Variance Report” has the meaning given thereto in Section 18.

“Withholding Taxes” has the meaning given thereto in Section 33.

**SCHEDULE “C”
FORM OF ADVANCE CONFIRMATION CERTIFICATE**

TO: The DIP Agent

AND TO: The Monitor

FROM: Hudson Bay Company

DATE: ●, 2025

1. This certificate is delivered to you, as DIP Agent, with a copy to the Monitor, in connection with a request for an Advance pursuant to the amended and restated term sheet made as of March ●, 2025 between the Loan Parties and the DIP Agent and DIP Lenders, as amended, supplemented, restated or replaced from time to time (the “**Term Sheet**”). All defined terms used, but not otherwise defined in this certificate shall have the respective meanings set forth in the Term Sheet, unless the context requires otherwise.

2. The Borrower hereby requests an Advance as follows in respect of the week commencing on ●, 2025:

Aggregate amount of Advance: \$●

3. All of the representations and warranties of the Loan Parties set forth in the Term Sheet are true and accurate in all material respects as at the date hereof, as though made on and as of the date hereof.

4. All of the covenants of the Loan Parties contained in the Term Sheet and the Guarantee and all other terms and conditions contained in the Term Sheet and the Guarantee to be complied with by the Loan Parties, not properly waived in writing by the DIP Agent, have been fully complied with.

5. No Default or Event of Default has occurred nor will any such event occur as a result of the Advance hereby requested.

HUDSON’S BAY COMPANY ULC, as Borrower

By: _____
Name:
Title:

**SCHEDULE “D”
WATERFALL**

Priority Ranking	ABL Priority Collateral	Term Loan Priority Collateral	Other Collateral
1 st	Administration Charge obligations	Administration Charge obligations	Administration Charge obligations
2 nd	KERP Charge obligations	KERP Charge Obligations	KERP Charge obligations
3 rd	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 th	Directors’ Charge indemnity obligations up to \$13.5 million	ABL Obligations (other than Excess ABL Obligations)	DIP Financing Obligations
5 th	DIP Financing Obligations	Directors’ Charge indemnity obligations up to \$13.5 million	Directors’ Charge indemnity obligations up to \$35.7 million
6 th	Director’s Charge indemnity obligations up to \$35.7 million	DIP Financing Obligations	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations)	Directors’ Charge indemnity obligations up to \$35.7 million	
8 th	Excess ABL Obligations	Excess Term Loan Obligations	
9 th	Excess Term Loan Obligations	Excess ABL Obligations	
10 th	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 “E”
DIP BUDGET**

**SCHEDULE “F”
MILESTONES**

1. The Court shall have issued the ARIO by no later than March 17, 2025.
2. By no later than the March 17, 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 9, 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 DIP Agent or (b) extended to the extent necessary to accommodate the Court’s calendar.

**SCHEDULE “G”
NOTICE INFORMATION**

If to Loan Parties

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

Attention: Ashley Taylor
Email: ataylor@stikeman.com

If to DIP Agent

Restore Capital LLC

Attention: Dan Rubin
Email: 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 / 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 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


With copy to:

Bennett Jones LLP
100 King St W, Suite 3400

Toronto, ON
M5X 1A4

Attention: Sean Zweig
Email: zweigs@bennettjones.com

EXHIBIT "D"
referred to in the Affidavit
of **JENNIFER BEWLEY**
Sworn March 14, 2025

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

Commissioner for Taking Affidavits

AMENDED AND RESTATED JUNIOR DIP TERM SHEET

Hudson Bay Company ULC

Dated as of March 7¹⁷, 2025

~~WHEREAS the Loan Parties have requested that the DIP Lenders provide financing to the Borrower and the other Loan Parties, on a junior and subordinate basis to certain existing secured obligations of the Borrower and on March 7, 2025 (the “Filing Date”) the Loan Parties, during the pendency of the Loan Parties’ together with certain affiliated entities, commenced proceedings (the “CCAA Proceedings”) underpursuant to the Companies’ Creditors Arrangement Act (Canada) (the “CCAA”) to be commenced before the Ontario Superior Court of Justice (Commercial List) (the “Court”) in accordance with the terms and conditions set out herein; and Alvarez & Marsal Canada Inc. was appointed as monitor (the “Monitor”).~~

AND WHEREAS, pursuant to the Initial Order, the Court, among other things, (i) approved the terms of a DIP Term Sheet entered into by the DIP Agent, the DIP Lenders and the Loan Parties dated March 7, 2025, as amended by a First Amending Agreement to DIP Term Sheet dated March 7, 2025 (collectively, the “Original Term Sheet”) and authorized the Borrower to borrow amounts provided for thereunder in the total aggregate principal amount of \$16,000,000 (the “Interim Borrowings”), and (ii) granted the DIP Agent and DIP Lenders a super priority charge (subject to certain Permitted Priority Liens) on the Collateral as security for all DIP Financing Obligations (the “DIP Charge”).

AND WHEREAS, ~~the DIP Lenders have agreed to provide~~ in addition to the Interim Borrowings, the Loan Parties require financing ~~in order~~ to fund certain obligations of the Loan Parties ~~to allow them to pursue and implement a Permitted Restructuring Transaction and~~ for the purposes of pursuing and implementing an Orderly Liquidation;

AND WHEREAS the DIP Lenders have agreed to provide such additional financing to the Loan Parties pursuant to this Term Sheet, which amends and restates the Original Term Sheet as provided herein;

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. **BORROWER:** Hudson Bay Company ULC (the “**Borrower**”).
2. **GUARANTORS:** HBC Canada Parent Holdings 2 Inc., HBC Canada Parent Holdings Inc., The Bay Holdings ULC, The Bay Limited Partnership, HBC Bay ~~Holding~~Holdings I Inc., and HBC Bay Holdings II ULC (collectively, the “**Guarantors**”).
3. **LOAN PARTIES:** The Borrower and the Guarantors (collectively, the “**Loan Parties**”, and “**Loan Party**” means each of them).
4. **DIP AGENT:** Restore Capital, LLC (the “**DIP Agent**”).
5. **DIP LENDERS:** Restore Capital, LLC and the other Persons listed on Schedule “A”, and any permitted assignee thereof in accordance with Section 37 (collectively, the “**DIP Lenders**”, and “**DIP Lender**” means each of them).

Subject to the terms and conditions set forth herein, each DIP Lender commits to make Advances to the Borrower in an aggregate principal amount outstanding up to the amount set forth beside such DIP Lender's name in Schedule "A" under the heading "Commitment", as such Schedule may be updated from time to time by the DIP Agent to reflect any modifications to the DIP Lenders and their Applicable Percentages made in accordance with this Term Sheet.

6. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this Term Sheet have the meanings given thereto in Schedule "B".
7. **CURRENCY:** Unless otherwise stated, all monetary denominations shall be in the lawful currency of Canada and all payments made by any of the Loan Parties under this Term Sheet shall be in Canadian dollars.
8. **DIP FACILITY; DRAWDOWNS:**
- (a) DIP Facility. A debtor-in-possession, interim, credit facility (the "**DIP Facility**") up to a maximum principal amount of \$1623 million (inclusive of, and not additional to, the Interim Borrowings) (the "Facility Amount"), subject to the terms and conditions contained herein. ~~The Facility Amount may be increased on agreement of the DIP Agent, DIP Lenders, and Loan Parties with the approval of the Monitor and the Court at the Comeback Hearing (such amount, the "Increased Facility Amount").~~
 - (b) Monitor's Trust Account. ~~As authorized by Court Order[†] at~~ Within one Business Day of the Comeback Hearing, the DIP ~~Lenders~~ Agent shall transfer into an interest-bearing trust account in the name of, and designated by, the Monitor (the "**Monitor's**" Monitor's Trust Account) ~~the balance of the Increased Facility Amount then available, or such higher or lower amount, as authorized by the further Court Order and agreed to by the DIP Agent (the "Monitor Transfer")~~ an amount of \$3,000,000 under the DIP Facility (the "Initial Monitor Transfer"). The Monitor shall be entitled to provide written notice to the DIP Agent requesting a further transfer of up to \$4,000,000 (provided that no individual transfer shall be less than \$500,000) under the DIP Facility into the Monitor's Trust Account (the "**Subsequent Monitor Transfer**") and, following receipt of such notice (if any), the DIP Agent shall be required to make any Subsequent Monitor Transfer within one Business Day of receipt of such notice. Notwithstanding the foregoing, the Monitor shall not be entitled to make any requests for Subsequent Monitor Transfers after 4:00 p.m. (Toronto time) on April 4, 2025. After this time, the DIP Agent and the DIP Lenders shall have no obligation to make any further Subsequent Monitor Transfers and the total

~~[†] Such further Court Order may be an amended and restated Initial Order granted on the Comeback Date.~~

Commitments shall be automatically reduced by the undrawn amount of the DIP Facility effective as at 4:00 p.m. (Toronto time) on April 4, 2025.

- (c) Advances. ~~Prior to the Comeback Hearing, the~~ The DIP Facility shall be made available to the Borrower by way of advances (each an, “**Advance**”) from the ~~DIP Lender to an account designated by the Borrower, which Advances~~ Monitor’s Trust Account, which, in the aggregate, shall not exceed the ~~principal aggregate amount of \$16 million~~ Facility Amount or such higher or lower amount as may be authorized by the ~~Initial Order on the Filing Date~~ ARIO at the Comeback Hearing and agreed to by the DIP Agent (including all interest accrued thereon, ~~the “Interim Borrowings”~~).

~~Up to \$8 million shall be made available to the Borrower in accordance with the terms hereof on Monday, March 10, 2025, with the balance of the Interim Borrowings to be made available pursuant to an agreed upon schedule between the DIP Agent, the Loan Parties and the Monitor.~~

~~Following the Comeback Hearing, provided that the conditions set out in section 10(d) are fulfilled, the Increased Facility Amount shall be made available to the Borrower by way of Advances from the Monitor’s Trust Account, which, in the aggregate, shall not exceed the Facility Amount.~~

The timing for each Advance shall be determined based on the funding needs of the Loan Parties as set forth in the DIP Budget and as agreed among the DIP Agent and the Borrower and consented to by the Monitor. Each Advance (other than the final Advance) shall be in a principal amount of not less than \$200,000.

- (d) Advance Request Certificate. In order to receive an Advance the Borrower shall deliver to the DIP Agent, with a copy to the Monitor, an Advance request certificate in the form of Schedule “C” (an “**Advance Request Certificate**”). The Advance Request Certificate shall certify that (i) all representations and warranties of the Borrower contained in this Term Sheet remain true and correct in all material respects both before and after giving effect to the use of such Advance and (ii) no Default or Event of Default then exists and is continuing or would result therefrom.
- (e) Advance Release Consent. If the DIP Agent is satisfied that the Advance Conditions are met as of the date on which such Advance Request Certificate is delivered and will remain satisfied on the date the Advance is to be made,

as soon as reasonably practicable, the DIP Agent shall deliver to the Monitor, with a copy to the Borrower, a consent to the immediate release of an Advance to the Borrower (“**Advance Release Consent**”). The DIP Agent may make further inquiry of the Borrower and/or the Monitor should it have any concerns with the form or content of the Advance Release Consent, or any representations made therein.

The Monitor shall be entitled to release the Advance to the Operating Account of the Borrower, as requested in the Advance Request Certificate, immediately upon receipt of the Advance Release Consent. ~~For greater certainty, the Monitor shall not be entitled to release the Advance to the Operating Account of the Borrower unless and until such Advance Release Consent is received by the Monitor.~~

9. **PURPOSE AND PERMITTED PAYMENTS:**

The Borrower shall use proceeds of the DIP Facility solely for the following purposes and in the following order, in each case in accordance with the DIP Budget ~~and~~, the Initial Order and the ARIO and for the purpose of advancing and implementing an Orderly Liquidation or a Permitted Restructuring Transaction ~~or an Orderly Liquidation~~:

- (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), (iii) the DIP Agent and DIP Lenders, (iv) the Pre-Filing ABL Agent, and (v) the Pre-Filing Term Loan Agent, in each case pursuant to the terms hereof, it being acknowledged by the Loan Parties and the DIP Agent and DIP Lenders that those fees and expenses incurred to the date hereof and those provided for in the DIP Budget as of the date hereof are reasonable;
- (b) to pay the interest, fees and other amounts owing to the DIP Agent and DIP Lenders under this Term Sheet;
- (c) to pay the interest on the amounts owing in connection 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 DIP 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; and
- (d) to fund, in accordance with the DIP 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~~and~~, the Memo Consignment Agreement~~;~~ and with the Participating Concession Vendors.

~~(e) from and after the delivery of the Monitor Transfer, to cash collateralize through payment to the Cash Collateral Account (as defined in the Pre Filing ABL Credit Agreement) all L/C/ Obligations, Bank Product Obligations and cash management obligations (as such terms are defined in the Pre Filing ABL Credit Agreement) (other than Excess ABL Obligations) in each case in an amount equal to 104% of the face amounts thereof, and to provide cash collateral for costs, expenses, fee amounts and contingent reimbursement or unasserted contingent indemnification obligations in an amount reasonably agreed to by the Pre Filing ABL Agent.~~

For greater certainty, and other than as expressly set out above, the Loan Parties may not use the proceeds of the DIP Facility 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 the prior written consent of the DIP Agent unless the payment of such pre-Filing Date obligations are specifically identified in the approved DIP Budget and authorized pursuant to the Initial Order or any subsequent Court Order.

10. ADVANCE CONDITIONS

The DIP Agent's and DIP Lenders' agreement to make the Facility Amount available to the Borrower and to advance any Advance to the Borrower is subject to the satisfaction, as determined by the DIP Agent, of each of the following conditions precedent (collectively, the "**Advance Conditions**"), each of which is for the benefit of the DIP Agent and DIP Lenders and may be waived by the DIP Agent on behalf of the DIP Lenders:

(a) With respect to the first Advance:

- (i) ~~(a)~~ The Loan Parties shall have executed and delivered this Term Sheet, and the Guarantee.

~~(b) The Loan Parties' cash management system shall continue in the manner approved by the Initial Order unless otherwise consented to in writing by the DIP Agent and the Monitor in their reasonable discretion.~~

- (ii) ~~(c) With respect to Advances up to the amount of \$16 million the~~ The Court shall have issued a Court Order (the "**DIP Approval Order**")², in form and substance satisfactory to the DIP Agent, which

² ~~Such Court Order may be the Initial Order issued on the Filing Date granting the Loan Parties protection under the CCAA.~~

~~shall~~an amended and restated Initial Order, which amends, replaces, restates and supersedes the Initial Order (“ARIO”):

(A) ~~(i) approve~~approving this Term Sheet (subject only to such modifications as may be acceptable to the DIP Agent and DIP Lenders);

(B) ~~(ii) authorize~~authorizing the Borrower to borrow up to ~~\$16 million of the DIP Facility~~ Amount by way of Advances;

~~(iii) require that, if the Loan Parties enter into Alternative Financing Arrangements, any Interim Borrowings advanced by the DIP Lenders and DIP Lender Expenses incurred prior to the Comeback Hearing shall be fully repaid in cash from such Alternative Financing Arrangements;~~

(C) ~~(iv) grant to the DIP Agent on behalf of itself and the DIP Lenders a court ordered charge (the “granting the~~ DIP Charge”) on the Collateral as security for all DIP Financing Obligations, which DIP Charge shall have priority over all Liens on the Collateral other than the Permitted Priority Liens;

(D) ~~(v) authorize~~authorizing the DIP Agent to effect registrations, filings and recordings wherever it deems appropriate regarding the DIP Charge;

(E) ~~(vi) provide~~providing that the DIP Charge shall be valid and effective to secure all of the DIP Financing Obligations without the necessity of making any registrations or filings and whether or not any other documents have been executed by the Loan Parties;

(F) ~~(vii) declare~~declaring that the granting of the DIP Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Charge, do not constitute conduct meriting oppression, fraudulent preference, fraudulent conveyance or other challengeable or

reviewable transactions under any applicable federal or provincial legislation;
~~and~~

(G) ~~(viii) restrict~~restricting the granting of additional Liens on the Collateral other than the DIP Charge and as permitted herein;;

~~(d) With respect to Advances following the Comeback Date:~~

(H) ~~(i) the Court shall have issued an amended DIP Approval Order within 10 days of the date of the Filing Date, in form and substance satisfactory to the DIP Agent, which shall (A) authorize~~authorizing the Monitor to hold the Monitor Transfer in accordance with the terms of this Term Sheet, ~~(B) increase the amount of the DIP Facility to the Increased Facility Amount and (C) authorize and require the cash collateralization set forth under Section 9(e) hereof and authorize the Pre-Filing ABL Agent to draw such cash collateral to satisfy the Revolving Obligations (as defined in the Pre-Filing ABL Credit Agreement) as such Revolving Obligations become due and owing;~~; and

(I) ~~(ii) the Loan Parties shall have delivered an Updated DIP Budget that is satisfactory to the DIP Agent;~~authorizing and requiring the cash collateralization set forth under Section 25(e) hereof and, upon confirmation of the validity and enforceability of the security interests of the Pre-Filing ABL Agent by the Monitor's independent counsel, the repayment set forth under Section 25(e) hereof.

(iii) the Pre-Filing Term Loan Agent shall have consented to the ~~Increased~~ Facility Amount;;

(iv) the Court shall have issued an order approving the Liquidation Services Agreement;~~and~~;

(v) the Court shall have issued an order approving the

³~~Such Court Order may be an amended and restated Initial Order, at which time, such Court Order shall be for all purposes the "DIP Approval Order".~~

Lease Solicitation Process.

(vi) the Court shall have issued an order approving the SISP.

(b) With respect to all Advances:

(i) The Loan Parties' cash management system shall continue in the manner approved by the Initial Order unless otherwise consented to in writing by the DIP Agent and the Monitor in their reasonable discretion.

(ii) ~~(e)~~ The ~~DIP Approval Order~~ ARIO shall not have been stayed, vacated or otherwise amended, restated or modified in any manner relating to the DIP Facility, the DIP Lenders or the DIP Charge without the written consent of the DIP Agent.

(iii) ~~(f)~~ The Shared Services Agreement shall be continuing in full force and effect and all services provided thereunder shall be ongoing.

(iv) ~~(g)~~ There shall be no Liens ranking *pari passu* with or in priority to the DIP Charge over the Collateral other than the Permitted Priority Liens.

(v) ~~(h)~~ No Default or Event of Default shall have occurred or will occur as a result of the requested Advance.

(vi) ~~(i)~~ Such Advance shall not cause the aggregate amount of all outstanding Advances to exceed the amount then authorized by the ~~DIP Approval Order~~ ARIO.

(vii) ~~(j)~~ There shall be no order of the Court in the CCAA Proceedings that contravenes this Term Sheet or the Guarantee so as to materially adversely impact the rights or interests of the DIP Agent or any DIP Lender, as determined by the DIP Agent and DIP Lenders.

(viii) ~~(k)~~ The Borrower shall have delivered any Updated DIP Budget then requested and such Updated DIP Budget shall have been approved by the DIP Agent and, until the cash collateralization and/or repayment of obligations pursuant to Section (a)(ii)(I), the Pre-Filing ABL Agent.

(ix) ~~(l)~~ The Borrower shall have delivered all Variance

Reports required under Section 18 hereof.

(x) ~~(m)~~ The Borrower shall have delivered an Advance Request Certificate in respect of such Advance.

For greater certainty, no DIP Lender shall be obligated to make a further Advance or otherwise make available funds pursuant to this Term Sheet unless and until all the foregoing conditions have been satisfied or waived in accordance with this Term Sheet.

11. **COSTS AND EXPENSES**

The Loan Parties shall reimburse the DIP Agent and DIP Lenders for all reasonable and documented fees and expenses incurred (including reasonable and documented legal, financial advisory and professional fees and expenses on a full indemnity basis) (the “**DIP Lender Expenses**”) by the DIP Agent and DIP Lenders or any of their affiliates in connection with the negotiation, development, and implementation of DIP Facility (including the administration of the DIP Facility). The DIP Lender Expenses shall form part of the DIP Financing Obligations secured by the DIP Charge.

12. **DIP FACILITY SECURITY:**

All DIP Financing Obligations shall be secured by the DIP Charge.

13. **INTER-COMPANY ADVANCES:**

No intercompany advances, distributions, or other payments may be made unless provided for in the DIP Budget or consented to in writing by the DIP Agent and for greater certainty, no intercompany advances, distributions or other payments shall be made to Non-Loan Party Applicants.

14. **PERMITTED LIENS: AND PRIORITY:**

All of the Collateral will be free and clear of all Liens except for Permitted Liens.

The DIP Charge shall rank in priority to any and all Liens on the Collateral other than the Permitted Priority Liens. As among the DIP Charge, the Administration Charge, the Directors’ Charge, and the KERP Charge the relative priority shall be as follows:

- (a) *first*, the Administration Charge;
- (b) *second*, the KERP Charge;
- (c) *third*, the Directors’ Charge up to \$13.5 million;
- (d) *fourth*, the DIP Charge; and
- (e) *fifth*, the Directors’ Charge up to \$~~13.5~~35.7 million.

15. **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 priority waterfall set on Schedule “**D**” (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.

16. **MONITOR:** The monitor in the CCAA Proceedings shall remain Alvarez and Marsal Canada Inc. (the “**Monitor**”).

17. **MATURITY DATE:** The DIP Facility shall mature and the DIP Financing Obligations shall be due and repayable in full on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the completion of a Permitted Restructuring Transaction; (iii) the effective date of any Plan which is proposed and filed with the Court in the CCAA Proceedings; and (iv) the Outside Date (the earliest of such dates being the “**Maturity Date**”). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Agent and the Monitor for such period and on such terms and conditions as the DIP Agent may agree in its sole discretion.

Without the consent of the DIP Agent, no Court Order sanctioning a Plan shall discharge or otherwise affect in any way the DIP Financing Obligations, other than after the permanent and indefeasible payment in cash of all DIP Financing Obligations on or before the date such Plan is implemented.

18. **DIP BUDGET AND VARIANCE REPORTING:** Attached hereto as Schedule “E” is a copy of the agreed summary ~~DIP Budget~~budget (excluding the supporting documentation provided to the DIP Agent in connection therewith) as in effect on the date hereof (the “~~Initial~~ **DIP Budget**”), which the DIP Agent acknowledges and agrees is in form and substance satisfactory to the DIP Agent. Such ~~Initial~~ DIP Budget shall be the DIP Budget referenced in this Term Sheet unless and until such time as ~~a revised~~an Updated DIP Budget has been approved by the DIP Agent in accordance with this Section 18.

(a) At the written request of the DIP Agent (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 DIP Budget, the Borrower shall update and propose a revised 13-week DIP Budget to the DIP Agent (the “**Updated DIP Budget**”).~~-~~ The DIP Agent may make such request up to once every two weeks, and if such request is made, the Borrower shall submit the Updated DIP Budget no later than five ~~(5)~~ Business Days following receipt of the request. Such Updated DIP Budget shall have been reviewed and approved by the Monitor, prior to submission to the DIP Agent. If the DIP Agent, determines that the Updated DIP Budget is not acceptable, it shall provide written notice to the Borrower and the Monitor within three ~~(3)~~ Business Days following receipt of the Updated DIP Budget stating that the Updated DIP Budget is not acceptable and setting out the reasons why such Updated DIP Budget is not acceptable. For greater certainty, until the Borrower has delivered a revised Updated DIP Budget acceptable to the DIP Agent, the prior DIP Budget shall remain in effect, and if the DIP Agent does not respond within three ~~(3)~~ Business Days to a submitted Updated DIP Budget, it shall be deemed to have accepted such Updated DIP Budget.

At any time, the Updated DIP Budget acceptable to the DIP Agent at such time shall be the DIP Budget for the purpose of this Term Sheet.

On or before 3:00 p.m. Eastern Time on the Wednesday of every week commencing with the first full week after the date of issuance of the Initial Order (provided that such day is a Business Day and, if not, on the next Business Day) the Borrower shall deliver to the Monitor and the DIP Agent and its 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 DIP 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 DIP Budget; each such Variance Report to be promptly discussed with the DIP Agent and its legal and financial advisors, if so requested. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period. Notwithstanding the above, the delivery of the first Variance Report shall be due on or before 3:00 p.m. Eastern Time on the Thursday of the second full week after the date of issuance of the Initial Order.

19. **EVIDENCE OF INDEBTEDNESS:** The DIP Agent’s accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the DIP Financing Obligations.
20. **PREPAYMENTS:** Provided the Monitor is satisfied that the Loan Parties have sufficient cash reserves to satisfy (a) amounts secured by any Permitted Priority Liens, and (b) other obligations incurred by the Loan Parties from and after the Filing Date for which payment has not been made (collectively, the “**Priority Payables Reserve**”), the Borrower may prepay any amounts outstanding under the DIP Facility, in accordance with the Priority Waterfall, at any time prior to the Maturity Date. Subject to Section 23, any amount repaid may not be reborrowed.
21. **INTEREST RATE:** Interest shall be payable on the aggregate outstanding amount of the Facility Amount that has been deposited in the Monitor’s Trust Account from the date of the funding thereof at a rate equal to Term CORRA (as defined in the Pre-Filing ABL Credit Agreement) plus 11.5% *per annum*, compounded monthly and payable monthly in arrears in cash on the last Business Day of each month, with the first such payment being made on March 31, 2025. Upon the occurrence and during the continuation of an Event of Default, all overdue amounts shall bear interest at a rate equal to Term CORRA plus 14.5% *per annum* payable on demand in arrears in cash. All interest shall be computed on the basis of a 365-day year, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

22. **MANDATORY REPAYMENTS:** Unless otherwise consented to in writing by the DIP Agent, the DIP Facility shall, subject to retention of the Priority Payables Reserve, the terms of the Liquidation Services Agreement and the Priority Waterfall, be promptly repaid and the Facility Amount shall be permanently reduced upon a sale, realization or disposition of or with respect to any assets or property of the Loan Parties (including obsolete, excess or worn-out Collateral) outside of the ordinary course of business, including any sale or disposition of any Real Property Leases, intellectual property, equipment, machinery and other operating or fixed assets in each case, in an amount equal to the net cash proceeds of such sale, realization or disposition (for greater certainty, net of applicable fees costs and expenses in connection with such sale, realization or disposition and net of payments to holders of Permitted Priority Liens on the assets subject to such disposition) and applicable taxes in respect thereof). Any amount repaid may not be reborrowed.
23. **EXCESS CASH:** ~~After~~In the ~~Increased Facility Amount is authorized by the Court at the Comeback Hearing, in the~~ event the Loan Parties have Excess Cash, the Excess Cash shall be deposited in the Monitor's Trust Account and will remain available to be reborrowed by the Borrower, by way of Advances, subject to and in accordance with the terms of this Term Sheet.
24. **REPRESENTATIONS AND WARRANTIES:** The Loan Parties represent and warrant to the DIP Agent and DIP Lenders upon which the DIP Agent and DIP Lenders are relying in entering into this Term Sheet and the Guarantee, that:
- (b) The transactions contemplated by this Term Sheet and the Guarantee, upon the granting of the Initial Order (or any amendment and restatement thereof on the Comeback Date, as applicable):
 - (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;
 - (c) 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;

- (d) The Loan Parties own their assets and undertaking free and clear of all Liens other than Permitted Liens;
- (e) The only assets of the Non-Loan Party Applicants are registered title as nominee to certain real property assets (in the case of ~~Snopmis~~Snospmis Limited, 2472596 Ontario Inc. and 2472598 Ontario Inc.), general partnership interests in HBC Holdings LP (in the case of HBC Holdings GP Inc.), general partnership interests in HBC Centrepont LP (in the case of HBC Centrepont GP Inc.) certain non-material limited partnership interests in HBC YSS 1 Limited Partnership (in the case of HBC YSS 1 LP Inc.) and non-material limited partnership interests in HBC YSS 2 Limited Partnership (in the case of HBC YSS 2 LP Inc.) and cash in bank accounts up to \$1,000 in the aggregate, and such assets in the aggregate do not have material value relative to the assets of the Loan Parties collectively.
- (f) The Loan Parties have been duly formed and are validly existing under the laws of their jurisdictions of incorporation or formation;
- (g) 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;
- (h) 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;
- (i) No Default or Event of Default has occurred and is continuing; and
- (j) *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.

25. **AFFIRMATIVE COVENANTS:**

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

- (a) In connection with matters reasonably related to the DIP Facility, the CCAA Proceedings or compliance of the Loan Parties with their obligations pursuant to this Term Sheet, (i) allow representatives or advisors of the DIP Agent reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Loan Parties, and (ii) cause management, the financial advisor and/or legal counsel of the Loan Parties to cooperate with reasonable requests for information by the DIP Agent 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 DIP Agent the reporting and other information from time to time reasonably requested by it and as set out in this Term Sheet including, without limitation, the Variance Reports at the times set out herein;
- (c) Use the proceeds of the DIP Facility and any cash receipts received from and after the Filing Date only in accordance with the restrictions set out in this Term Sheet and pursuant to the DIP Budget and the Court Orders;
- (d) Comply with the provisions of the Initial Order, ARIO and all other Court Orders;
- (e) Within three weeks of the Comeback Date, and prior to any payments with respect to the DIP Facility, in accordance with the DIP Budget, utilize cash receipts from the sale of

inventory to (i) cash collateralize in each case in an amount equal to 104% of the face amounts thereof, and to provide cash collateral for 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/or (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), in each case through payment to the Cash Collateral Account (as defined in the Pre-Filing ABL Credit Agreement) all L/C/ Obligations, Bank Product Obligations and cash management obligations (as such terms are defined in the Pre-Filing ABL Credit Agreement) (other than Excess ABL Obligations);

(f) The Loan Parties shall bring a motion before the Court returnable no later than May 9, 2025 (subject to Court availability) for the Distribution Order;

(g) ~~(g)~~ Preserve, renew and keep in full force their corporate existence subject to the liquidations pursuant to the Liquidation Services Agreement;

(h) ~~(h)~~ Preserve, renew and keep in full force and effect all licenses and permits necessary to carry on their business;

(i) ~~(i)~~ Conduct their businesses in accordance with, and otherwise comply with, the DIP Budget, subject to the Permitted Variance;

(j) ~~(j)~~ Promptly notify the DIP Agent of the occurrence of any Default or Event of Default;

(k) ~~(k)~~ Comply, in all material respects, with Applicable Law, except to the extent not required to do so pursuant to any Court Order;

(l) ~~(l)~~ Provide the DIP Agent and its 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 DIP Agent or DIP Lenders shall be reasonably satisfactory to the DIP Agent;

- (m) ~~(+)~~ Take all actions necessary or available to defend the Court Orders that affect the DIP Agent, the DIP Lenders or the Collateral from any appeal, reversal, modifications, amendment, stay or vacating, unless expressly agreed to in writing in advance by the DIP Agent in its reasonable discretion;
- (n) ~~(+)~~ Promptly provide notice to the DIP Agent and its counsel, and keep them otherwise apprised, of any material developments in respect of any Material Contract;
- (o) ~~(+)~~ Complete all necessary Lien and other searches against the Loan Parties, together with all registrations, filings and recordings wherever the DIP Agent deems appropriate, to satisfy the DIP Agent that there are no Liens affecting the Collateral except Permitted Liens;
- (p) ~~(+)~~ At all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the Loan Parties with financially sound and reputable insurers in coverage and scope acceptable to the DIP Agent;
- (q) ~~(+)~~ Pay the amounts specified in Section 9 and all DIP Lender Expenses no less frequently than every week and in accordance with the DIP Budget;
- (r) ~~(+)~~ Consult with the DIP Agent with respect to any proposed termination or disclaimer of any Real Property Lease;

~~(q) If the Loan Parties enter into Alternative Financing Arrangements, such Alternative Financing Arrangements shall provide that (i) any Interim Borrowings advanced by the DIP Lenders prior to the Comeback Hearing, and (ii) any DIP Lender Expenses incurred prior to the Comeback Hearing shall be fully repaid in cash;~~

- (s) ~~(+)~~ Promptly, upon becoming aware thereof, provide details of the following to the DIP Agent:
 - (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 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; and
- (iii) subject to appropriate confidentiality arrangements, any indications of interest, proposals or offers for any of the Collateral received by any Loan Party or the Monitor ~~pursuant to the SISP or otherwise~~ outside the ordinary course of business.

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

(u) ~~(+)~~ Deliver the DIP Budgets and Variance Reports required under Section 18.

26. **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 DIP Agent or with the express consent required as outlined below:

- (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 or any subsequent Court Order and this Term Sheet;
- (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 or any subsequent Court Order and the DIP Budget; provided that the Loan Parties shall (i) pay the DIP Lender Expenses pursuant to the terms of this Term Sheet, (ii) remit (x) any fees owing under the Liquidation Services Agreement or Memo Consignment Agreement, or (y) proceeds in respect of Consigned Goods, (iii) 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 DIP Budget and fees and expenses of the Pre-Filing ABL Agent pursuant to the terms of this Term Sheet, and (iv) pay the expenses of the Pre-Filing Term Loan Agent pursuant to the terms of this Term Sheet and provided for in the DIP

Budget.

- (c) (i) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date of this Term Sheet, 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, (B) the DIP Financing Obligations, (C) 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 DIP Budget and the Initial Order, 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 Term Sheet or with the prior written consent of the DIP Agent;
- (d) Other than with the prior written consent of the DIP Agent or as provided for in the DIP 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 DIP Budget or with the prior written consent of the DIP Agent, 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 and the DIP Agent, in each case engaged as of the date hereof, (iii) respective legal advisors of the Pre-Filing Term Loan Agent and Pre-Filing ABL Agent pursuant to the terms of this Term Sheet and provided for in the DIP 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 DIP Agent, 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) Challenge or fail to support the Liens and claims of the DIP Agent and DIP Lenders;
- (i) Create or establish any employee retention plan or similar benefit plan for any employees of the Loan Parties, except as reflected in the approved DIP Budget;
- (j) Make any payments or expenditures (including capital expenditures) other than in accordance with this Term Sheet and the DIP Budget, subject to the Permitted Variance;
- (k) Terminate or disclaim any Material Contract or amend any Material Contract in any material adverse manner except with the prior consent of the DIP Agent, acting reasonably;
- (l) Pay any rent payable to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership under a Real Property Lease, provided however that the Loan Parties shall be permitted to pay any rent payable by to RioCan-HBC Limited Partnership, HBC YSS 1 Limited Partnership, or HBC YSS 2 Limited Partnership as applicable to its landlord under a head lease that the property subject to such Real Property Lease is subject to;
- (m) 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 without the prior written consent of the DIP Agent;
- (n) 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 with the prior written consent of the DIP Agent;
- (o) 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 ~~for a Permitted Restructuring Transaction or~~ in connection with the Lease Solicitation Process, a Permitted Restructuring Transaction or the Liquidation Services Agreement;
- (p) Seek, obtain, support, make or permit to be made any Court Order or any change, amendment or modification to any

Court Order in respect of any amendment relating to the DIP Facility or any other matter that affects the DIP Agent or DIP Lenders, except with the prior written consent of the DIP Agent, acting reasonably;

- (q) Seek or obtain an order from the Court that materially adversely affects the DIP Agent or DIP Lenders except with the prior written consent of the DIP Agent;
- (r) 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 DIP Budget or except with the prior written consent of the DIP Agent;

~~(s) Seek the approval of any Alternative Financing Arrangement at the Comeback Hearing that does not provide for full repayment in cash of (i) any Interim Borrowings then advanced by the Loan Parties, and (ii) DIP Lender Expenses incurred to the date of the Comeback Hearing;~~

(s) ~~(+)~~ Without the approval of the Court or the prior written consent of the DIP Agent, 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; ~~or~~

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

(u) Remove any stores from the liquidation subject to the Liquidation Services Agreement; or

(v) Unless and until all Senior Indebtedness is repaid in full, notwithstanding anything else in this Term Sheet, 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.

27. **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 Term Sheet:

- (a) Failure of the Loan Parties to pay principal, interest or other amounts when due pursuant to this Term Sheet or the Guarantee;
- (b) Failure of the Loan Parties to perform or comply with any covenant under Section 26 hereof;
- (c) Any representation or warranty by the Loan Parties made or deemed to be made in this Term Sheet or the Guarantee is or proves to be incorrect or misleading in any material respect as of the date made or deemed to be made;
- (d) Failure of the Loan Parties to perform or comply with any term, condition, covenant or obligation pursuant to this Term Sheet or the Guarantee and such failure remains unremedied for more than five ~~(5)~~ Business Days, *provided that*, where another provision in this Section 27 provides for a shorter or no cure period in respect of a particular Event of Default, such other provision shall apply;
- (e) 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) granting any other Lien in respect of the Collateral that is in priority to or *pari passu* with the DIP Charge other than as permitted pursuant to this Term Sheet, (iii) modifying this Term Sheet or the Guarantee without the prior written consent of the DIP Agent, (iv) approving a Restructuring Transaction, other than a Permitted Restructuring Transaction, that has not been previously consented to in writing by the DIP Agent, or (v) staying, reversing, vacating or otherwise modifying any Court Order relating to the DIP Facility, or any other matter that affects the DIP Agent or DIP Lenders without the prior written consent of the DIP Agent;
- (f) Unless consented to in writing by the DIP Agent, the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (g) (i) a Variance Report or Updated DIP Budget is not delivered when due under this Term Sheet 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;
- (h) Unless the DIP Agent has 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 Term Sheet, the Guarantee or

the Initial Order, as applicable, (ii) could otherwise be expected to have a material adverse effect on the interests of the DIP Agent or DIP Lenders, (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;

- (i) 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 DIP Agent;
- (j) The making by any Loan Party of a payment of any kind that is not permitted by this Term Sheet or is not in accordance with the DIP Budget, subject to the Permitted Variance;
- (k) Except as stayed by the Initial Order or consented to by the DIP Agent, a default under, revocation or cancellation of, any Material Contract;
- (l) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Term Sheet or the Guarantee;
- (m) 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;
- (n) 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
- (o) Any Milestone set forth on Schedule “F” hereof shall not be satisfied.

**28. UNAFFECTED
CREDITOR
STATUS**

The DIP Agent and DIP Lenders shall at all times be treated as “unaffected creditors” and “unimpaired” in any plan of compromise or arrangement filed pursuant to the CCAA Proceedings and/or in any other plan, compromise, arrangement and/or proposal filed in any insolvency, restructuring, reorganization and/or arrangement or any other similar proceeding with respect to any Loan Party thereafter, including, without limitation, in any proceedings under the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or any other legislation of any jurisdiction

pertaining to insolvency or creditors' rights.

29. REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Court Orders, the DIP Agent may elect to terminate the commitments hereunder and declare the DIP Financing Obligations to be immediately due and payable and refuse to permit further Advances and direct that the Monitor return any remaining portion of the Monitor Transfers to the DIP Agent to such account as the DIP Agent may designate. In addition, upon the occurrence of an Event of Default, the DIP Agent may, subject to the Court Orders including any notice provision contained therein:

- (a) apply to the Court for the appointment of a 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;
- (b) 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 DIP Agent may agree;
- (c) set-off or combine any amounts then owing by the DIP Agent or the DIP Lenders to the Loan Parties against the obligations of the Loan Parties to the DIP Agent and DIP Lenders hereunder;
- (d) 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) exercise all such other rights and remedies under this Term Sheet, the Court Orders and Applicable Law.

30. DIP LENDER APPROVALS:

All consents, approvals, waivers, or instructions of the DIP Agent or DIP Lenders hereunder shall be in their sole and absolute discretion and shall be in writing unless otherwise expressly set out herein. Any consent, approval, instruction or other expression of the DIP Lenders or DIP Agent to be delivered in writing may be delivered by a written instrument, including by way of electronic mail.

31. EXIT FEE:

The Loan Parties shall pay an Exit Fee to the DIP Agent, on behalf of the DIP Lenders, in the aggregate amount of 3% of the DIP Facility on the Maturity Date (the "**Exit Fee**"), which Exit Fee is fully earned on execution of this Term Sheet, ~~provided for greater certainty such Exit Fee shall not be payable if the Advances made pursuant hereto and all DIP Lender Expenses are repaid in full from an Alternative Financing Arrangements.~~

32. INDEMNITY AND RELEASE:

The Loan Parties agree to indemnify and hold harmless the DIP Agent and the DIP 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 the DIP Facility or this Term Sheet 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 DIP Agent, DIP 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 Term Sheet shall survive any termination of the DIP Facility.

33. **TAXES:**

All payments by the Loan Parties under this Term Sheet to the DIP Agent or DIP Lenders, including any payments required to be made from and after the exercise of any remedies available to the DIP Agent or DIP Lenders upon an Event of Default, shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any Governmental Authority country or any political subdivision of any country (collectively “**Taxes**”); *provided, however*, that if any Taxes are required by Applicable Law to be withheld (“**Withholding Taxes**”) from any amount payable to the DIP Agent or DIP Lenders under this Term Sheet, the amount so payable to such DIP Agent or DIP Lenders shall be increased by an amount necessary to yield to such DIP Agent or DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under this Term Sheet at the rate or in the amount specified herein and the Loan Parties shall provide evidence satisfactory to such DIP Agent or DIP Lenders, as applicable, that the Taxes have been so withheld and remitted.

If the Loan Parties pay an additional amount to the DIP Agent or any DIP Lender to account for any deduction or withholding, the DIP Agent or DIP Lender shall, at the sole cost and expense of the Loan Party, reasonably cooperate with the Loan Party to obtain a refund of the amounts so withheld and paid to the DIP Agent or DIP Lender. Any refund of an additional amount so received by the DIP Agent or any DIP Lender, without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund which the DIP Agent or any DIP Lender determines in its sole discretion will leave it, after such payment, in no better or worse position than it would have been if no additional amounts had been paid to it), net of all out of pocket expenses of the DIP

Agent or any DIP Lender, shall be paid over by the DIP Agent or any DIP Lender to the Loan Party promptly. If reasonably requested by the Loan Party, the DIP Agent or DIP Lender shall apply to the relevant Governmental Authority to obtain a waiver from such withholding requirement, and the DIP Agent or DIP Lender shall reasonably cooperate, at the sole cost and expense of the Loan Parties, with the Loan Parties and assist the Loan Parties to minimize the amount of deductions or withholdings required. The Loan Parties, upon the request of the DIP Agent, shall repay any portion of the amount repaid by the DIP Agent or DIP Lender pursuant to this Section 33 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the DIP Agent or DIP Lender is required to repay such portion of the refund to such Governmental Authority. This Section 33 shall not be construed to require the DIP Agent or DIP Lenders to make available their tax returns (or any other information relating to its Taxes that it deems confidential) to the Loan Parties or any other Person. Neither the DIP Agent nor the DIP Lenders shall by virtue of anything in this Term Sheet be under any obligation to arrange their tax affairs in any particular manner so as to claim any refund on behalf of any of the Loan Parties.

34. **FURTHER ASSURANCES:** The Loan Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, all such further acts and things as the DIP Agent may reasonably request for the purpose of giving effect to this Term Sheet.
35. **ENTIRE AGREEMENT; CONFLICT:** This Term Sheet, including the schedules hereto and the Guarantee delivered in connection with this Term Sheet, constitute the entire agreement between the parties relating to the subject matter hereof.
36. **AMENDMENTS, WAIVERS, ETC.:** No waiver or delay on the part of the DIP Agent or DIP Lenders 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 DIP Agent or DIP Lenders and delivered in accordance with the terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
37. **ASSIGNMENT:** Any DIP Lender may assign their rights and obligations hereunder, in whole or in part, to (a) any affiliate of such DIP Lender in its discretion, ~~(subject in all cases to (i))~~ any other DIP Lender, or (c) any other Person with the DIP Agent's prior written consent and, provided that no Event of Default has occurred and is then continuing, the Monitor's prior written consent (such consent not to be unreasonably withheld or delayed), or with the authorization of the Court, subject in each case to (i) other than in the case of clause (b) above, providing the DIP Agent, the Borrower and the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder, and (ii) the assignee providing notice to the DIP Agent (other than in the case of clause (c) above) and the Borrower to confirm such assignment). Neither this Term Sheet nor any right or obligation hereunder may be assigned by the Loan Parties.

38. **NO THIRD
PARTY
BENEFICIARY:**

No Person, other than the Loan Parties, the DIP Agent, the DIP Lenders, the Indemnified Persons, the Monitor, the Pre-Filing ABL Agent, and the Pre-Filing Term Loan Agent is entitled to rely upon this Term Sheet, and the parties expressly agree that this Term Sheet does not confer rights upon any other party.

39. **APPOINTMENT
OF DIP AGENT:**

Each DIP Lender hereby designates Restore Capital, LLC as administrative agent to act as herein specified and as specified in the Guarantee. Each DIP Lender hereby irrevocably authorizes the DIP Agent to take such action on its behalf and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the DIP Agent by the terms thereof and such other powers as are reasonably incidental thereto. The DIP Agent may perform any of its duties hereunder by or through its agents or employees. The provisions of this Section 39 are solely for the benefit of the DIP Agent and the DIP Lenders, and no Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” as used herein or in the Guarantee (or any similar term) with reference to the DIP Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

The DIP Agent shall have no duties or responsibilities except those expressly set out with respect to the DIP Agent in this Agreement and as specified in the Guarantee. None of the DIP Agent, its affiliates nor their respective directors, officers, employees, agents and advisors shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the DIP Agent shall be mechanical and administrative in nature; the DIP Agent shall not have, by reason of this Term Sheet or the Guarantee, a fiduciary relationship in respect of any DIP Lender. The DIP Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to this Term Sheet or the Guarantee unless it is requested in writing to do so by the Required DIP Lenders.

Each DIP Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and not investments in a business enterprise or securities. Independently, and without reliance upon the DIP Agent, each DIP Lender, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the taking or not taking of any action in connection herewith, and (b) its own appraisal of the creditworthiness of the Loan Parties and, except as expressly provided in this Term Sheet and the Guarantee, the DIP Agent shall have no duty or responsibility to provide any DIP Lender with any credit or other information with respect thereto.

The DIP Agent shall not be responsible to any DIP Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Term Sheet or the Guarantee or the financial condition of the Loan Parties or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Term Sheet or the Guarantee, or the financial condition of the Loan Parties, or the existence or possible existence of any Default or Event of Default.

If the DIP Agent shall request instructions from the DIP Lenders or the Required DIP Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Term Sheet or the Guarantee, the DIP Agent shall be entitled to refrain from such act or taking such action unless and until the DIP Agent shall have received written instructions from the DIP Lenders or the Required DIP Lenders, as applicable, and the DIP Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no DIP Lender shall have any right of action whatsoever against the DIP Agent as a result of the DIP Agent acting or refraining from acting under this Term Sheet and the Guarantee in accordance with the instructions of the Required DIP Lenders or all of the DIP Lenders.

The DIP Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, electronic mail, telephone message, Internet or intranet website posting or other distribution believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The DIP Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of any Advance that by its terms must be fulfilled to the satisfaction of a DIP Lender, the DIP Agent may presume that such condition is satisfactory to such DIP Lender unless the DIP Agent shall have received notice to the contrary from such DIP Lender prior to the making of such Advance. The DIP Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

To the extent the DIP Agent is not reimbursed and indemnified by the Loan Parties, each DIP Lender shall reimburse and indemnify the DIP Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the DIP Agent in performing its duties hereunder, in any way relating to or arising out of this Term Sheet or the Guarantee; provided that no DIP Lender shall be liable

to the DIP Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the DIP Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct. For the avoidance of doubt, the Loan Parties shall reimburse a DIP Lender for any payment pursuant to this Section 39.

**40. AMENDMENTS,
WAIVERS,
CONSENTS:**

Except as set out in the immediately following paragraph, no amendment or waiver of any provision of this Term Sheet or the Guarantee, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the DIP Agent, with the consent of the Required DIP Lenders, and (in the case of any amendment) the Borrower or the applicable Loan Party and the Monitor, as the case may be. Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Any amendment to this Term Sheet or any other Credit Agreement relating to the following matters shall require the unanimous consent of the DIP Lenders:

- (b) decreases in interest rates and fees in respect of the DIP Facility;
- (c) increases in any DIP Lender's Commitment;
- (d) extensions of the Maturity Date;
- (e) extensions of the scheduled or mandatory dates or decreases in the scheduled or mandatory amounts for repayments hereunder;
- (f) releases of all or any material portion of the Collateral and the DIP Charge (including, for certainty release of any of the guarantees), except to the extent otherwise permitted pursuant to this Term Sheet;
- (g) the definitions of "Permitted Priority Liens" and "Required DIP Lenders";
- (h) except as expressly permitted hereunder or under the Guarantee, release, or limit the liability of, any Loan Party without the written consent of each DIP Lender affected thereby;
- (i) modify the priority of (i) the DIP Charge set forth in Section 14, or (ii) the DIP Financing Obligations under the Priority Waterfall, in each case in any way that is adverse to the DIP Lenders; and
- (j) this Section 40.

**41. AMENDMENT
AND
RESTATEMENT**

This Term Sheet amends and restates the Original Term Sheet and represents the entire agreement currently constituted between the Loan Parties, the DIP Agent and the DIP Lenders respecting the subject matter of the Original Term Sheet. The parties hereto acknowledge and agree that (i)

this Term Sheet and the other agreements, documents and instruments executed and delivered in connection herewith do not constitute a novation or termination of the obligations and liabilities of any of the parties under the Original Term Sheet as in effect prior to the date hereof, and (ii) such obligations and liabilities are in all respects continuing (as amended and restated hereby) with the terms of the Original Term Sheet being modified only as provided in this Term Sheet. Any and all references to the Original Term Sheet in the Guarantee shall mean and be a reference to this Term Sheet as this Term Sheet may from time to time in the future be further amended, supplemented, restated or replaced. On the date hereof, the DIP Agent shall make all usual and customary adjustments to ensure that all outstanding Advances under the Original Term Sheet are outstanding in accordance with the rateable portion of each DIP Lender, and each DIP Lender agrees to take all actions as are necessary to give effect to such adjustments.

42. **INTERCREDITOR
1. AGREEMENT**

Except as explicitly set forth in the consent to this Term Sheet delivered by the Pre-Filing Term Loan Agent to the DIP Agent, this Term Sheet is subject to the terms of the Intercreditor Agreement in all respects. In the event of any conflict between the provisions of this Term Sheet and the provisions of the Intercreditor Agreement, subject to the terms of the consent to this Term Sheet delivered by the Pre-Filing Term Loan Agent to the DIP Agent, the provisions of the Intercreditor Agreement shall govern and control.

43. **COUNTERPARTS
2. AND
SIGNATURES:**

This Term Sheet 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.

44. **NOTICES:
3.**

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 “G”, 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.

45. **ENGLISH
4. LANGUAGE:**

The parties hereto confirm that this Term Sheet and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

46. **GOVERNING
5. LAW AND
JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the DIP Agent and DIP Lenders to enforce this Term Sheet in any other proper jurisdiction, the Loan Parties irrevocably submit and attorn to the non-exclusive jurisdiction

|

of the Court.

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

RESTORE CAPITAL, LLC, as DIP Agent

By: _____

Name: _____

Title: _____

HCS 102, LLC, as DIP Lender

By: _____

Name: _____

Title: _____

TIGER ASSET SOLUTIONS CANADA, ULC, as DIP Lender

By: _____

Name: _____

Title: _____

1903 PARTNERS, LLC as DIP Lender

By: _____

Name: _____

Title: _____

GA GROUP SOLUTIONS, LLC as DIP Lender

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 ~~HOLDING~~HOLDINGS I INC., as Guarantor

By: _____
Name: _____
Title: _____

HBC BAY HOLDINGS II ULC, as Guarantor

By: _____
Name: _____
Title: _____

**SCHEDULE “A”
DIP LENDERS AND COMMITMENTS**

DIP Lender	Commitment	Applicable Percentage
HCS 102, LLC	\$16 million <u>13,133,000</u>	100 <u>57.1</u> %
<u>Tiger Asset Solutions Canada, ULC</u>	<u>\$3,289,000</u>	<u>14.3</u> %
<u>1903 Partners, LLC</u>	<u>\$3,289,000</u>	<u>14.3</u> %
<u>GA Group Solutions, LLC</u>	<u>\$3,289,000</u>	<u>14.3</u> %
Total Commitments:	\$16 million <u>23,000,000</u>	100%

SCHEDULE “B” 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.

“**ABL Priority Liens**” means the Liens in favour of the Pre-Filing ABL Agent securing the ABL Obligations.

“**Administration Charge**” means a priority charge over the Collateral 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.

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

“**Advance Conditions**” has the meaning given thereto in Section 10.

“**Advance Release Consent**” has the meaning given thereto in Section 8.

“**Advance Request Certificate**” has the meaning given thereto in Section 8.

~~“**Alternative Financing Arrangements**” means any other agreement or arrangement entered into by the Loan Parties with any other Person for the provision of debtor in possession financing, in accordance with the terms hereof and subject to approval of the Court.~~

“**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.

“**Applicable Percentage**” means, in respect of any DIP Lender at any time, the percentage of the DIP Facility which such DIP Lender has agreed to make available to the Borrower at such time, determined by dividing such DIP Lender’s Commitment by the aggregate of all of the DIP Lenders’ Commitments.

“**ARIO**” has the meaning given thereto in Section 10.

“**Borrower**” has the meaning given thereto in Section 1.

“**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.

“**Claims**” has the meaning given thereto in Section 32.

“**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. 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 Term Sheet and 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 Term Sheet and the Liquidation Services Agreement, among other things.

“Commitment” means, with respect to each DIP Lender, the commitment of such DIP Lender to make Advances under the DIP Facility hereunder. The initial amount of each DIP Lender’s Commitment is set out in Schedule **“FA”**.

“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, or (ii) the DIP Agent has otherwise agreed that the DIP Charge does not attach to such proceeds. 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 Agent” has the meaning given thereto in Section 4.

~~**“DIP Approval Order”** has the meaning given thereto in Section 10.~~

~~**“DIP Budget”** means the weekly financial projections prepared by the Borrower covering the period commencing on the week ended March 7, 2025, and ending on March 17, 2025, on a weekly basis, which shall be in form and substance acceptable to the DIP Agent, which financial projections may be amended from time to time in accordance with~~ has the meaning given thereto in Section 18. For greater certainty, for purposes of this Term Sheet, the DIP Budget shall include all supporting documentation provided in respect thereof to the DIP Agent.

“DIP Charge” has the meaning given thereto in ~~Section 10~~ the Recitals.

“DIP Facility” has the meaning given thereto in Section 8.

“DIP Facility Exposure” means, with respect to any DIP Lender at any time, the outstanding principal amount of such DIP Lender’s Advances at such time.

“DIP Financing Obligations” means, collectively, all indebtedness, liabilities and other obligations owing by each of the Loan Parties from time to time to the DIP Agent and the DIP Lenders (or any of

them) pursuant to this Term Sheet and the Guarantee, including, without limitation, all principal, interest, fees, costs, expenses, disbursements and DIP Lender Expenses.

“**DIP Lenders**” has the meaning given thereto in Section 5.

“**DIP Lender Expenses**” has the meaning given thereto in Section 11.

“**Directors’ Charge**” means a priority charge over the Collateral 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 Initial Order, in an aggregate amount not exceeding \$27,000,000.-

“**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 27.

“**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 ~~an amount to be agreed upon no later than the Comeback Date~~ \$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**” means the retail stores of the Loan Parties not subject to the liquidation contemplated by the Liquidation Services Agreement.-~~

“**Exit Fee**” has the meaning given thereto in Section 31.

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

~~“**Filing Date**” means the date of commencement of the CCAA Proceedings~~ 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.

“**Guarantee**” means a Guarantee of the DIP Financing Obligations to be provided by all Guarantors in form and substance satisfactory to the DIP Agent.

“**Guarantors**” has the meaning given thereto in Section 2.

~~“**Increased Facility Amount**” has the meaning given thereto in Section 8.-~~

“**Indemnified Persons**” has the meaning given thereto in Section 32.

“Initial ~~DIP Budget~~ Monitor Transfer” has the meaning given thereto in Section ~~188~~.

“Initial Order” ~~means the Court Order granting protection to the Borrower under the CCAA on terms and conditions satisfactory to the DIP Agent, as such Initial Order may be amended or amended and restated with the consent of the DIP Agent, acting reasonably;~~ has the meaning given thereto in the Recitals.

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

“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.

“Interim Borrowings” has the meaning given thereto in ~~Section 8~~ the Recitals.

~~“Internal Analysis” means standard internal analysis of the Borrower relating to sales, gross margin and cost end of period.~~

“KERP” means a key employee retention plan the terms and conditions of which shall be satisfactory to the DIP Agent acting reasonably.

“KERP Charge” means a priority charge over the Collateral granted by the Court pursuant to the Initial Order or subsequent Court Order in an amount not to exceed \$5 million to secure the obligations of the Loan Parties to certain key employees pursuant to the terms of a ~~key employee retention plan~~ KERP in an amount to be set forth in the amended and restated Initial Order in an amount acceptable to the DIP Agent acting reasonably.

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

“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 in form and substance satisfactory to the DIP Agent and approved by the Court at the Comeback Hearing providing ~~(i) for the liquidation of the inventory in not less than 25 all of the Loan Parties’ retail stores, including sale guidelines in connection therewith, (ii) that if any stores are removed from the liquidation such that they are Excluded Stores, the Loan Parties shall first consult with the DIP Agent, (iii) that the total number of Excluded Stores shall not cause the minimum number of stores subject to such agreement to fall below 25 without consent of the DIP Agent or further order of the Court, and (iv) that if a Permitted Restructuring Transaction is not entered into by the Business Day which is six (6) weeks after the date of the Initial Order (and if such day is not a Business Day, the next Business Day) (or such lower number of stores as may be consented to by the DIP Agent and reduced~~ in accordance with the terms of the SISP, the following day, the Excluded Stores shall be subject to such agreement Liquidation Services Agreement).

“Loan Parties” has the meaning given to it in Section 3.

“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.

“Maturity Date” has the meaning given thereto in Section 17.

“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 Section 16.

~~**“Monitor Transfer”** has the meaning given thereto in Section 8.~~

“Monitor’s Trust Account” has the meaning given thereto in Section 8.

“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~~Snospmis Limited, 2472596 Ontario Inc. and 2472598 Ontario Inc.

“Operating Account” means a bank account of the Borrower designated by the Borrower to receive Advances acceptable to the DIP Agent.

“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.

~~**“Original DIP Term Sheet”** has the meaning given thereto in the Recitals.~~

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

“Outside Date” means June 30, 2025.

“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) the DIP Charge; (ii) any other charges created under the Initial Order or other Court Order subsequent in priority to the DIP Charge and approved in writing by the DIP Agent

acting in its, reasonable discretion; (iii) validly perfected Liens existing prior to the date hereof; (iv) 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 (v) 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 only to the extent that the priority of such amounts has not been subordinated to the DIP Charge; 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 and (b) the priority of such amounts has not been subordinated to the DIP Charge.

“Permitted Restructuring Transaction” means a transaction, ~~including a sale, a Plan, a refinancing or other recapitalization or investment, that (a) preserves the Excluded Stores on a going concern basis (or such lesser or greater amount of retail stores as may be agreed upon by the DIP Agent and the Loan Parties); (b) is subject to a binding commitment or agreement (subject to customary conditions precedent but for greater certainty shall not be subject to a third party financing condition) executed and delivered no later than the Business Day which is six (6) weeks after the date of the Initial Order (and if such day is not a Business Day, the next Business Day), which the Borrower determines in its reasonable judgment in consultation with the Monitor is capable of closing on or before the Outside Date, and (c) has sufficient proceeds to repay~~ 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 DIP Agent to be outstanding under the Senior Indebtedness in full following completion of the Lease Solicitation Process and the liquidation under the Liquidation Services Agreement and is otherwise satisfactory to the DIP Agent.

“Permitted Variance” means an adverse variance of ~~certain actual financial and operating results of the Loan Parties to those set forth in the DIP Budget in such percentage amount, for such periods and tested with such frequency as the Borrower and DIP Lenders agree no later than the Comeback Date, such testing to be effective for the periods commencing~~ not more than 15%, measured for on a consolidated and cumulative basis for disbursements being Payroll – Non Corp, Payroll - Corp./Shared Svcs, Occupancy Costs, Accrued Vacation Corporate KERP, Chargeback Reserve/Deposits, Store Ops, 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 DIP Agent and the DIP Lenders 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 Date ~~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” means Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the Pre-Filing ABL Credit Agreement.

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

“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 Payables Reserve” has the meaning given thereto in Section 20.

“Priority Waterfall” has the meaning given thereto in Section 15.

“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.

“Required DIP Lenders” means, at any time, DIP Lenders having outstanding DIP Facility Exposures and unused and uncanceled Commitments representing more than 50% of the sum of the total DIP Facility Exposures and unused and uncanceled Commitments at such time.

“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.

“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, the Term Loan Obligations and the DIP Financing Obligations.

“Shared Services Agreement” means the Shared Services Agreement dated December 23, 2024 by and among Saks Global Enterprises LLC, the Borrower and HBC Canada Parent Holdings 2 Inc. as amended February 28, 2025 and as amended, restated, supplemented or otherwise modified and in effect from time to time.-

“SISP” means the sale and investment solicitation process, satisfactory to the DIP Agent, whereby the Loan Parties will seek to enter into a Permitted Restructuring Transaction ~~by no later than the Business Day which is six (6) weeks after the date of the Initial Order (and if such day is not a Business Day, the~~

~~next Business Day) with respect to the Excluded Stores~~, which process shall include any equity interest of the Loan Parties in RioCan —HBC Limited Partnership and any intellectual property of the Loan Parties.

“Subsequent Monitor Transfer” has the meaning given thereto in Section 8.

“Surplus Cash” means amounts held by the Monitor on 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 DIP Budget and amounts actually disbursed up to such date shall be added to the \$35 million threshold amount.

“Taxes” has the meaning given thereto in Section 33.

“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.

“Term Loan Priority Liens” means the Liens in favour of the Pre-Filing Term Loan Agent securing the Term Loan Obligations but only to the extent of such Liens are against the Term Loan Priority Collateral and not, for greater certainty the extent to which such Liens secure the Term Loan Obligations against the ABL Priority Collateral.

“Term Sheet” means this amended and restated term sheet, as further amended, restated or otherwise modified from time to time.

“Testing Period” has the meaning given thereto in Section 18.

“Updated DIP Budget” has the meaning given thereto in Section 18.

“Variance Report” has the meaning given thereto in Section 18.

“Withholding Taxes” has the meaning given thereto in Section 33.

SCHEDULE "C"
FORM OF ADVANCE CONFIRMATION CERTIFICATE

TO: The DIP Agent

AND TO: The Monitor

FROM: Hudson Bay Company

DATE: ●, 2025

1. This certificate is delivered to you, as DIP Agent, with a copy to the Monitor, in connection with a request for an Advance pursuant to the ~~Term Sheet~~amended and restated term sheet made as of March ●, 2025 between the Loan Parties and the DIP Agent and DIP Lenders, as amended, supplemented, restated or replaced from time to time (the "**Term Sheet**"). All defined terms used, but not otherwise defined in this certificate shall have the respective meanings set forth in the Term Sheet, unless the context requires otherwise.

2. The Borrower hereby requests an Advance as follows in respect of the week commencing on ●, 2025:

Aggregate amount of Advance: \$●

3. All of the representations and warranties of the Loan Parties set forth in the Term Sheet are true and accurate in all material respects as at the date hereof, as though made on and as of the date hereof.

4. All of the covenants of the Loan Parties contained in the Term Sheet and the Guarantee and all other terms and conditions contained in the Term Sheet and the Guarantee to be complied with by the Loan Parties, not properly waived in writing by the DIP Agent, have been fully complied with.

5. No Default or Event of Default has occurred nor will any such event occur as a result of the Advance hereby requested.

HUDSON'S BAY COMPANY ULC, as Borrower

By: _____
Name:
Title:

**SCHEDULE “D”
WATERFALL**

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

|

	Second Lien Obligations)	Second Lien Obligations)	
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SCHEDULE "E"
DIP BUDGET

SCHEDULE "F" MILESTONES

1. The Court shall have issued the ~~DIP Approval Order~~ ARIO by no later than March ~~7~~17, 2025.
2. By no later than the March 17, 2025, ~~on the Comeback Date~~ the Court shall have issued an order ~~(including by way of amending and restating the Initial Order)~~ approving ~~borrowing up to the full amount of the Facility Amount under the Term Sheet, the~~ the Liquidation Services Agreement ~~and~~, the Lease Solicitation Process and the SISP.
- ~~3. By no later than the March 24, 2025, the Court shall have issued an order (including by way of amendment to or amending and restating the Initial Order) approving the SISP.~~
- ~~4. If a Permitted Restructuring Transaction is entered into, such Permitted Restructuring Transaction shall be subject to a binding commitment or agreement (subject to customary conditions precedent but for greater certainty shall not be subject to a third party financing condition) no later than the Business Day which is six (6) weeks after the date of the Initial Order (and if such day is not a Business Day, the next Business day)~~
3. ~~5.~~ 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 9, 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 DIP Agent or (b) extended to the extent necessary to accommodate the Court's calendar.

SCHEDULE "G"
NOTICE INFORMATION

If to Loan Parties

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

Attention: Ashley Taylor
Email: ataylor@stikeman.com

If to DIP Agent

Restore Capital LLC

Attention: Dan Rubin
Email: 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 / 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 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

With copy to:

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

Attention: Sean Zweig
Email: zweigs@bennettjones.com

EXHIBIT "E"
referred to in the Affidavit of
JENNIFER BEWLEY
Sworn March 14, 2025

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

Commissioner for Taking Affidavits

March , 2025

PRIVATE & CONFIDENTIAL

Name of Employee

Address

Email: ●

Dear [Employee Name],

Subject: Key Employee Retention Plan

As you know, on March 7, 2025, Hudson's Bay Company ULC (the "**Company**"), the Canadian entity that comprises the retailer Hudson's Bay and TheBay.com, and various of its subsidiaries commenced restructuring proceedings under the *Companies' Creditors Arrangement Act*, also known as the "CCAA". As part of the CCAA process, the Ontario Superior Court of Justice has appointed Alvarez & Marsal Canada Inc. to act as the monitor (the "**Monitor**"). The Company is commencing a liquidation process while it works on a possible restructuring solution.

In conjunction with this CCAA proceeding, the Company has approved a key employee retention program (the "**KERP**") for certain key employees of the Company on the conditions set out in this letter, and the Court has approved such KERP and ordered a charge securing the obligations of the Company to make the retention payments contemplated thereunder.

In recognition of your importance to the Company and with a view to retaining your services during the **liquidation**, you have been identified for inclusion in the KERP as an enhancement to your current employment terms and conditions.

Your Total Eligible KERP

Total eligible retention bonus of gross \$[●] (the "**KERP Payment**") representing [●]% of your base salary. The KERP Payment will be paid, less applicable deductions and withholdings, on the earlier of (i) September 30, 2025 or (ii) the date on which the liquidation is completed and your services are no longer required (the "**KERP Payment Date**").

The KERP Payments are subject to the Conditions below.

Terms and Conditions

The Company's obligation to pay you the KERP Payment is conditional upon the following conditions:

- Except as otherwise provided in this letter, you remain actively employed with the Company through to the KERP Payment Date.
- If, prior to the KERP Payment Date, you voluntarily resign, or if your employment is terminated for cause, you will forfeit any entitlement to payment.
- In the event that your employment is terminated by the Company without cause prior to the

KERP Payment Date, you will be paid the KERP Payment in full, subject to applicable deductions and withholdings.

- You agree that you will maintain the confidentiality of the KERP, and the terms set out herein. Should you disclose the KERP Payment or your participation in the KERP to anyone other than your spouse, tax or legal advisors, you will be ineligible to receive the KERP Payment, pro-rated or otherwise.
- You perform your duties and responsibilities diligently, faithfully and honestly,

(collectively, the “**Conditions**”).

The KERP is designed to be, and any payments of such applicable KERP shall be considered to be extraordinary and not a part of your regular compensation. Accordingly, and for greater certainty, the KERP Payment will not be considered earnings for the purpose of determining any earnings-based employee benefits (including pension) or any other bonus or incentive plan of the Company and, for greater certainty, the KERP Payment shall not be included in the determination of your annual base salary or annual compensation or in the calculation of any termination/severance or other payments which may become owing in the event of any termination of your employment howsoever caused.

To participate in the KERP being offered by the Company, please sign this letter and return it to ●. Please contact me at ● if you have any questions.

On behalf of the Company, thank you again for your continued efforts and your valued contributions.

Yours very truly,

[Company Signatory]

By signing and dating this letter below, I acknowledge that I have read and understand the terms and Conditions of the KERP applicable to me as set forth above and have been afforded the opportunity to obtain independent legal advice in respect of this letter agreement, and have either obtained such advice or waived the right to obtain such advice.

Print Name: _____

Signature: _____

Date: _____

EXHIBIT "F"
referred to in the Affidavit
of **JENNIFER BEWLEY**
Sworn March 14, 2025

A handwritten signature in cursive script, appearing to read "Philip", is written over a horizontal line.

Commissioner for Taking Affidavits



Reflect Advisors LLC

32722 N 132nd Lane
North Peoria, AZ
85383

T: 949.416.1163
reflectadvisors.com

PRIVATE & CONFIDENTIAL

February 14, 2025

Hudson's Bay Company ULC
225 Liberty Street, 31st Floor
New York, NY 10281

Re: Hudson's Bay Company ULC (collectively, The "Company")

Dear Sirs/Mesdames:

1. Introduction

This letter confirms that Reflect Advisors, LLC ("Reflect"), has been retained by Hudson's Bay Company ULC (the "Company" or "You"), to provide certain financial advisory and consulting services (the "Services") set out below. This Engagement Letter (the "Engagement") and the attached Standard Terms and Conditions constitute the engagement contract (the "Engagement Contract") pursuant to which the Services will be provided.

2. Scope of Services

The Services, to be performed at your direction, are expected to include the following:

- Assisting the Company in considering its various strategic alternatives and restructuring options;
- Assisting to develop pro-forma financial models in respect of the Company's various alternatives and restructuring options; and
- Providing other advisory services as may be required and agreed to by the parties.

The Services, as outlined above, are subject to change as mutually agreed between us.



Reflect is engaged by the Company to provide financial advisory and consulting services only. Accordingly, while we may from time to time suggest options which may be available to you and further give our professional evaluation of these options, the ultimate decision as to which, if any, of these options to implement rests with the Company, its management and board of directors. Reflect and its employees will not make any management decisions for the Company and will not be responsible for communicating information concerning the Company to the public, the Company's shareholders or others.

As part of the Services, Reflect may be requested to assist the Company (and its legal or other advisors) in negotiating and/or communicating with the Company's lenders, equity holders and with other interested parties. In the event that we participate in such negotiations, the representations made and the positions advanced will be those of the Company and its management, not Reflect or its employees.

3. Fees

Adam Zalev, a Managing Director of Reflect, will be responsible for the overall engagement. He will be assisted by other Reflect personnel, as appropriate. All fees referenced are in U.S. Dollars, unless otherwise noted.

Fees in connection with the Engagement will include the following:

- A monthly Work Fee of \$62,500 for each of the first two months of this engagement, commencing on execution of this Engagement Letter. The second monthly Work Fee, and any thereafter, shall be due on the monthly anniversary of the Engagement Contract (the "Work Fee").
- After the initial two-month period, the parties agree to discuss whether a modification, up or down, to the Work Fee is appropriate.
- Should a formal restructuring be commenced, professional fees from the commencement of the formal restructuring will be based upon the time incurred providing the Services, multiplied by our standard hourly rates, summarized as follows:

	<u>Per Hour USD\$</u>
Managing Director	\$625
Director	\$475
Associate/Senior Associate	\$325

The initial Work Fee, together with any outstanding and previously issued invoices by Reflect shall be paid on execution of this Engagement Letter. Prior to the commencement of any formal restructuring proceeding, any and all outstanding invoices, including any proration of the monthly Work Fee (as required), will be paid to Reflect. Should a formal restructuring proceeding commence, the Company



agrees to seek the Court's approval for Reflect to be included among other professionals in the administrative charge, if any, in an amount to be determined by the parties.

Hourly rates may be revised annually. We do not provide any assurance regarding the outcome of our work and our fees will not be contingent on the results of such work. Our fees are payable on presentation of invoice.

In addition to the fees outlined above, Reflect will bill for reasonable direct expenses which are likely to be incurred on your behalf during this Engagement. Any such expenses exceeding \$5,000 in aggregate for a single calendar month must be pre-approved in writing by the Company. Direct expenses include reasonable and customary out-of-pocket expenses which are billed directly to the Engagement such as certain telephone, overnight mail, messenger, travel, meals, accommodations and other expenses specifically related to this Engagement. Invoices will also include all applicable taxes together with a customary fee for administrative expenses.

As it relates to any hourly fees, Reflect will submit to the Company, on a weekly basis (or at such other frequency as we may determine as appropriate in our sole discretion), invoices payable upon receipt, for our fees and expenses incurred in connection with the Engagement. Reflect will provide detailed invoices specifying hours worked, tasks completed, and itemized expenses incurred. Reflect reserves the right to immediately stop work should you fail to pay our outstanding fees and expenses within a reasonable period of time of being notified of the Company's failure to pay.

To the extent any fees or expenses are outstanding at the consummation of any merger, acquisition, financing or similar transaction, the Company hereby agrees that prior to closing such a transaction, it will provide its legal counsel with a letter of direction to satisfy full payment of any outstanding fees and expenses, as appropriate, on the closing date, from closing proceeds, as appropriate.

In addition, if Reflect or its employees or partners are required to testify or provide evidence at or in connection with any judicial or administrative proceeding relating to this matter, Reflect will be compensated at its regular hourly rates and reimbursed for reasonable allocated and direct expenses (including counsel fees) with respect thereto.

Payments for fees and expenses under this Engagement Letter may be made in either Canadian dollars or US dollars, as agreed upon by the parties. The applicable exchange rate for payments in Canadian dollars will be determined based on the Bank of Canada daily exchange rate on the date of invoicing unless otherwise agreed.

4. Terms and Conditions

The attached Standard Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter and the Standard Terms and Conditions attached comprise the entire Engagement Contract for the provision of the Services to the exclusion of any other express or implied terms, whether expressed orally or in writing, including any conditions, warranties and representations, and shall supersede all previous proposals, letters of engagement, undertakings, agreements,



understandings, correspondence and other communications, whether written or oral, regarding the Services.

5. Conflicts of Interest

Other than that described in the following paragraph, based on the list of interested parties (the “Potentially Interested Parties”), provided by you, we have undertaken a limited review of our records to determine whether there is any conflict of interest that would prevent us from accepting this engagement.

Reflect is engaged by and provides certain consulting services to Pathlight Capital LP and certain of its managed funds on behalf of itself and its portfolio companies (collectively, “Pathlight”). The parties acknowledge that notwithstanding the foregoing, the parties waive any of their rights to claim a conflict of interest or otherwise on the basis of Reflect’s engagement with Pathlight, provided, however, Reflect agrees:

- (i) not to share the content of any materials, discussions or information with respect to or concerning the Company with Pathlight or any of Reflect’s other former, existing, future or potential clients without the Company’s express written consent,
- (ii) to implement and maintain effective information barriers to prevent the sharing of confidential or proprietary information between the personnel advising the Company and those advising Pathlight or other clients with competing interests, and provide a written certification of these barriers upon the Company’s request;
- (iii) to the extent Reflect has an engagement mandate with Pathlight in respect of the Company or any of its affiliates, prior to or upon execution of this Engagement Contract, any such engagement mandate shall be terminated;
- (iv) without your prior written consent, not to represent any client with adverse or competing interests to the Company during the term of this Engagement and for a period of six (6) months following the termination of this Engagement.

In the event Reflect fails to disclose a conflict of interest or violates the terms of this section 5, the Company shall have the right to terminate this Engagement immediately and seek reimbursement for any fees paid to Reflect, in addition to other remedies available at law or equity

6. Acknowledgement and Acceptance

Please acknowledge your acceptance of the terms of this Engagement Contract by signing both the confirmation below and the attached Standard Terms and Conditions and returning a copy of each to us at the above address.

If you have any questions regarding this letter or the attached Standard Terms and Conditions, please do not hesitate to contact us.



Yours faithfully,

REFLECT ADVISORS LLC

A handwritten signature in blue ink, appearing to read 'Adam Zalev', is written over a horizontal line.

By:

Adam Zalev
Managing Director

Confirmation of Terms of Engagement

We agree to engage Reflect Advisors LLC upon the terms set forth herein and in the attached Standard Terms and Conditions.

The Hudson's Bay Company

By: A handwritten signature in black ink, appearing to read 'Ian Putnam', is written over a horizontal line.

Ian Putnam
President & Chief Executive Officer, HBC Properties & Investments

Date: February 14, 2025

REFLECT ADVISORS LLC
STANDARD TERMS AND CONDITIONS

The following are the Standard Terms and Conditions on which we will provide the Services to you set forth within the attached letter of Engagement. The Engagement letter and the Standard Terms and Conditions (collectively the “Engagement Contract”) form the entire agreement between us relating to the Services and replace and supersede any previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract. In case of a conflict between the terms of the Engagement Contract and the Standard Terms and Conditions, the terms of the Engagement Contract shall prevail.

1. Reports and Advice

- 1.1 **Use and purpose of advice and reports** – Any advice given, or report issued by us is provided solely for your use and benefit of you, and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you, shall not provide any advice given or report issued by us to any third party, or refer to us or the Services, without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available. All reports, analyses, and other work product created by us in connection with the Engagement shall be your sole property upon full payment of fees and expenses.

2. Information and Assistance

- 2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon your providing us with such information and assistance as we may reasonably require from time to time.
- 2.2 **Punctual and accurate information** – You shall use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose for which it is required. You shall also notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.
- 2.3 **No assurance on financial data** – While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Company management will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile or verify any such financial information. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on financial statements of the Company.
- 2.4 **Prospective financial information** - In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-upon procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Company.

3. Additional Services

- 3.1 Responsibility for other parties** – We shall have no responsibility for the work and fees of any other party engaged by you to provide services in connection with the Engagement regardless of whether such party was introduced to you by us. Except as provided in this Engagement Contract, we shall not be responsible for providing or reviewing the advice or services of any such third party, including advice as to legal, regulatory, accounting or taxation matters.

4. Confidentiality

- 4.1 Restrictions on confidential information** – All parties agree that any confidential information received from any other party shall only be used for the purposes of providing or receiving Services under this or any other contract among us. Except as provided below, and as set out in Paragraph 2 of the Engagement Contract, no party will disclose the other party's confidential information to any third party without the other party's consent. Confidential information shall not include information that:

- 4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this Clause 4.1;
- 4.1.2 is acquired from a third party who, to the recipient party's knowledge, owes no obligation of confidence in respect of the information; or
- 4.1.3 is or has been independently developed by the recipient.

For greater certainty, nothing in this section 4.1 is intended to nor shall it create rights in favor of the Company or any other party regarding any confidential information of the Company or otherwise against you, Reflect or any other party.

In the event of an actual or reasonably suspected breach of confidentiality by us or our employees, you shall be entitled, without the necessity of proving actual damages or posting a bond, to seek injunctive relief or specific performance to prevent further disclosure or misuse of its confidential information. We agree that any such breach would cause irreparable harm to you, for which monetary damages alone would not be an adequate remedy. In addition to injunctive relief, we shall indemnify you for any and all damages, costs, and expenses, including reasonable legal fees, arising from such breach as proven by a final, non-appealable judgement from a court of competent jurisdiction.

- 4.2 Disclosing confidential information** – Notwithstanding Clause 1.1 or 4.1 above, any party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by valid legal process, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days' notice in writing is first given to the other party.
- 4.3 Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, to the extent our Engagement is or becomes known to the public, we may cite the performance of the Services to our clients and prospective clients as an indication of our experience, unless we and you specifically agree otherwise in writing.
- 4.4 Internal quality reviews** - Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other Reflect entity or use it for internal quality reviews.
- 4.5 Maintenance of workpapers** – Notwithstanding the above, we may keep one archival set of our working papers from the Engagement, including working papers containing or reflecting confidential information, in accordance with our internal policies.

5. Termination

- 5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon written notice to the other party. Upon receipt of such notice, we will stop all work immediately and deliver all work products and materials prepared up to the date of termination. You will be responsible for all fees and expenses incurred by us through the date termination notice is received.
- 5.2 **Continuation of terms** – The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Engagement Contract, including but not limited to, Clauses 3 and 4 of the Engagement letter, and Clauses 1.1, 4, 6 and 7 of the Standard Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.

6. Indemnification and Liability Limitation; Waiver of Jury Trial

- 6.1 **Indemnification** – All parties agree to indemnify and hold harmless Reflect and any of its subsidiaries and affiliates, officers, directors, principals, shareholders, agents, independent contractors and employees (collectively “Indemnified Persons”) from and against any and all claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys’ fees and expenses and costs of investigation) arising out of or relating to your retention of Reflect, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence, fraud, or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted or (ii) for disputes directly between the parties arising out of or relating to this Engagement Contract.
- 6.2 **Limitation of liability** – All parties agree that no Indemnified Person shall have any liability as a result of your retention of Reflect, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence, fraud, or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted. Without limiting the generality of the foregoing, in no event shall any Indemnified Person be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind.
- 6.3 **WAIVER OF JURY TRIAL** –TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, YOU AND REFLECT IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR ANY SUCH OTHER MATTER.

7. Governing Law and Jurisdiction

The Engagement Contract shall be governed by and interpreted in accordance with the laws of the United States of America and the State of Delaware, without giving effect to the choice of law provisions thereof. The Courts of Delaware shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties submit to the jurisdiction of such Courts and irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

EXHIBIT "G"
referred to in the Affidavit
of **JENNIFER BEWLEY**
Sworn March 14, 2025

A handwritten signature in cursive script, appearing to read "Philip", is written over a horizontal line.

Commissioner for Taking Affidavits

CONSULTING AGREEMENT

This Consulting Agreement, dated as of March 14, 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 the Merchant’s stores set forth on Exhibit “1A” (each a “Store”, and collectively the “Stores”), as such Exhibit may be amended by the Merchant with the consent of the Consultant and DIP Agent (as defined below) to 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”), and the Court approved a debtor-in-possession facility term sheet dated March 7, 2025 between, amongst others, the Merchant as Borrower and ReStore Capital, LLC as DIP Agent (the “DIP Agent”).

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 18, 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, 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.

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 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 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.

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, 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 at cost in the aggregate; and (ii) the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable leases. 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 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"), 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 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"), 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).

Merchant shall pay, collect and remit all HST/GST and other applicable sales taxes assessed on the sale of the Consignment Goods (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 with the consent of Consultant and the DIP Agent shall be entitled to 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

Signed by:
By: Jennifer Bewley
Name: Jennifer Bewley
Its: Chief Financial Officer

CONSULTANT:

HILCO MERCHANT RETAIL SOLUTIONS ULC

By: Alexander McKeown
Name: Alexander C. McKeown
Its: Senior Vice President

Exhibit “1A”

List of Stores

LEASES

Hudson's Bay

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rocky View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

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 __, 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 __, 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 __, 2025 (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 two weeks following the Sale Termination Date. 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. 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, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, 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. Unless otherwise agreed with 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 portion of

the Stores' HVAC system, fire suppression system and fire alarm or sprinkler system. 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 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, 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. 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, as agent for Merchant pursuant to and in accordance with the Consulting Agreement, to include in the Sale additional inventory and other goods from similar vendors not currently supplying goods to Merchant (“**Additional Consultant Goods**”) to the extent permitted under the Consulting Agreement, provided that (i) the Additional Consultant Goods sold as part of the Sale will not exceed \$50,000,000 at cost in the aggregate; and (ii) the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable Leases.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be 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 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

EXHIBIT "H"
referred to in the Affidavit of
JENNIFER BEWLEY
Sworn March 14, 2025

A handwritten signature in black ink, appearing to read "Philip Y.", is positioned above a horizontal line.

Commissioner for Taking Affidavits

CONSULTING SERVICES AGREEMENT dated as of March 14, 2025
BETWEEN:

Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI
("Hudson's Bay")
401 Bay Street, Unit 500
Toronto, Ontario M5H 2Y4

Attn: Jennifer Bewley, Chief Financial Officer
Email: jennifer.bewley@hbc.com

-and-

Jones Lang LaSalle Real Estate Services, Inc. (the "Consultant")
510 West Georgia Street, Suite 2150
Vancouver, BC V6B 0M3

Attn: Connor O'Keeffe
Email: Connor.okeeffe@jll.com

Hudson's Bay and Consultant agree as follows:

- 1) **SERVICES.** Consultant agrees to provide the consulting services described in Exhibit 'A' attached hereto (collectively, the "Services") and such Exhibit is deemed to form part of this Consulting Services Agreement (the "Agreement"). Unless otherwise terminated in accordance with Section 6, the term of this Agreement (as may be extended from time to time in accordance with this Agreement, the "Term") will commence on the date hereof and expire on September 30, 2025, subject to Hudson's Bay's ability, in its sole and absolute discretion, in consultation with the Monitor (as hereinafter defined), to extend the Term from time to time for successive thirty (30) day periods on written notice to Consultant.

- 2) **COMPENSATION.**

Hudson's Bay will pay gross compensation for the Services as follows:

- a) **Work Fee:** Commencing on March 17, 2025, a monthly work fee of C\$80,000.00 plus applicable sales taxes, payable to Consultant in arrears and pro-rated for partial months for Services performed under this Agreement during the Term up to a maximum aggregate amount of C\$240,000.00 plus applicable sales taxes ("Work Fee"). The Work Fee shall be fully creditable against payment of any Success Fee (as defined below) contemplated under Section 2(b) and otherwise payable.
- b) **Success Fee:** In connection with any Court-approved sale, transfer or assignment of any lease identified in Exhibit 'B' (each a "Lease", and collectively, the "Leases"), and conditional upon the successful closing of a sale, transfer or assignment of a

Lease (each, a “**Lease Transaction**”), Hudson’s Bay will pay a one-time gross success fee per Lease (plus applicable sales taxes) equal to 10% of the net proceeds payable to Hudson’s Bay from any such Lease Transaction up to a maximum aggregate amount of C\$175,000.00 plus applicable sales taxes per Lease monetized (“**Success Fee**”). For greater certainty, the furniture, fixtures or equipment in Hudson’s Bay’s distribution centre located in Scarborough, Ontario shall not be sold, transferred or assigned in connection with the sale, transfer or assignment of such Lease and may, in Hudson’s Bay’s sole and absolute discretion, be monetized separately with no compensation payable to the Consultant in connection therewith.

Following the successful closing of a Lease Transaction, where applicable, Hudson’s Bay will pay Consultant its fee in respect of that Lease within thirty (30) days after receipt of proper invoices submitted by Consultant (in a form acceptable to Hudson’s Bay). Save and except for the Work Fee and any Success Fee, Consultant shall not be entitled to, and Hudson’s Bay shall not be obligated to pay, any other compensation and/or remuneration, including all of or any other fees, costs, expenses and charges accrued in connection with the Services, which shall solely be borne by Consultant.

The obligations of Consultant set forth in this Section shall survive termination or expiry of this Agreement.

3) **RELATIONSHIP OF THE PARTIES.**

- a) **Independent Contractor.** It is understood and agreed that Consultant shall for all purposes of this Agreement be deemed to be an independent contractor, and this Agreement is not intended to create, and does not create, any partnership, agency, joint venture or similar relationship and that no party has the right or ability to contract for or on behalf of any other party or to effect any transaction for the account of any other party by virtue of this Agreement. Consultant agrees to perform the Services in accordance with Hudson’s Bay’s standards and specifications, subject to input from Alvarez & Marsal Canada Inc., in its capacity as court appointed monitor (in such capacity, the “**Monitor**”) of Hudson’s Bay and the other applicants (collectively, the “**Applicants**”) in Hudson’s Bay’s proceedings under the *Companies’ Creditors Arrangement Act*. All Services performed pursuant to this Agreement are subject to the direction and approval of Hudson’s Bay and approval of this Agreement by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
- b) **Taxes and Benefits.** No taxes of any kind shall be withheld or paid by Hudson’s Bay on behalf of Consultant. Consultant shall withhold and pay all applicable taxes and other amounts to the relevant governmental authorities, including but not limited to amounts under the *Income Tax Act* (Canada), the *Employment Insurance Act* (Canada), the *Employer Health Tax Act* (Ontario), the *Excise Tax Act* (Canada), and the *Canada Pension Plan Act*. Consultant shall file all returns incident to such taxes and shall submit proof of same if so requested. Hudson’s Bay shall not provide Consultant or its employees with workers’ compensation insurance coverage,

employee benefits of any kind, or any other type of insurance to Consultant or its employees. Hudson's Bay has no obligation to provide any employee or other benefit to Consultant or its employees. Consultant shall be responsible for the timely payment of any sales or service tax incurred with respect to the Services. Consultant shall indicate proper tax identification numbers on its invoices if taxes are required to be charged on its fees and expenses. Consultant represents that it is not a non-resident for purposes of the *Income Tax Act* (Canada) and covenants to remain as such during the Term (as may be extended from time to time).

4) EXCLUSIVITY & DUTY OF CARE.

- a) Hudson's Bay agrees to use Consultant exclusively to carry out the Services for the Leases (as outlined under Exhibit 'A' attached hereto) during the Term (as may be extended from time to time). Consultant is free to contract to perform work for others while under contract with Hudson's Bay; provided, however, that Consultant further agrees that such other work shall not relate to any of the Leases and will not impair, impede or conflict in any way with the Services to be provided under this Agreement.
- b) Notwithstanding anything else contained herein, Consultant covenants and agrees that Connor O'Keeffe will act solely on behalf of Hudson's Bay and shall be responsible for promoting and protecting Hudson's Bay's interests in connection with the Services.

- 5) REPRESENTATIONS AND WARRANTIES.** Consultant represents, warrants and covenants that: (a) it has full capacity to execute and perform this Agreement and has the requisite licenses to provide brokerage services in each of the Provinces in which the Leases are located; (b) it and its employees may provide the Services without breaching or interfering with any other agreement to which Consultant or its employees are bound; (c) its performance hereunder shall be in compliance with all applicable laws, rules, regulations and statutes; (d) the Services: (i) shall be provided in a professional and workmanlike manner and shall be performed by properly-trained and competent personnel who hold current licenses or certifications if required to be so licensed or certified by applicable law or industry standard; and (ii) shall meet or exceed all applicable industry standards; (e) all works of authorship, inventions and ideas created or conceived by Consultant hereunder and Services rendered by Consultant hereunder will not infringe upon or violate any patent, copyright, trade secret, trademark, invention, proprietary information, confidentiality, or other rights of any third party; and (f) it has not been engaged and has not agreed to perform work for others that will impair, impede or conflict with the Services to be provided under this Agreement. If Consultant becomes aware of any such possible infringement in the course of performing Services hereunder, Consultant shall immediately notify Hudson's Bay and the Monitor in writing.

6) TERMINATION OF AGREEMENT.

- a) This Agreement will continue until the earlier of: (i) the last day of the Term; and (ii)

the date on which this Agreement is terminated by Hudson's Bay in accordance with the terms of this Agreement. Notwithstanding anything else contained herein or elsewhere, Hudson's Bay may, in its sole and absolute discretion, and in consultation with the Monitor, terminate this Agreement at any time with or without cause, and for greater certainty, without any liability, by providing 15 days' prior written notice to Consultant. Such termination shall be effective on the 15th day following the date of the notice or such later date as specified in the notice.

- b) Hudson's Bay may, in its sole and absolute discretion, and in consultation with the Monitor, terminate any or all outstanding Services, or any portion thereto immediately, upon providing written notice to Consultant. For this purpose, notice may be given as provided in Section 16. Upon termination, Hudson's Bay's sole obligation to Consultant shall be to pay Consultant for all work performed and accepted up to and including the date of termination, provided that such payment shall not be greater than the payment that would have become due if the work had been completed and that Consultant shall cease to incur any expenses upon receiving such termination notice. For greater certainty, Hudson's Bay shall not be responsible for any expenses incurred after the date of such termination notice unless Hudson's Bay has approved such expenses in writing.
- c) Hudson's Bay may, in its sole and absolute discretion, and in consultation with the Monitor, terminate this Agreement immediately by written notice to Consultant if Consultant materially breaches any representations, warranties or covenants set forth in this Agreement and Consultant has not rectified within five (5) business days of receipt of Hudson's Bay's written notice, provided that such material breach can be rectified by Consultant.
- d) Hudson's Bay may, in its sole and absolute discretion, and in consultation with the Monitor, terminate this Agreement, by providing one (1) days' prior written notice to Consultant, if: (i) Hudson's Bay is restricted in or enjoined from dealing with the Leases by the Court, or (ii) the Court or a governmental or regulatory authority issues an order, decree or ruling, or takes any other action restraining, enjoining or otherwise prohibiting the sale, assignment or transfer transactions of the Leases.
- e) Upon termination of this Agreement, Consultant shall transfer, assign and make available to Hudson's Bay and the Monitor all Deliverables (as defined below), property and materials in Consultant's possession or control belonging to or paid for by Hudson's Bay, as well as all information regarding the Services provided hereunder.
- f) Upon the termination of this Agreement in accordance with the terms hereof, the rights of Hudson's Bay and Consultant hereunder shall immediately terminate and Hudson's Bay shall be immediately released from any further obligations to Consultant hereunder except for the obligation to pay to Consultant any Success Fee due and payable prior to the date of termination with respect to the Lease(s) or leased locations procured by Consultant in accordance with terms hereof. Notwithstanding the termination of this Agreement, Consultant shall continue to be entitled to receive

any Success Fee with respect to any prospective tenant/purchaser who was introduced by Consultant to Hudson's Bay in respect of such Lease(s) or leased locations and commenced negotiations with Hudson's Bay prior to the termination of this Agreement, provided that any such prospective tenant/purchaser and Hudson's Bay executed and delivered a binding agreement within thirty (30) days following the effective termination date of this Agreement. Consultant shall deliver to Hudson's Bay within fifteen (15) days following any termination of this Agreement, a list of, and all material correspondence with, all prospective tenants/purchasers who commenced negotiations prior to termination of this Agreement and Consultant shall not in any event be entitled to be paid any Success Fee with respect to any prospective tenant/purchasers not set forth on such list.

- 7) **CONFIDENTIALITY.** Consultant covenants and agrees to keep confidential and shall ensure that those for whom it is at law responsible and its advisors keep confidential the provisions of this Agreement and the Confidential Information (as hereinafter defined). Consultant will not disclose Confidential Information except: (a) to its officers, directors, agents, lawyers and employees: (i) whose duties in connection with the performance of the Services justify their need to know such Confidential Information; and (ii) who have been clearly informed by Consultant of this Agreement and their obligation to maintain the confidentiality of the Confidential Information, and such officers, directors, agents, attorneys and employees agree to be bound by this provision; (b) to the extent requested or required by applicable rule, regulation, statute, court order, interrogatory, request for information or documents, subpoena, deposition, civil investigative demand or other legal process; provided Consultant has given Hudson's Bay and the Monitor prompt written notice of such required disclosure and, to the extent permissible under applicable law or regulation, has given Hudson's Bay and the Monitor an opportunity to contest any such request or requirement at Hudson's Bay's expense and Consultant agreeing to cooperate with Hudson's Bay and the Monitor in that respect; (c) as otherwise permitted by Hudson's Bay and the Monitor in writing. Consultant may use the Confidential Information, or any information that it develops based on the Confidential Information, only in connection with the performance of the Services. Consultant represents and warrants that it has taken appropriate measures to protect the confidentiality of Confidential Information. Consultant will use the same care to prevent the unauthorized use or disclosure of Confidential Information as Consultant uses with respect to its other clients, but no less than a reasonable business person would use under similar circumstances. Consultant will notify Hudson's Bay and the Monitor promptly, and shall use commercially reasonable efforts to cooperate with Hudson's Bay and the Monitor, in the event Consultant becoming aware of any unauthorized access, use or disclosure of Confidential Information. Upon the termination of this Agreement, or upon a written request to do so from Hudson's Bay at any time, Consultant shall, at its own option and expense, immediately: (i) return, at Consultant's own expense, all Confidential Information in its possession or control; or (ii) destroy all copies of Confidential Information in its possession or control. The obligations of Consultant set forth in this Section shall survive termination or expiry of this Agreement.

"Confidential Information" means all information relating to any of the Leases used in the

Applicants' business, even if it is not marked "confidential" that is disclosed to Consultant by Hudson's Bay or its representatives in connection with the Services or this Agreement. The term "Confidential Information" does not include information that: (a) is or becomes known to the public through no fault of Consultant; (b) Consultant rightfully possessed before receiving it from or on behalf of Hudson's Bay; (c) is subsequently disclosed to Consultant by a third-party who insofar as is known to Consultant is not under an obligation of confidentiality; or (d) Consultant develops independently without using Confidential Information.

8) **PROPRIETARY RIGHTS.**

- a) Deliverables. As used herein, the term "**Deliverables**" means all work product, discoveries, improvements, ideas, processes, techniques, specifications, diagrams, artwork, data files, formulae, code, programs, documents, manuals, sound or video recordings, designs, fixtures, equipment, inventions (whether or not patentable), created, conceived, authored or invented by Consultant (either solely or jointly with others) analyses, compilations, studies or other documents prepared by Consultant, in connection with performing any Services. Consultant agrees to make full and prompt disclosure to Hudson's Bay in writing of any and all Deliverables.
- b) Pre-existing Materials. The parties acknowledge that the Deliverables may include discoveries, improvements, ideas, works of authorship, inventions, know-how, and other technology that is: (a) created prior to the date of agreement independently of performing any work for Hudson's Bay; and (b) is owned prior to the date of agreement by Consultant or others who consent to such use by Consultant and Consultant's clients (hereinafter "**Preexisting Materials**"). Hudson's Bay acknowledges and agrees that the Preexisting Materials are owned by Consultant and ownership thereof is not assigned to Hudson's Bay. Consultant hereby grants to Hudson's Bay and irrevocable, perpetual, transferable, non-exclusive, royalty free, worldwide license to make use, sell and import (and have others make, use, sell and import), modify, reproduce and publish any such pre-existing Materials in connection with Deliverables, for all purposes related to the Applicants' business.
- c) Deliverables Owned By Hudson's Bay. Provided, always, that Consultant has been paid in full for the Services rendered under this Agreement, Consultant does hereby assign to Hudson's Bay or its designee the entire worldwide right, title, interest and any goodwill appurtenant to the Deliverables (other than Preexisting Materials), including without limitation, all copyrights, copyright renewals or reversions, trademarks, trade names, trade dress rights, inventions, patent rights, priority rights and any other rights or protections in connection therewith or related thereto, for exploitation in any form or medium, of any kind or nature whatsoever, whether now known or hereafter devised, regardless of whether such Deliverables are selected or used by Hudson's Bay. Hudson's Bay may add to, subtract from, arrange, rearrange, change and adapt the Deliverables in Hudson's Bay's sole and absolute discretion, and Consultant hereby waives all rights under U.S., Canadian, or other foreign copyright laws for any and all purposes for which such Deliverables may be used, and any

rights of attribution and integrity or any other moral rights with respect to such Deliverables and any uses thereof to the full extent now or hereafter permitted by the laws of the U.S., Canada, or any other country.

- 9) **INDEMNIFICATION.** Consultant shall defend, indemnify and hold harmless the Applicants, their subsidiaries and their officers, directors, shareholders, contractors, agents and employees from and against any and all liabilities, obligations, losses, damages, injuries, penalties, actions, judgments, suits, claims, costs, expenses or disbursements (including without limitation, reasonable legal fees and legal costs), arising out of, or in connection with the negligence, intentional misconduct or fraud by Consultant or Consultant's employees, with respect to any such damages arising from: (i) negligence, fraud or misconduct by Consultant's or Consultant's employees; (iii) any allegation that any employee of Consultant is an employee or dependent contractor of Hudson's Bay; (iv) Consultant's failure to pay taxes, licences, premiums, fees, permits, fines, orders, and assessments levied or assessed against Consultant in connection with or incidental to the performance of Consultant's obligation under this Agreement; and (v) any failure to make any deductions, withholdings, remittances and contributions on behalf of Consultant's employees, if required by law.
- 10) **RIGHT TO OFFSET.** Intentionally deleted.
- 11) **NO WAIVER.** No term, section or provision of this Agreement shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.
- 12) **AMENDMENTS.** The parties agree that this Agreement may be amended only upon mutual written agreement signed by both parties, with the prior written consent of the Monitor.
- 13) **SEVERABILITY.** If any provision or section of this Agreement is held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.
- 14) **SURVIVAL.** All warranties and indemnities survive the termination or expiration of this Agreement. In addition, every other provision that by its terms is intended to survive termination or expiration of this Agreement will do so.
- 15) **GOVERNING LAW.** This Agreement shall be governed by the laws of Ontario and all laws of Canada applicable therein. Each party hereto submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in the Court. The parties shall not raise any objection to the venue of any action, application, reference or other proceeding arising out of or related to this Agreement in the Court, including

the objection that the proceedings have been brought in an inconvenient forum.

- 16) **NOTICES**. All notices permitted or required under this Agreement must be in writing and must be delivered in one of the following ways: (i) personally, with such notice effective upon delivery; (ii) by nationally-recognized overnight courier, with such notice effective at the date and time noted in the delivery records of the overnight courier; or (iii) by email, with such notice effective upon receipt or upon the business day that delivery is made. Either party may change its address for notice upon 10 days' written notice to the other party. Notices shall be sent to the address for each party set forth below. A copy of notices (legal matters only) to Consultant shall be sent as follows:

- a) To Consultant at:

Jones Lang LaSalle Real Estate Services, Inc.
510 W Georgia St
Vancouver, BC V6B OM3

Attention: Connor O'Keeffe, VP
Email: connor.okeeffe@jll.com

With a copy to (legal notices only):

Jones Lang LaSalle Real Estate Services, Inc
22 Adelaide St W., 26th Floor
Toronto ON M5H 4E3

Attention: Head of Legal
Email: paul.greven@jll.com

- b) To Hudson's Bay at:

Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI
401 Bay Street, Unit 500
Toronto, Ontario M5H 2Y4

Attention: Jennifer Bewley, Chief Financial Officer
Email: jennifer.bewley@hbc.com

With a copy to:

Alvarez & Marsal Canada Inc.
3501 - 200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Al Hutchens
Email: ahutchens@alvarezandmarsal.com

and to

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

Attention: Jonah Mann
Email: jmann@stikeman.com

- 17) **ASSIGNMENT.** This Agreement and the Exhibits hereto shall enure to the benefit of and be binding upon Hudson's Bay, its successors and its assigns. This Agreement, and any rights, obligations and interests hereunder, shall not be assignable by Consultant.
- 18) **ENTIRE AGREEMENT.** This Agreement constitutes the entire expression of the parties' agreement with regard to the subject matter of this Agreement. All prior and contemporaneous negotiations and agreements between the parties with regard to the subject matter of this Agreement are expressly superseded by this Agreement.
- 19) **HEALTH AND SAFETY.** Consultant represents that it is familiar with the provisions of the occupational health and safety statutes and regulations in the jurisdiction in which the Services will be provided and will comply strictly at all times therewith. Consultant represents that it is not required to apply for coverage under applicable workers compensation legislation in connection with performing the Services.
- 20) **PRIVACY.**
- a) Provided, always that such policy has been provided to Consultant, Consultant shall comply with Hudson's Bay's privacy policy in effect from time to time.
 - b) Consultant acknowledges and agrees that information, in any form, about an identifiable individual (including, without limitation, customer and client contact information and Hudson's Bay's employees (such as name, address, e-mail address and telephone number), proof of identity (such as signature and driver's licence number), financial and billing information (such as credit card details and credit history) and demographic information (such as age, education and occupation)) acquired by Consultant in connection with the performance of its obligations under this Agreement (collectively, "**Personal Information**") shall be considered proprietary information of Hudson's Bay and all right, title and interest in and to Personal Information is owned by Hudson's Bay. Consultant agrees that it shall use all Personal Information, provided by Hudson's Bay only for the purposes specified by Hudson's Bay. Upon request from Hudson's Bay, Consultant shall either destroy or provide to Hudson's Bay all such Personal Information.
 - c) Consultant shall independently collect Personal Information only with the prior approval of Hudson's Bay. In such circumstances, Consultant shall limit the

collection of Personal Information to that which is necessary to perform its obligations under this Agreement. Consultant shall identify and document the purposes for which such Personal Information is collected either at or before the time information is collected.

- d) Consultant shall limit its use of Personal Information to those purposes which are necessary to perform the Services and shall maintain Personal Information in strict confidence. Unless authorized by Hudson's Bay in writing or otherwise required by law, Consultant will not disclose Personal Information that is collected or held by Consultant to any third parties for any reason whatsoever. If Consultant is served with a court application, motion or other process (a "**Court Process**") compelling disclosure of Personal Information, Consultant will notify Hudson's Bay and the Monitor of such Court Process, and will permit Hudson's Bay and the Monitor a reasonable opportunity to intervene before Consultant files any response to such Court Process. Consultant shall immediately refer to Hudson's Bay: (i) any questions or complaints received by Consultant regarding the privacy practices of Hudson's Bay, or of Consultant with respect to the Services; and (ii) any individuals looking for access to their Personal Information with respect to the Services. Consultant shall assign responsibility to a person responsible for all Personal Information with respect to the services performed under this Agreement in its possession or under its control and for ensuring that the terms of this Agreement with respect to Personal Information are being followed.
 - e) Consultant shall take all reasonable security safeguards consistent with Hudson's Bay's privacy policy that are necessary to protect the Personal Information against loss, theft, unauthorized access, disclosure, copying, use or modification. Such security safeguards shall include, as consistent with Hudson's Bay's privacy policy, limiting access to employees on a "need-to-know" basis, implementing password and physical access controls, or other means, where appropriate and depending on the sensitivity of the Personal Information.
 - f) Consultant shall immediately inform Hudson's Bay of any breach of security affecting or potentially affecting the Personal Information. Consultant shall reasonably cooperate with Hudson's Bay, its representatives and service providers to: (i) resolve and mitigate the effects of a breach of security and (ii) allow Hudson's Bay to comply with its regulatory notification obligations following a breach of security.
 - g) The obligations of Consultant set forth in this Section 20 shall survive termination or expiration of this Agreement.
- 21) **PROFESSIONAL ADVICE.** Consultant acknowledges that it has read and understands the terms and conditions contained in this Agreement, and that Hudson's Bay has provided a reasonable opportunity for Consultant to obtain independent legal advice prior to executing this Agreement. Hudson's Bay acknowledges and agrees that Consultant and its agents are not providing any legal, tax or environmental advice in connection with this Agreement and to indemnify and hold them harmless in this regard.

- 22) **COUNTERPART EXECUTION.** This Agreement may be executed in as many counterparts as the parties hereto may deem necessary or convenient, and each such counterpart shall be deemed an original, but all of which, together, shall constitute one and the same document. This Agreement and/or counterparts hereto may also be executed in original, email (PDF form) and parties hereto agree to adopt any signatures received by email (PDF form) as original signatures of the parties.
- 23) **NO LIABILITY OF OFFICERS, DIRECTORS, ETC.** In the enforcement of their rights hereunder, the parties agree that neither of them shall seek or obtain a money judgment, or exercise any other right or remedy, against any of the officers, directors, shareholders, employees, agents or principals (disclosed or undisclosed) of the parties or any of their successors or assigns. Neither party shall be liable to the other for, and each party hereby waives any and all rights to claim against the other, any special, indirect, incidental, consequential, punitive or exemplary damages in connection with this Agreement, including but not limited to lost profits. Except for any breach of indemnification obligations under above Section 9, in no event shall Consultant's liability to Hudson's Bay exceed Ten Million (\$10,000,000.00) Dollars. The terms and conditions set forth in this clause shall survive the expiration or termination of this Agreement

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

**JONES LANG LASALLE REAL ESTATE
SERVICES, INC.**



Signature:

Alan MacKenzie, CEO

Name (Print)

**HUDSON'S BAY COMPANY ULC
COMPAGNIE DE LA BAIE D'HUDSON
SRI**

Signature:

Name (Print)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

**JONES LANG LASALLE REAL ESTATE
SERVICES, INC.**

Signature:

Alan MacKenzie, CEO

Name (Print)

**HUDSON'S BAY COMPANY ULC
COMPAGNIE DE LA BAIE D'HUDSON
SRI**

Signed by:

_____
23920E78BE3745A...

Signature:

Jennifer Bewley, Chief Financial Officer

Name (Print)

EXHIBIT 'A'

SCOPE OF SERVICES

Consultant will provide the following Services to Hudson's Bay in connection with the proposed acquisition, modification, assignment and/or transfer of the leases described in Exhibit 'B' under the heading "**Leases**" (collectively, the "**Leases**" and each a "**Lease**") pursuant to the Lease Monetization Process Approval Order that Hudson's Bay intends to seek from the Court on March 17, 2025:

- (a) provide local knowledge regarding real estate market conditions and activity;
- (b) leverage landlord, and other potential parties in support of the Lease acquisition, modification, amendment, assignment or transfer;
- (c) assist with, among other things, the sale, transfer, assignment or other termination of the Leases and advise and consult with Hudson's Bay and the Monitor throughout the Term; and
- (d) provide any required licensed real estate brokerage services.

In connection with the Services, Consultant also agrees to:

- (e) at Hudson's Bay's request, co-operate with all licensed real estate brokers, representatives and agents in the sale, transfer, assignment or other termination of a Lease; and
- (f) at Hudson's Bay's request, assist Hudson's Bay in negotiating binding agreements of purchase and sale, termination or assignment (commercial and financial terms only) with those parties identified by Hudson's Bay and after the execution of a binding agreement in respect of the foregoing, assist and facilitate such transactions.

In performing the Services, Consultant shall act at the direction of Hudson's Bay, and in acting at such direction, in Hudson's Bay's best interests only and only receive instructions from individuals approved by Hudson's Bay from time to time in writing. Consultant shall have no authority to: (i) commit Hudson's Bay to any sale, assignment or termination of a Lease; (ii) provide information concerning a Lease or leased location which has not been pre-approved in writing by Hudson's Bay or the Monitor; (iii) make statements, representations or warranties about a Lease; and/or (iv) act in any capacity other than as set forth in this Agreement. All unsolicited written enquiries received by Consultant and all correspondence submitted to Consultant in respect of a Lease or leased location shall be brought to Hudson's Bay's and the Monitor's attention on a timely basis. All unsolicited written enquiries received by Hudson's Bay or the Monitor and all offers submitted to Hudson's Bay or the Monitor in respect of a Lease or leased location during the Term (and any extensions) shall be brought to Consultant's attention on a timely basis.

EXHIBIT 'B'**LEASES****Hudson's Bay**

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rockey View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF JENNFIER BEWLEY
(Sworn March 14, 2025)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Email: bketwaroo@stikeman.com
Tel: +1 416-869-5524

Lawyers for the Applicants

TAB 3

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

THE HONOURABLE MR

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)
)

MONDAY, THE 17TH DAY

JUSTICE OSBORNE

OF MARCH, 2025

**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.**

AMENDED AND RESTATED INITIAL ORDER

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), 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**") for an order amending and restating the initial order of Justice Osborne issued on March 7, 2025 (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025 (the "**First Bewley Affidavit**") and March 14, 2025 (the "**Second Bewley Affidavit**"), and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025, the first report of A&M (the "**First Report**"), in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated March [●], 2025, on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicants, counsel to the

Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of Brittney Ketwaroo sworn March [●], 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used but not defined in this Order shall have the meanings given to them in the First Bewley Affidavit and the Second Bewley Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, HBC Holdings LP, RioCan-HBC General Partner Inc., RioCan-HBC Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc., RioCan-HBC (Ottawa) GP, Inc., RioCan-HBC (Ottawa) Limited Partnership, HBC YSS 1 Limited Partnership ("**YSS 1**"), HBC YSS 2 Limited Partnership ("**YSS 2**"), HBC Centerpoint LP, and The Bay Limited Partnership (collectively, the "**Non-Applicant Stay Parties**", and together with the Applicants, "**Hudson's Bay Canada**") shall have the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file with this Court a plan of compromise or arrangement (the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants shall each be authorized and empowered to continue to retain and employ their employees, contractors, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty

to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that Hudson's Bay and The Bay Limited Partnership shall be entitled to continue to utilize their existing central cash management systems currently in place as described in the First Bewley Affidavit, or with the consent of the Monitor and the DIP Agent, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by Hudson's Bay and The Bay Limited Partnership of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than Hudson's Bay and The Bay Limited Partnership, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of the Initial Order, subject to compliance with the DIP Budget, to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and employee and director expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements and all other payroll and benefits processing and servicing expenses;
- (b) subject to further Order of this Court, all outstanding amounts related to honouring gift cards incurred in the ordinary course of business and consistent with existing policies and procedures, but only up to April 6, 2025;

- (c) the fees and disbursements of any Assistants retained or employed by the Applicants, at their standard rates and charges;
- (d) with the consent of the Monitor, amounts owing for goods or services supplied to the Applicants prior to the date of the Initial Order by:
 - (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of customs and duties for goods;
 - (ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services;
 - (iii) providers of payment, credit, and debit processing related services; and
 - (iv) other third-party suppliers or service providers,

if, in the opinion of the Applicants following consultation with the Monitor, such supplier or service provider is critical to the Business.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled, subject to compliance with the DIP Budget, but not required, to pay all reasonable expenses incurred by them in carrying on their Business in the ordinary course after the date of the Initial Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of the Initial Order, including, with the consent of the Monitor, payments to obtain the release or delivery of goods contracted for prior to the date of the Initial Order.

9. **THIS COURT ORDERS** that the Applicants shall, in accordance with legal requirements, remit or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Applicants' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, (iv) income taxes, and (v) all other amounts related to such deductions or employee wages payable for periods following the date of the Initial Order pursuant to the *Income Tax Act* (Canada), the Canada Pension Plan, the *Employment Insurance Act* (Canada) or similar provincial statutes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of the Initial Order, and only if provided for in the DIP Budget, where such Sales Taxes were accrued or collected prior to the date of the Initial Order but not required to be remitted until on or after the date of the Initial Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease, including a sublease, and related documentation (each a "**Lease**") to which any Applicant is a party is disclaimed in accordance with the CCAA or otherwise consensually terminated, such Applicant shall pay all amounts constituting rent or payable as rent under Leases (including, for greater certainty, common area maintenance charges, utilities and any other amounts payable to the applicable landlord (each a "**Landlord**") under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants or the making of this Order) or as otherwise may be negotiated between the Applicant and the Landlord from time to

time ("**Rent**"), for the period commencing from and including the date of the Initial Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of the Initial Order shall also be paid. Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by Riocan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.

11. **THIS COURT ORDERS** that the Applicants shall not disclaim or resiliate any Lease without the prior written consent of the Term Loan Lenders, which consent shall not be unreasonably withheld, conditioned or delayed; provided that if the Term Loan Lenders do not consent to the disclaimer or resiliation of any Lease, the Term Loan Lenders shall pay to the Applicants the amount of all rental payments due under such Lease after the date on which the disclaimer or resiliation would have become effective and any such payment shall be a Protective Advance (as defined in the Pathlight Credit Facility), subject to the terms of the Pathlight Credit Facility, as may be amended in accordance with its terms".

12. **THIS COURT ORDERS** that notwithstanding paragraph 10, any Rent that was required to be paid to a Landlord under a Lease (which for greater certainty, excludes any Rent from Hudson's Bay to Riocan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable) that was not paid on March 15, 2025, will be paid on or before March 19, 2025.

13. **THIS COURT ORDERS** that, except as specifically permitted herein, or as provided for in the A&R DIP Agreement and the DIP Budget, Hudson's Bay Canada is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the Hudson's Bay Canada entities to any of their creditors as of the date of the Initial Order except as expressly provided for in the DIP Budget;
- (b) to grant no security interests, trusts, liens, mortgages, charges or encumbrances upon or in respect of any of Hudson's Bay Canada's current and future assets,

undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof ("**Hudson's Bay Canada's Property**"); and

- (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

14. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) in addition to any liquidation conducted pursuant to the Liquidation Solicitation Process, permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) vacate, abandon, or quit the whole but not part of any leased premises and/or disclaim any Lease, and any ancillary agreements relating to any leased premises;
- (c) terminate the employment of any of their employees or temporarily lay off any of their employees as they deem appropriate;
- (d) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the "**Liquidation Solicitation Process**"), and return to Court for the approval of any such agreement;
- (e) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, real estate advisors and other Assistants as may be desirable to pursue all avenues and offers for the sale, transfer or assignment of Leases (and any leases held by the Non-Applicant Stay Parties) to third parties, in whole or in part (the "**Lease Monetization Process**") and return to Court for approval of any such agreement; and
- (f) pursue all restructuring options for Hudson's Bay Canada including, without limitation, all avenues of refinancing of their business ("**Hudson's Bay Canada's**

Business") or Hudson's Bay Canada's Property, in whole or in part, subject to the prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

15. **THIS COURT ORDERS** that the relevant Applicant shall provide each of the relevant Landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the Landlord disputes such Applicant's entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such Landlord and the Applicant, or by further Order of this Court upon application by such Applicant on at least two (2) days notice to such Landlord and any such secured creditors. If the relevant Applicant disclaims the Lease governing such leased premises in accordance with Section 32 of the CCAA, 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 Section 32(5) of the CCAA), and the disclaimer of the Lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such Landlord may have against such Applicant in respect of such Lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

STAY OF PROCEEDINGS

17. **THIS COURT ORDERS** that until and including May 15, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of Hudson's Bay Canada or the Monitor, or their respective employees, directors, advisors, officers

and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of Hudson's Bay Canada and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of Hudson's Bay Canada or their employees, directors, officers or representatives acting in such capacities, or affecting Hudson's Bay Canada's Business and Hudson's Bay Canada's Property are hereby stayed and suspended pending further Order of this Court.

18. **THIS COURT ORDERS** that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by Hudson's Bay Canada shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of the Initial Order, any declarations of insolvency by the Applicants or as a result of any steps taken by Hudson's Bay Canada pursuant to the Initial Order, and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, amend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith, including with respect to any Lease.

NO EXERCISE OF RIGHTS OR REMEDIES

19. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of Hudson's Bay Canada or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities or affecting Hudson's Bay Canada's Business or Hudson's Bay Canada's Property, are hereby stayed and suspended except with the prior written consent of Hudson's Bay Canada and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower Hudson's Bay Canada to carry on any business which they are not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

20. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by Hudson's Bay Canada, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the prior written consent of Hudson's Bay Canada and the Monitor, or with leave of this Court.

CONTINUATION OF SERVICES

21. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with Hudson's Bay Canada or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, warehouse and logistic services, utility or other services to Hudson's Bay Canada's Business or Hudson's Bay Canada are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by Hudson's Bay Canada and that Hudson's Bay Canada shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, email addresses, social media accounts, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of the Initial Order are paid by Hudson's Bay Canada in accordance with normal payment practices of Hudson's Bay Canada or such other practices as may be agreed upon by the supplier or service provider and each of the Hudson's Bay Canada entities and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

22. **THIS COURT ORDERS** that no Person shall be entitled to set off any amounts that: (a) are or may become due to Hudson's Bay Canada in respect of obligations arising prior to the date of the Initial Order with any amounts that are or may become due from Hudson's Bay Canada in respect of obligations arising on or after the date of the Initial Order; or (b) are or may become due from Hudson's Bay Canada in respect of obligations arising prior to the date of the Initial Order with any amounts that are or may become due to Hudson's Bay Canada in respect of

obligations arising on or after the date of the Initial Order, in each case without the consent of Hudson's Bay Canada and the Monitor, or with leave of this Court.

NON-DEROGATION OF RIGHTS

23. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, (other than pursuant to Section 9), no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of the Initial Order, nor shall any Person be under any obligation on or after the date of the Initial Order to advance or re-advance any monies or otherwise extend any credit to Hudson's Bay Canada. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

24. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described in the Second Bewley Affidavit, an unredacted copy of which is attached as Confidential Appendix "[●]" to the First Report, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.

25. **THIS COURT ORDERS** that payments made by the Applicants pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

26. **THIS COURT ORDERS** that the Key Employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge on the Property (the "**KERP Charge**"), which charge shall not exceed an aggregate amount of \$3,000,000 to secure any payments to the Key Employees under the KERP. The KERP Charge shall have the priority as set out in paragraphs 48 and 50 herein.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

27. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of Hudson's Bay Canada with respect to any claim against the directors or officers that arose before the date of the Initial Order and that relates to any obligations of Hudson's Bay Canada whereby the directors or officers are alleged under

any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

28. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

29. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$49,200,000, as security for the indemnity provided in paragraph 28 of this Order. The Directors' Charge shall have the priority as set out in paragraphs 48 and 50 herein.

30. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 28 of this Order.

APPOINTMENT OF MONITOR

31. **THIS COURT ORDERS** that A&M is, as of the date of the Initial Order, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that Hudson's Bay Canada and their shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by Hudson's Bay Canada pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

32. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements and the compliance with the DIP Budget;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination of financial and other information to the DIP Agent and its counsel on a periodic basis as agreed to between the Applicants and the DIP Agent, or as may reasonably be requested by the DIP Agent;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Agent, which information shall be reviewed with the Monitor and delivered to the DIP Agent and its counsel on a periodic basis, or as may reasonably be requested by the DIP Agent;
- (e) advise the Applicants in their development of a Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) liaise and consult with any Assistants, any liquidators selected through the Liquidation Solicitation Process and any real estate advisors or other Assistants selected through the Lease Monetization Process, to the extent required, with respect to all matters related to the Property, the Business, and such other matters as may be relevant to the proceedings herein; and

- (j) perform such other duties as are required by this Order or by this Court from time to time.

33. **THIS COURT ORDERS** that the Monitor shall not take possession of Hudson's Bay Canada's Property and shall take no part whatsoever in the management or supervision of the management of Hudson Bay Canada's Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of Hudson's Bay Canada's Business or Hudson's Bay Canada's Property, or any part thereof.

34. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of Hudson's Bay Canada's Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act, 1999*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *British Columbia Environmental Management Act*, the *British Columbia Riparian Areas Protection Act*, the *British Columbia Workers Compensation Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *Manitoba Environment Act*, the *Manitoba Contaminated Sites Remediation Act*, the *Manitoba Workplace Safety and Health Act*, the *Quebec Environmental Quality Act*, the *Quebec Act Respecting Occupation Health and Safety*, *The Environmental Management and Protection Act, 2010* (Saskatchewan), *The Agricultural Operations Act* (Saskatchewan), *The Dangerous Goods Transportation Act* (Saskatchewan), *The Saskatchewan Employment Act*, *The Emergency Planning Act* (Saskatchewan), *The Water Security Agency Act* (Saskatchewan), the *Nova Scotia Environment Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Occupational Health and Safety Act*, and the regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order, or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of Hudson's Bay Canada's Property within the meaning of any Environmental Legislation, unless it is actually in possession.

35. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

36. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of the Initial Order by the Applicants, as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants bi-weekly or on such other terms as such parties may agree. In addition, the Applicants are hereby authorized to pay to the Monitor and counsel to the Monitor, retainers in the amounts of \$200,000 each, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

38. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

39. **THIS COURT ORDERS** that the Applicants' counsel, Reflect Advisors, LLC ("**Reflect**"), the Monitor, and its counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$2,800,000 as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority as set out in paragraphs 48 and 50 hereof.

APPROVAL OF ADVISOR AGREEMENT

40. **THIS COURT ORDERS** that the agreement dated February 14, 2025, engaging Reflect as financial advisor to Hudson's Bay in the form attached as Exhibit "F" to the Second Bewley Affidavit (the "**Reflect Engagement Agreement**"), and the retention of Reflect under the terms thereof, is hereby approved and ratified and the Applicants are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Reflect Engagement Agreement.

DIP FACILITY

41. **THIS COURT ORDERS** that Hudson's Bay is hereby authorized and empowered to obtain and borrow under the DIP Facility from the DIP Lenders in accordance with and subject to the A&R DIP Agreement provided that such borrowings shall not individually or in the aggregate exceed \$23,000,000 in order to finance the working capital requirements, and other general corporate purposes and capital expenditures of itself and 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, and The Bay Limited Partnership (collectively, the "**Loan Parties**").

42. **THIS COURT ORDERS** that such DIP Facility shall be on the terms and subject to the conditions set forth in the A&R DIP Agreement (subject to such non-material modifications as agreed to by the parties to the A&R DIP Agreement and consented to by the Monitor) between the Loan Parties and the DIP Lenders dated as of March 14, 2025, appended as **Exhibit "C"** to the Second Bewley Affidavit (the "**A&R DIP Agreement**").

43. **THIS COURT ORDERS** that the Loan Parties are hereby authorized and empowered to execute and deliver such agreements, instruments, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the A&R DIP Agreement, the "**Definitive Documents**"), as may be contemplated by the A&R DIP Agreement or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, and the Loan Parties are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders under and pursuant to the Definitive Documents (collectively, the "**DIP Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

44. **THIS COURT ORDERS** that the DIP Agent, for the benefit of itself and the DIP Lenders, is hereby granted a charge (the “**DIP Charge**”) on the Loan Parties’ Property as security for the DIP Obligations, which DIP Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The DIP Charge shall not secure an obligation that exists before the date of the Initial Order. The DIP Charge shall have the priority as set out in paragraphs 48 and 50 hereof.

45. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, the DIP Agent on behalf of the DIP Lenders, (i) upon three business days’ notice to the Loan Parties and the Monitor, may exercise any and all of its rights and remedies against the Loan Parties or the Loan Parties’ Property under or pursuant to the Definitive Documents and the DIP Charge, including without limitation to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver or for a bankruptcy order against the Loan Parties and for the appointment of a trustee in bankruptcy of the Loan Parties, or to seize and retain proceeds from the sale of the Property and the cash flow of the Loan Parties to repay amounts owing to the DIP Lenders in accordance with the Definitive Documents (subject in each case to the priorities set out in paragraph 48 of this Order), and (ii) immediately upon providing written notice of the occurrence of an Event of Default to the Loan Parties and the Monitor, may cease making advances to Hudson’s Bay and set off and/or consolidate any amounts owing by the DIP Lenders to the Loan Parties against the obligations of the Loan Parties to the DIP Lenders under the Definitive Documents or the DIP Charge, and make demand, accelerate payment and give other notices; and
- (c) the foregoing rights and remedies of the DIP Agent and the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Loan Parties or the Loan Parties’ Property.

46. **THIS COURT ORDERS AND DECLARES** that the DIP Agent and the DIP Lenders be treated as unaffected in any Plan, or any proposal filed under the *Bankruptcy and Insolvency Act* (Canada), with respect to any advances made under the Definitive Documents.

47. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Definitive Documents or the DIP Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a “**Variation**”), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Agent and the DIP Lenders, whether under this Order (as made prior to the Variation), under the Definitive Documents with respect to any advances made or obligations incurred prior to the DIP Lenders being given notice of the Variation, and the DIP Lenders shall be entitled to rely on this Order as issued (including, without limitation, the DIP Charge) for all advances so made and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

48. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors’ Charge, the DIP Charge and the KERP Charge (collectively, the “**Charges**”), as among them, shall be as follows:

With respect to all Property other than the Loan Parties’:

First - Administration Charge (to the maximum amount of \$2,800,000);

Second – KERP Charge (to the maximum amount of \$3,000,000 and

Third – Directors’ Charge (to the maximum amount of \$49,200,000).

With respect to the Loan Parties’ Property, subject in all cases to the Priority Waterfall (as defined in the A&R DIP Agreement), as amongst themselves, the priorities of the Charges shall be as follows:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
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1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).	KERP Charge (to the maximum amount of \$3,000,000).
3 rd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
4 th	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	DIP Charge.
5 th	DIP Charge.	Directors' Charge (to the maximum amount of \$13,500,000)	Directors' Charge (to the maximum amount of \$35,700,000).
6 th	Directors' Charge (to the maximum amount of \$35,700,000).	DIP Charge.	
7 th	Term Loan Obligations (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$35,700,000).	

49. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

50. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person (except for the DIP Charge, which shall only constitute a charge on the Loan Parties' Property, and rank behind the security interests of the ABL Agent, the FILO Agent, the ABL Lenders, the Pathlight Agent, and the Pathlight Lenders but in priority to all other Encumbrances).

51. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari*

passu with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Agent and the beneficiaries of the Administration Charge the Directors' Charge, and the KERP Charge or further Order of this Court.

52. **THIS COURT ORDERS** that the Administration Charge, the Directors' Charge, the KERP Charge, the DIP Definitive Documents and the DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lenders thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal, provincial or other statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Loan Parties entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

53. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SEALING

54. **THIS COURT ORDERS** that Confidential Appendix “[●]” to the First Report is hereby sealed pending further order of the Court, and shall not form part of the public record.

SERVICE AND NOTICE

55. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of any individual persons who are creditors available.

56. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: alvarezandmarsal.com/HudsonsBay

57. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

58. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

59. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder.

60. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any Hudson's Bay Canada entity, the Business or the Property.

61. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

62. **THIS COURT ORDERS** that each of the Applicants and the Monitor shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

63. **THIS COURT ORDERS** that, subject to paragraph 47, any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

64. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern/Daylight Time on the date of this Order.

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL ORDER
(MARCH 17, 2025)**

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Lawyers for the Applicants

TAB 4

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

THE HONOURABLE MR) ~~FRIDAY~~MONDAY, THE ~~7TH~~17TH DAY
JUSTICE OSBORNE) OF MARCH, 2025

**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.**

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION~~MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson
~~D'Hudson~~ SRI ("Hudson's Bay"), 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
~~Centerpoint~~ GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc.,
Snospmis Limited,
~~Limited~~, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "Applicants") for
an order
amending and restating the initial order of Justice Osborne issued on March 7, 2025 (the "Initial
initial order Order") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985,
c. C-36, as
amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario and via
videoconference.

ON READING the ~~affidavit~~affidavits of Jennifer Bewley sworn March 7, 2025 (the "First
Bewley
Affidavit") and March 14, 2025 (the "Second Bewley Affidavit"), and the Exhibits thereto, ~~and~~
~~on being advised that the secured creditors who are likely the~~
~~to be affected by the charges created herein were given notice, the pre-filing report of Alvarez &~~
pre-filing report of Alvarez & Marsal Canada Inc. ("A&M"), in its capacity as proposed monitor of
-the Applicants dated March 7, 2025, the first report of A&M (the "First Report"), in its capacity as

~~7, 2025, and on reading the consent of A&M to act as the monitor (in such capacity, the~~
~~monitor of the Applicants (in such capacity, the “Monitor”), dated March [], 2025, on~~
~~being~~
~~advised that the secured creditors who are likely to be affected by the charges created herein~~
~~“Monitor”)~~were given notice, and on hearing the submissions of counsel to the Applicants,
counsel to the ~~Monitor,~~

~~and such other parties as listed on the Counsel Slip, with no one else appearing although duly~~
~~served as appears from the affidavit of service of Philip Yang sworn March 7, 2025.~~
[121137177 v6](#)

Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of Brittney Ketwaroo sworn March [], 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Application~~Motion and the ~~Application~~Motion Record is hereby abridged and validated so that this ~~Application~~Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not defined in this Order shall have the meanings given to them in the First Bewley Affidavit and the Second Bewley Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, HBC Holdings LP, RioCan-HBC General Partner Inc., RioCan-HBC Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc., RioCan-HBC (Ottawa) GP, Inc., RioCan-HBC (Ottawa) Limited Partnership, HBC YSS 1 Limited Partnership ("**YSS 1**"), HBC YSS 2 Limited Partnership ("**YSS 2**"), HBC Centerpoint LP, and The Bay Limited Partnership (collectively, the "**Non-Applicant Stay Parties**", and together with the Applicants, "**Hudson's Bay Canada**") shall have the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file with this Court a plan of compromise or arrangement (the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

45. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants shall each be authorized and empowered to continue to retain and employ their employees, contractors, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty

—to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

56. **THIS COURT ORDERS** that Hudson's Bay and The Bay Limited Partnership shall be entitled to continue to utilize their existing central cash management systems currently in place as described in the First Bewley Affidavit, or with the consent of the Monitor and the DIP Agent, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not

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be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by Hudson's Bay and The Bay Limited Partnership of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than Hudson's Bay and The Bay Limited Partnership, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any ~~plan of compromise or arrangement under the CCAA~~ Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

67. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of ~~this~~ the Initial Order, subject to compliance with the DIP Budget, to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits
(including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and employee and director expenses payable on or after the date of ~~this~~ the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements and all other payroll and benefits processing and servicing expenses;
- (b) subject to further Order of this Court, all outstanding ~~or future~~ amounts related to honouring gift cards incurred in the ordinary course of business and consistent with existing policies and procedures, but only up to April 6, 2025;

(c) the fees and disbursements of any Assistants retained or employed by the Applicants, at their standard rates and charges;

(d) with the consent of the Monitor, amounts owing for goods or services supplied to the Applicants prior to the date of the Initial Order by:
~~the Applicants prior to the date of this Order by:~~

(i) logistics or supply chain providers, including transportation providers,
customs brokers, freight forwarders and security and armoured truck

carriers, and including amounts payable in respect of customs and duties for goods;

(ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services;

(iii) providers of payment, credit, and debit ~~and gift card~~ processing related services; and

(iv) other third-party suppliers or service providers,

if, in the opinion of the Applicants following consultation with the Monitor, such supplier or service provider is critical to the Business.

78. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the

 Applicants shall be entitled, subject to compliance with the DIP Budget, but not required, to pay all reasonable expenses incurred by them in carrying on their Business in the ordinary course after ~~this~~the date of the Initial Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of ~~this~~the Initial Order, including, with the consent of the Monitor, payments to obtain the release or delivery of goods contracted for prior to the date of ~~this~~the Initial Order.

89. **THIS COURT ORDERS** that, ~~subject to compliance with the DIP Budget,~~ the Applicants shall, in accordance with legal requirements, remit or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Applicants' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, ~~and~~ (iv) income taxes; and (v) all other amounts related to such deductions or employee wages payable for periods following the date of the Initial Order pursuant to the *Income Tax Act* (Canada), the Canada Pension Plan, the *Employment Insurance Act* (Canada) or similar provincial statutes;

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- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of ~~this Order, or the~~ Initial Order, and only if provided for in the DIP Budget, where such Sales Taxes were accrued or collected prior to the date of ~~this~~ the Initial Order but not required to be remitted until on or after the date of ~~this~~ the Initial Order; and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

910. **THIS COURT ORDERS** that until a real property lease, including a sublease, and related documentation (each a "**Lease**") to which any Applicant is a party is disclaimed in accordance with the CCAA or otherwise consensually terminated, such Applicant shall pay all amounts constituting rent or payable as rent under Leases (including, for greater certainty, common area maintenance charges, utilities and any other amounts payable to the applicable landlord (each a "**Landlord**") under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants or the making of this Order) or as otherwise may be negotiated between the Applicant and the Landlord from time to

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time ("**Rent**"), for the period commencing from and including the date of ~~this~~the Initial Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of ~~this~~the Initial Order shall also be paid. Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.

11. **THIS COURT ORDERS** that the Applicants shall not disclaim or resiliate any Lease without the prior written consent of the Term Loan Lenders, which consent shall not be unreasonably withheld, conditioned or delayed; provided that if the Term Loan Lenders do not consent to the disclaimer or resiliation of any Lease, the Term Loan Lenders shall pay to the Applicants the amount of all rental payments due under such Lease after the date on which the disclaimer or resiliation would have become effective and any such payment shall be a Protective Advance (as defined in the Pathlight Credit Facility), subject to the terms of the Pathlight Credit Facility, as may be amended in accordance with its terms".

12. **THIS COURT ORDERS** that notwithstanding paragraph 10, any Rent that was required to be paid to a Landlord under a Lease (which for greater certainty, excludes any Rent from Hudson's Bay to Riocan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable) that was not paid on March 15, 2025, will be paid on or before March 19, 2025.

~~40~~13. **THIS COURT ORDERS** that, except as specifically permitted herein, or as provided for in the A&R DIP ~~Term Sheet~~ Agreement and the DIP Budget, Hudson's Bay Canada ~~are~~is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the Hudson's Bay Canada entities to any of their creditors as of ~~this~~the date, of the Initial Order except as expressly provided for in the DIP Budget;
- (b) to grant no security interests, trusts, liens, mortgages, charges or encumbrances upon or in respect of any of Hudson's Bay Canada's current and future assets,

-undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof ("**Hudson's Bay Canada's Property**"); and

- (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

~~14~~14. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) in addition to any liquidation conducted pursuant to the Liquidation Solicitation Process, permanently or temporarily cease, downsize or shut down any of their businesses or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) vacate, abandon, or quit the whole but not part of any leased premises and/or disclaim any Lease, and any ancillary agreements relating to any leased premises;
- (~~a~~c) terminate the employment of any of their employees or temporarily lay off any of their employees as they deem appropriate;
- (~~b~~d) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the "**Liquidation Solicitation Process**"), and return to Court for the approval of any such agreement;
- (~~e~~e) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, real estate advisors and other Assistants as may be desirable to pursue all avenues and offers for the sale, transfer or assignment of Leases (and any leases held by the Non-Applicant Stay Parties) to third parties, in whole or in part (the "**Lease Monetization Process**") and return to Court for approval of any such agreement; and
- (~~d~~f) pursue all restructuring options for Hudson's Bay Canada including, without limitation, all avenues of refinancing of their business ("**Hudson's Bay Canada's**

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Business") or Hudson's Bay Canada's Property, in whole or in part, subject to the prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

15. **THIS COURT ORDERS** that the relevant Applicant shall provide each of the relevant Landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the Landlord disputes such Applicant's entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such Landlord and the Applicant, or by further Order of this Court upon application by such Applicant on at least two (2) days notice to such Landlord and any such secured creditors. If the relevant Applicant disclaims the Lease governing such leased premises in accordance with Section 32 of the CCAA, 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 Section 32(5) of the CCAA), and the disclaimer of the Lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such Landlord may have against such Applicant in respect of such Lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

STAY OF PROCEEDINGS

~~4217~~. **THIS COURT ORDERS** that until and including ~~March 17~~May 15, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of Hudson's Bay Canada or the Monitor, or their respective employees, directors, advisors, officers

-and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of Hudson's Bay Canada and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of Hudson's Bay Canada or their employees, directors, officers or representatives acting in such capacities, or affecting Hudson's Bay Canada's Business and Hudson's Bay Canada's Property are hereby stayed and suspended pending further Order of this Court.

~~13~~18. **THIS COURT ORDERS** that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by Hudson's Bay Canada shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of ~~this~~the Initial Order, any declarations of insolvency by the Applicants or as a result of any steps taken by Hudson's Bay Canada pursuant to ~~this~~the Initial Order, and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, amend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith, including with respect to any Lease.

NO EXERCISE OF RIGHTS OR REMEDIES

~~14~~19. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of

Hudson's Bay Canada or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities or affecting Hudson's Bay Canada's Business or Hudson's Bay Canada's Property, are hereby stayed and suspended except with the prior written consent of Hudson's Bay Canada and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower Hudson's Bay Canada to carry on any business which they are not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

~~45~~20. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by Hudson's Bay Canada, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the prior written consent of Hudson's Bay Canada and the Monitor, or with leave of this Court.

CONTINUATION OF SERVICES

~~46~~21. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with Hudson's Bay Canada or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, warehouse and logistic services, utility or other services to Hudson's Bay Canada's Business or Hudson's Bay Canada are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by Hudson's Bay Canada and that Hudson's Bay Canada shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, email addresses, social media accounts, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of ~~this~~the Initial Order are paid by Hudson's Bay Canada in accordance with normal payment practices of Hudson's Bay Canada or such other practices as may be agreed upon by the supplier

or service provider and each of the Hudson's Bay Canada entities and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

~~1722~~. **THIS COURT ORDERS** that no Person shall be entitled to set off any amounts that: (a) are or may become due to Hudson's Bay Canada in respect of obligations arising prior to the date ~~hereof~~ of the Initial Order with any amounts that are or may become due from Hudson's Bay Canada in respect of obligations arising on or after the date of ~~this~~ the Initial Order; or (b) are or may become due from Hudson's Bay Canada in respect of obligations arising prior to the date ~~hereof~~ of the Initial Order with any amounts that are or may become due to Hudson's Bay Canada in respect of

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-obligations arising on or after the date of ~~this~~the Initial Order, in each case without the consent of Hudson's Bay Canada and the Monitor, or with leave of this Court.

NON-DEROGATION OF RIGHTS

~~48~~23. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, (other than pursuant to Section 9), no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of ~~this~~the Initial Order, nor shall any Person be under any obligation on or after the date of ~~this~~the Initial Order to advance or re-advance any monies or otherwise extend any credit to Hudson's Bay Canada. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

24. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "KERP"), as described in the Second Bewley Affidavit, an unredacted copy of which is attached as Confidential Appendix "[]" to the First Report, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.

25. **THIS COURT ORDERS** that payments made by the Applicants pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

26. **THIS COURT ORDERS** that the Key Employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge on the Property (the "**KERP Charge**"), which charge shall not exceed an aggregate amount of \$3,000,000 to secure any payments to the Key Employees under the KERP. The KERP Charge shall have the priority as set out in paragraphs 48 and 50 herein.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

~~49~~27. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of Hudson's Bay Canada with respect to any claim against the directors or officers that arose before the date ~~hereof~~of the Initial Order and that relates to any obligations of Hudson's Bay Canada whereby the directors or officers are alleged under

-any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

2028. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

2129. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$~~26,300,000~~49,200,000, as security for the indemnity provided in paragraph ~~19~~28 of this Order. The Directors' Charge shall have the priority as set out in paragraphs ~~39~~48 and ~~41~~50 herein.

2230. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~19~~28 of this Order.

APPOINTMENT OF MONITOR

2331. THIS COURT ORDERS that A&M is ~~hereby~~, as of the date of the Initial Order, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that Hudson's Bay Canada and their shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by Hudson's Bay Canada pursuant to this Order, and shall ~~cooperate~~co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

2432. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

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- (a) monitor the Applicants' receipts and disbursements and the compliance with the DIP Budget;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination of financial and other information to the DIP Agent and its counsel on a periodic basis as agreed to between the Applicants and the DIP Agent, or as may reasonably be requested by the DIP Agent;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Agent, which information shall be reviewed with the Monitor and delivered to the DIP Agent and its counsel on a periodic basis, or as may reasonably be requested by the DIP Agent;
- (e) advise the Applicants in their development of a Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (eg) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess Applicants' business and financial affairs or to perform its duties arising under this Order;
- (fh) be at liberty to engage independent legal counsel or such other persons, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (gi) liaise and consult with any Assistants, any liquidators selected through the Liquidation Solicitation Process and any real estate advisors or other Assistants selected through the Lease Monetization Process, to the extent required, with respect to all matters related to the Property, the Business, and such other matters as may be relevant to the proceedings herein; and

(H) perform such other duties as are required by this Order or by this Court from time to time.

2533. THIS COURT ORDERS that the Monitor shall not take possession of Hudson's Bay Canada's Property and shall take no part whatsoever in the management or supervision of the management of Hudson Bay Canada's Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of Hudson's Bay Canada's Business or Hudson's Bay Canada's Property, or any part thereof.

2634. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of Hudson's Bay Canada's Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act, 1999*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *British Columbia Environmental Management Act*, the *British Columbia Riparian Areas Protection Act*, the *British Columbia Workers Compensation Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *Manitoba Environment Act*, the *Manitoba Contaminated Sites Remediation Act*, the *Manitoba Workplace Safety and Health Act*, the *Quebec Environmental Quality Act*, the *Quebec Act Respecting Occupation Health and Safety*, *The Environmental Management and Protection Act, 2010* (Saskatchewan), *The Agricultural Operations Act* (Saskatchewan), *The Dangerous Goods Transportation Act* (Saskatchewan), *The Saskatchewan Employment Act*, *The Emergency Planning Act* (Saskatchewan), *The Water Security Agency Act* (Saskatchewan), the *Nova Scotia Environment Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Occupational Health and Safety Act*, and the regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order, or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of Hudson's Bay Canada's Property within the meaning of any Environmental Legislation, unless it is actually in possession.

~~27~~³⁵. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

2836. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

2937. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of ~~this~~the Initial Order by the Applicants, as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants bi-weekly or on such other terms as such parties may agree. In addition, the Applicants are hereby authorized to pay to the Monitor and counsel to the Monitor, retainers in the amounts of \$200,000 each, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

3038. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

3439. THIS COURT ORDERS that the Applicants' counsel, Reflect Advisors, LLC ("Reflect"), the Monitor, and its counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$2,800,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority as set out in paragraphs ~~39~~48 and ~~41~~50 hereof.

APPROVAL OF ADVISOR AGREEMENT

40. THIS COURT ORDERS that the agreement dated February 14, 2025, engaging Reflect as financial advisor to Hudson's Bay in the form attached as Exhibit "F" to the Second Bewley Affidavit (the "**Reflect Engagement Agreement**"), and the retention of Reflect under the terms thereof, is hereby approved and ratified and the Applicants are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Reflect Engagement Agreement.

DIP FACILITY

~~3241.~~ **THIS COURT ORDERS** that Hudson's Bay, ~~is~~ is hereby authorized and empowered to obtain and borrow under the DIP Facility from the DIP Lenders in accordance with and subject to the A&R DIP ~~Term Sheet~~ Agreement provided that such borrowings shall not individually or in the aggregate exceed \$~~16 million~~23,000,000 in order to finance the working capital requirements, and other general corporate purposes and capital expenditures of itself and 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, and The Bay Limited Partnership (collectively, the "**Loan Parties**").

~~33~~42. **THIS COURT ORDERS** that such DIP Facility shall be on the terms and subject to the conditions set forth in the A&R DIP ~~Term-Sheet~~Agreement (subject to such non-material modifications as agreed to by the parties to the A&R DIP Agreement and consented to by the Monitor) between the Loan Parties and the DIP Lenders dated as of March ~~7~~14, 2025, appended as **Exhibit “~~DC~~”** to the Second Bewley Affidavit (the “A&R DIP ~~Term-Sheet~~Agreement”).

~~34~~43. **THIS COURT ORDERS** that the Loan Parties are hereby authorized and empowered to execute and deliver such agreements, instruments, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the A&R DIP ~~Term-Sheet~~Agreement, the “**Definitive Documents**”), as may be contemplated by the A&R DIP ~~Term-Sheet~~Agreement or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, and the Loan Parties are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders under and pursuant to the Definitive Documents (collectively, the “**DIP Obligations**”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

~~35~~44. **THIS COURT ORDERS** that the DIP ~~Lenders shall be entitled to~~Agent, for the benefit of itself and ~~are the DIP Lenders, is~~ hereby granted a charge (the “**DIP Charge**”) on the Loan Parties’ Property as security for the DIP Obligations, which DIP Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The DIP Charge shall not secure an obligation that exists before ~~this~~the date of the Initial Order ~~is made~~. The DIP ~~Lender’s~~ Charge shall have the priority as set out in paragraphs ~~39~~48 and ~~41~~50 hereof.

~~36~~45. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, the DIP Agent on behalf of the DIP Lenders, (i) upon three business days’ notice to the Loan Parties and the Monitor, may exercise any and all of its rights and remedies against the Loan Parties or the Loan Parties’ Property under or pursuant to the Definitive Documents and the DIP Charge, including without limitation to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver or for a bankruptcy order against the Loan Parties and for the appointment of a trustee in bankruptcy of the Loan Parties, or to seize and retain proceeds from the sale of the Property and the cash flow of the Loan Parties

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- to repay amounts owing to the DIP Lenders in accordance with the Definitive Documents (subject in each case to the priorities set out in paragraph ~~39~~48 of this Order), and (ii) immediately upon providing written notice of the occurrence of an Event of Default to the Loan Parties and the Monitor, may cease making advances to Hudson's Bay and set off and/or consolidate any amounts owing by the DIP Lenders to the Loan Parties against the obligations of the Loan Parties to the DIP Lenders under the Definitive Documents or the DIP Charge, and make demand, accelerate payment and give other notices; and
- (c) the foregoing rights and remedies of the DIP Agent and the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Loan Parties or the Loan Parties' Property.

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~~37~~46. **THIS COURT ORDERS AND DECLARES** that the DIP Agent and the DIP Lenders be treated as unaffected in any ~~plan of arrangement or compromise under the CCAA~~Plan, or any proposal filed under the ~~BIA~~Bankruptcy and Insolvency Act (Canada), with respect to any advances made under the Definitive Documents.

~~38. **THIS COURT ORDERS AND DECLARES** that in the event that the Applicants enter into Alternative Financing Arrangements (as defined in the DIP Term Sheet) and seek approval thereof at the Comeback Motion, such Alternative Financing Arrangement shall provide for the repayment in full in cash of (a) all amounts advanced by the DIP Lenders under the DIP Term Sheet from and after the date of this Order, and (b) any DIP Lender Expenses (as defined in the DIP Term Sheet) incurred prior to the Comeback Motion.~~

~~39~~47. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Definitive Documents or the DIP Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a “**Variation**”), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Agent and the DIP Lenders, whether under this Order (as made prior to the Variation), under the Definitive Documents with respect to any advances made or obligations incurred prior to the DIP Lenders being given notice of the Variation, and the DIP Lenders shall be entitled to rely on this Order as issued (including, without limitation, the DIP Charge) for all advances so made and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

4048. THIS COURT ORDERS that the priorities of the Administration Charge, the Directors' Charge ~~and~~, the DIP Charge and the KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

With respect to all Property other than the Loan Parties':

First - Administration Charge (to the maximum amount of \$2,800,000); ~~and~~

Second – KERP Charge (to the maximum amount of \$3,000,000 and

~~Second~~Third – Directors' Charge (to the maximum amount of ~~\$26,300,000~~49,200,000).

With respect to the Loan Parties' Property, subject in all cases to the Priority Waterfall (as defined in the A&R DIP Term Sheet Agreement), as amongst themselves, the priorities of the Charges shall be as follows:

Priority Ranking	ABL Priority Collateral	Pathlight Priority Collateral	Other Collateral (as defined in the DIP Agreement)
1 st	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).	Administration Charge (to the maximum amount of \$2,800,000).
2 nd	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).
3 rd	Directors' Charge (to the maximum amount of \$13,500,000).	All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).	DIP Lenders' Charge.
4 th	DIP Lenders' Charge.	Directors' Charge (to the maximum amount of \$13,500,000)	Directors' Charge (to the maximum amount of \$13,500,000).
5 th	Directors' Charge (to the maximum amount of \$13,500,000).	DIP Lenders' Charge.	

6 th	Term Loan Obligations- (other than Excess Term Loan Obligations).	Directors' Charge (to the maximum amount of \$13,500,000).	
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<u>1st</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>
<u>2nd</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>
<u>3rd</u>	<u>All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).</u>	<u>All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000).</u>
<u>4th</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000).</u>	<u>All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).</u>	<u>DIP Charge.</u>
<u>5th</u>	<u>DIP Charge.</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000)</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>
<u>6th</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>	<u>DIP Charge.</u>	
<u>7th</u>	<u>Term Loan Obligations (other than Excess Term Loan Obligations).</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>	

4149. THIS COURT ORDERS that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

4250. THIS COURT ORDERS that the Charges shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person (except for the DIP Charge, which shall only constitute a charge on the Loan Parties' Property, and rank behind the security interests of the ABL Agent, the FILO Agent, the ABL Lenders, the Pathlight Agent, and the Pathlight Lenders but in priority to all other Encumbrances); ~~provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of this application. The Applicants shall be entitled, at the Comeback Hearing (as hereinafter defined), on notice to those Persons likely to be affected thereby, to seek priority charges ahead of such Encumbrances over which the Charges may not have obtained priority pursuant to this Order.~~

4351. THIS COURT ORDERS that except as otherwise expressly provided for herein, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari*

~~-passu~~ with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Agent and the beneficiaries of the Administration Charge ~~and~~ the Directors' Charge, and the KERP Charge or further Order of this Court.

4452. THIS COURT ORDERS that the Administration Charge, the Directors' Charge, the KERP Charge, the DIP Definitive Documents and the DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lenders thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal, provincial or other statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Loan Parties entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

4553. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SEALING

54. **THIS COURT ORDERS** that Confidential Appendix "[]" to the First Report is hereby sealed pending further order of the Court, and shall not form part of the public record.

SERVICE AND NOTICE

~~46~~55. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of any individual persons who are creditors available.

~~47~~56. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to

Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: alvarezandmarsal.com/HudsonsBay

4857. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

~~49~~⁵⁸. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

COMEBACK MOTION

~~50. ~~THIS COURT ORDERS~~ that the ~~Comeback Motion shall be heard on March 17, 2025.~~~~

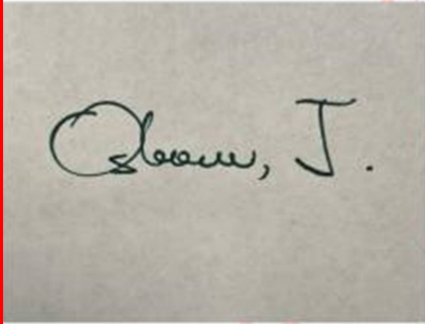
GENERAL

~~54~~⁵⁹. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder.

~~52~~⁶⁰. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any Hudson's Bay Canada entity, the Business or the Property.

5361. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

5462. **THIS COURT ORDERS** that each of the Applicants and the Monitor shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

 Digitally signed
by Osborne J.
Date:
2025.03.07

5563. THIS COURT ORDERS that, subject to paragraph **3947**, any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

5664. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern ~~Standard~~/Daylight Time on the date of this Order.

ONTARIO

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

Proceeding commenced at Toronto

~~AMENDED AND RESTATED INITIAL ORDER (MARCH~~
~~717, 2025)~~

STIKEMAN ELLIOTT LLP

~~Barristers & Solicitors~~

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Lawyers for the Applicants

TAB 5

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

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

THE HONOURABLE MR)	MONDAY, THE 17 TH DAY
)	
THE HONOURABLE)	[WEEKDAY], THE [#]
)	
JUSTICE OSBORNE)	DAY OF [MONTH], 20[]
)	[YR] OF MARCH, 2025

**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 [APPLICANT'S NAME] (the "Applicant")**
**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.**

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION, made by the Applicant,~~ **MOTION**, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), 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**") for an order amending and restating the initial order of Justice Osborne issued on March 7, 2025 (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavit of [NAME] sworn [DATE] affidavits of Jennifer Bewley sworn March 7, 2025 (the "**First Bewley Affidavit**") and March 14, 2025 (the "**Second Bewley Affidavit**"), and the Exhibits thereto, ~~and~~ the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025, the first report of A&M (the "**First Report**"), in its capacity as monitor of the Applicants (in such capacity,

the “**Monitor**”), dated March [●], 2025, on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel ~~for [NAMES], no one appearing for [NAME]~~⁴ to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on ~~reading the consent of [MONITOR’S NAME] to act as the Monitor,~~ Brittney Ketwaroo sworn March [●], 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Application~~ Motion and the ~~Application~~ Motion Record is hereby abridged and validated² so that this ~~Application~~ Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used but not defined in this Order shall have the meanings given to them in the First Bewley Affidavit and the Second Bewley Affidavit.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~ Applicants are companies to which the CCAA applies. Although not Applicants, HBC Holdings LP, RioCan-HBC General Partner Inc., RioCan-HBC Limited Partnership, RioCan-HBC (Ottawa) Holdings Inc., RioCan-HBC (Ottawa) GP, Inc., RioCan-HBC (Ottawa) Limited Partnership, HBC YSS 1 Limited Partnership (“YSS 1”), HBC YSS 2 Limited Partnership (“YSS 2”), HBC Centerpoint LP, and The Bay Limited Partnership (collectively, the “Non-Applicant Stay Parties”, and together with the Applicants, “Hudson’s Bay Canada”) shall have the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

⁴ Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

4. ~~3.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall have the authority to ~~file and may, subject to further order of this Court,~~ file with this Court a plan of compromise or arrangement (~~hereinafter referred to as~~ the “Plan”).

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the “**Business**”) and Property. The ~~Applicant is~~Applicants shall each be authorized and empowered to continue to retain and employ ~~the~~their employees, contractors, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that ~~the Applicant~~Hudson’s Bay and The Bay Limited Partnership shall be entitled to continue to utilize ~~the~~their existing central cash management ~~system³~~systems currently in place as described in the First Bewley Affidavit ~~of [NAME] sworn [DATE] or,~~ or with the consent of the Monitor and the DIP Agent, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by ~~the Applicant~~Hudson’s Bay and The Bay Limited Partnership of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than ~~the Applicant~~Hudson’s Bay and The Bay Limited Partnership, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor

³ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

under ~~the~~any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.}

7. ~~6-~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after ~~this Order~~the date of the Initial Order, subject to compliance with the DIP Budget, to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and employee and director expenses payable on or after the date of ~~this~~the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~ all other payroll and benefits processing and servicing expenses;
- (b) subject to further Order of this Court, all outstanding amounts related to honouring gift cards incurred in the ordinary course of business and consistent with existing policies and procedures, but only up to April 6, 2025;
- (c) ~~(b)-~~ the fees and disbursements of any Assistants retained or employed by the ~~Applicant in respect of these proceedings~~Applicants, at their standard rates and charges;
- (d) with the consent of the Monitor, amounts owing for goods or services supplied to the Applicants prior to the date of the Initial Order by:
 - (i) logistics or supply chain providers, including transportation providers, customs brokers, freight forwarders and security and armoured truck carriers, and including amounts payable in respect of customs and duties for goods;
 - (ii) providers of information, internet, telecommunications and other technology, including e-commerce providers and related services;
 - (iii) providers of payment, credit, and debit processing related services; and

(iv) other third-party suppliers or service providers,

if, in the opinion of the Applicants following consultation with the Monitor, such supplier or service provider is critical to the Business.

8. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled, subject to compliance with the DIP Budget, but not required, to pay all reasonable expenses incurred by ~~the Applicant~~them in carrying on ~~the~~their Business in the ordinary course after ~~this~~the date of the Initial Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ~~Applicant~~Applicants following the date of ~~this~~the Initial Order, including, with the consent of the Monitor, payments to obtain the release or delivery of goods contracted for prior to the date of the Initial Order.

9. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall ~~remit~~, in accordance with legal requirements, remit or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Applicants' employees' wages, including, without limitation, amounts in respect of ~~(i)~~(i) employment insurance, ~~(ii)~~(ii) Canada Pension Plan, ~~(iii)~~(iii) Quebec Pension Plan, ~~and (iv)~~(iv) income taxes; and (v) all other amounts related to such deductions or employee wages payable for periods following the date of the Initial Order pursuant to the Income Tax Act (Canada), the Canada Pension Plan, the Employment Insurance Act (Canada) or similar provincial statutes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the

~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the date of ~~this Order, or~~ the Initial Order, and only if provided for in the DIP Budget, where such Sales Taxes were accrued or collected prior to the date of ~~this~~the Initial Order but not required to be remitted until on or after the date of ~~this~~the Initial Order;⁴ and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease, including a sublease, and related documentation (each a "Lease") to which any Applicant is a party is disclaimed ~~for~~ resiliated⁴ in accordance with the CCAA, ~~the~~ or otherwise consensually terminated, such Applicant shall pay all amounts constituting rent or payable as rent under ~~real property leases~~Leases (including, for greater certainty, common area maintenance charges, utilities and ~~realty taxes and~~ any other amounts payable to the ~~landlord under the lease~~applicable landlord (each a "Landlord") under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants or the making of this Order) or as otherwise may be negotiated between the Applicant and the ~~landlord~~Landlord from time to time ("Rent"), for the period commencing from and including the date of ~~this~~the Initial Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of ~~this~~the Initial Order shall also be paid. Without prejudice to the rights and claims of the Non-Applicant Stay Parties, any Rent payable by Hudson's Bay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, under a Lease shall be stayed and suspended pending further Order of this Court, provided that Hudson's Bay shall be required to pay to RioCan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, that amount of Rent payable by Riocan-Hudson's Bay JV, YSS 1, or YSS 2, as applicable, to its Landlord

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

under the JV Head Lease until such JV Head Lease is disclaimed in accordance with the CCAA or otherwise consensually terminated.

11. **THIS COURT ORDERS** that the Applicants shall not disclaim or resiliate any Lease without the prior written consent of the Term Loan Lenders, which consent shall not be unreasonably withheld, conditioned or delayed; provided that if the Term Loan Lenders do not consent to the disclaimer or resiliation of any Lease, the Term Loan Lenders shall pay to the Applicants the amount of all rental payments due under such Lease after the date on which the disclaimer or resiliation would have become effective and any such payment shall be a Protective Advance (as defined in the Pathlight Credit Facility), subject to the terms of the Pathlight Credit Facility, as may be amended in accordance with its terms”.

12. **THIS COURT ORDERS** that notwithstanding paragraph 10, any Rent that was required to be paid to a Landlord under a Lease (which for greater certainty, excludes any Rent from Hudson’s Bay to Riocan-Hudson’s Bay JV, YSS 1, or YSS 2, as applicable) that was not paid on March 15, 2025, will be paid on or before March 19, 2025.

13. ~~40-~~ **THIS COURT ORDERS** that, except as specifically permitted herein, ~~the Applicant~~ as provided for in the A&R DIP Agreement and the DIP Budget, Hudson’s Bay Canada is hereby directed, until further Order of this Court: ~~(a)-~~

(a) ~~-~~to make no payments of principal, interest thereon or otherwise on account of amounts owing by ~~the Applicant~~ any one of the Hudson’s Bay Canada entities to any of ~~its~~ their creditors as of ~~this~~ the date of the Initial Order except as expressly provided for in the DIP Budget; ~~(b)-~~

(b) ~~-~~to grant no security interests, ~~trust~~ trusts, liens, mortgages, charges or encumbrances upon or in respect of any of ~~its~~ Hudson’s Bay Canada’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (“Hudson’s Bay Canada’s Property”); and ~~(c)-~~

(c) ~~-~~to not grant credit or incur liabilities except in the ordinary course of the Business.-

RESTRUCTURING

14. ~~11.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

- (a) in addition to any liquidation conducted pursuant to the Liquidation Solicitation Process, permanently or temporarily cease, downsize or shut down any of ~~its-~~business~~their businesses~~ or operations, ~~and to dispose of redundant or non-material assets not exceeding \$•250,000 in any one transaction or \$•1,000,000 in the aggregate~~⁵;
- (b) vacate, abandon, or quit the whole but not part of any leased premises and/or disclaim any Lease, and any ancillary agreements relating to any leased premises;
- (c) ~~(b)~~ terminate the employment of ~~such of its~~any of their employees or temporarily lay off ~~such of its~~any of their employees as ~~it deems~~they deem appropriate]; ~~and~~
- (d) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the “Liquidation Solicitation Process”), and return to Court for the approval of any such agreement;
- (e) in consultation with the Monitor, engage in discussions with, and solicit proposals and agreements from, real estate advisors and other Assistants as may be desirable to pursue all avenues and offers for the sale, transfer or assignment of Leases (and any leases held by the Non-Applicant Stay Parties) to third parties, in whole or in part (the “Lease Monetization Process”) and return to Court for approval of any such agreement; and
- (f) ~~(e)~~ pursue all restructuring options for Hudson’s Bay Canada including, without limitation, all avenues of refinancing of ~~its~~their business (“Hudson’s Bay Canada’s Business-or”) or Hudson’s Bay Canada’s Property, in whole or in part,

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

subject to the prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

15. ~~12.~~ **THIS COURT ORDERS** that the relevant Applicant shall provide each of the relevant ~~landlords~~Landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant ~~landlord~~Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the ~~landlord~~Landlord disputes ~~the~~such Applicant's entitlement to remove any such fixture under the provisions of the ~~lease~~Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such ~~landlord~~Landlord and the Applicant, or by further Order of this Court upon application by ~~the~~such Applicant on at least two (2) days notice to such ~~landlord~~Landlord and any such secured creditors. If the relevant Applicant disclaims ~~[or resiliates]~~ the ~~lease~~Lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such ~~lease~~Lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~[or resiliation]~~ of the ~~lease~~Lease shall be without prejudice to ~~the Applicant's~~such Applicant's claim to the fixtures in dispute.

16. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~[or resiliation]~~ is delivered pursuant to Section 32 of the CCAA, then ~~(a)~~(a) during the notice period prior to the effective time of the disclaimer ~~[or resiliation]~~, the ~~landlord~~Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant and the Monitor 24 hours' prior written notice, and ~~(b)~~(b) at the effective time of the disclaimer ~~[or resiliation]~~, the relevant ~~landlord~~Landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such ~~landlord~~Landlord may have against ~~the~~such Applicant in respect of such ~~lease~~Lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO STAY OF PROCEEDINGS ~~AGAINST THE APPLICANT OR THE PROPERTY~~

17. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE — MAX. 30 DAYS]~~ May 15, 2025, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of ~~the Applicant~~ Hudson’s Bay Canada or the Monitor, or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of ~~the Applicant~~ Hudson’s Bay Canada and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of ~~the Applicant~~ Hudson’s Bay Canada or their employees, directors, officers or representatives acting in such capacities, or affecting ~~the Hudson’s Bay Canada’s~~ Business ~~or the~~ and Hudson’s Bay Canada’s Property are hereby stayed and suspended pending further Order of this Court.

18. **THIS COURT ORDERS** that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by Hudson’s Bay Canada shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of the Initial Order, any declarations of insolvency by the Applicants or as a result of any steps taken by Hudson’s Bay Canada pursuant to the Initial Order, and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, amend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith, including with respect to any Lease.

NO EXERCISE OF RIGHTS OR REMEDIES

19. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of ~~the Applicant~~ Hudson’s Bay Canada or the Monitor, or ~~affecting the~~ their respective employees, directors, officers, advisors and representatives acting in such capacities or affecting Hudson’s Bay Canada’s Business or ~~the Hudson’s Bay Canada’s~~ Property, are hereby stayed and suspended except with the prior written consent of ~~the Applicant~~ Hudson’s Bay Canada and the Monitor, or leave of this Court, provided that nothing in this Order shall ~~(i)(a)~~ empower ~~the Applicant~~ Hudson’s Bay Canada to carry on any business which ~~the Applicant is~~ they are not

lawfully entitled to carry on, ~~(ii)~~(b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, ~~(iii)~~(c) prevent the filing of any registration to preserve or perfect a security interest, or ~~(iv)~~(d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

20. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by ~~the Applicant~~Hudson's Bay Canada, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the prior written consent of ~~the Applicant~~Hudson's Bay Canada and the Monitor, or with leave of this Court.

CONTINUATION OF SERVICES

21. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with ~~the Applicant~~Hudson's Bay Canada or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, warehouse and logistic services, utility or other services to ~~the~~Hudson's Bay Canada's Business or ~~the Applicant~~Hudson's Bay Canada are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by ~~the Applicant~~Hudson's Bay Canada and that ~~the Applicant~~Hudson's Bay Canada shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses, email addresses, social media accounts, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of ~~this~~the Initial Order are paid by ~~the Applicant~~Hudson's Bay Canada in accordance with normal payment practices of ~~the Applicant~~Hudson's Bay Canada or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Hudson's Bay Canada entities and the Monitor, or as may be ordered by this Court.

NO PRE-FILING VS POST-FILING SET-OFF

22. THIS COURT ORDERS that no Person shall be entitled to set off any amounts that: (a) are or may become due to Hudson's Bay Canada in respect of obligations arising prior to the date of the Initial Order with any amounts that are or may become due from Hudson's Bay Canada in respect of obligations arising on or after the date of the Initial Order; or (b) are or may become due from Hudson's Bay Canada in respect of obligations arising prior to the date of the Initial Order with any amounts that are or may become due to Hudson's Bay Canada in respect of obligations arising on or after the date of the Initial Order, in each case without the consent of Hudson's Bay Canada and the Monitor, or with leave of this Court.

NON-DEROGATION OF RIGHTS

23. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, (other than pursuant to Section 9), no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of ~~this~~the Initial Order, nor shall any Person be under any obligation on or after the date of ~~this~~the Initial Order to advance or re-advance any monies or otherwise extend any credit to ~~the Applicant~~Hudson's Bay Canada. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

KEY EMPLOYEE RETENTION PLAN

24. THIS COURT ORDERS that the Key Employee Retention Plan (the "**KERP**"), as described in the Second Bewley Affidavit, an unredacted copy of which is attached as Confidential Appendix "**[●]**" to the First Report, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.

25. THIS COURT ORDERS that payments made by the Applicants pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~⁶ This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

26. **THIS COURT ORDERS** that the Key Employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge on the Property (the "**KERP Charge**"), which charge shall not exceed an aggregate amount of \$3,000,000 to secure any payments to the Key Employees under the KERP. The KERP Charge shall have the priority as set out in paragraphs 48 and 50 herein.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

27. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of ~~the Applicant~~ Hudson's Bay Canada with respect to any claim against the directors or officers that arose before the date ~~hereof~~ of the Initial Order and that relates to any obligations of ~~the Applicant~~ Hudson's Bay Canada whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, ~~until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.~~

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

28. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall indemnify ~~its~~ their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~ Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

29. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~ Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~49,200,000~~ 49,200,000, as security for the indemnity provided in paragraph ~~[20]~~ 28 of this Order. The Directors' Charge shall have the priority as set out in paragraphs ~~[38]~~ 48 and ~~[40]~~ 50 herein.

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

30. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, ~~(a)~~(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and ~~(b) the Applicant's~~(b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~28 of this Order.-

APPOINTMENT OF MONITOR

31. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME] is hereby~~A&M is, as of the date of the Initial Order, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that ~~the Applicant and its~~Hudson's Bay Canada and their shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by ~~the Applicant~~Hudson's Bay Canada pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

32. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's~~Applicants' receipts and disbursements and the compliance with the DIP Budget;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant, in its~~Applicants, in their dissemination, ~~to the DIP Lender and its counsel on a [TIME INTERVAL] basis~~ of financial and other information to the DIP Agent and its counsel on a periodic basis as agreed to between the ~~Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed~~

~~with~~ Applicants and the DIP Agent, or as may reasonably be requested by the DIP ~~Lender~~ Agent;

- (d) advise the ~~Applicant in its~~ Applicants in their preparation of the ~~Applicant's~~ Applicants' cash flow statements and reporting required by the DIP ~~Lender~~ Agent, which information shall be reviewed with the Monitor and delivered to the DIP ~~Lender~~ Agent and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL], or as otherwise agreed to~~ or as may reasonably be requested by the DIP ~~Lender~~ Agent;
- (e) advise the ~~Applicant in its~~ Applicants in their development of ~~the~~ a Plan and any amendments to the Plan;
- (f) assist the ~~Applicant~~ Applicants, to the extent required by the ~~Applicant~~ Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~ Applicants, to the extent that is necessary to adequately assess ~~the~~ Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; ~~and~~
- (i) liaise and consult with any Assistants, any liquidators selected through the Liquidation Solicitation Process and any real estate advisors or other Assistants selected through the Lease Monetization Process, to the extent required, with respect to all matters related to the Property, the Business, and such other matters as may be relevant to the proceedings herein; and
- (j) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

33. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of ~~the~~ Hudson's Bay Canada's Property and shall take no part whatsoever in the management or supervision of the management of ~~the~~ Hudson Bay Canada's Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of ~~the~~ Hudson's Bay Canada's Business or Hudson's Bay Canada's Property, or any part thereof.

34. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of ~~the~~ Hudson's Bay Canada's Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, ~~or~~ the *Ontario Occupational Health and Safety Act* ~~and~~, the *British Columbia Environmental Management Act*, the *British Columbia Riparian Areas Protection Act*, the *British Columbia Workers Compensation Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *Manitoba Environment Act*, the *Manitoba Contaminated Sites Remediation Act*, the *Manitoba Workplace Safety and Health Act*, the *Quebec Environmental Quality Act*, the *Quebec Act Respecting Occupation Health and Safety*, *The Environmental Management and Protection Act, 2010 (Saskatchewan)*, *The Agricultural Operations Act (Saskatchewan)*, *The Dangerous Goods Transportation Act (Saskatchewan)*, *The Saskatchewan Employment Act*, *The Emergency Planning Act (Saskatchewan)*, *The Water Security Agency Act (Saskatchewan)*, the *Nova Scotia Environment Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Occupational Health and Safety Act*, ~~and~~ the regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order, or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of ~~the~~ Hudson's Bay Canada's Property within the meaning of any Environmental Legislation, unless it is actually in possession.

35. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant~~Applicants and the DIP Lender with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

36. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

37. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, ~~by the Applicant whether incurred prior to, on or subsequent to, the date of the Initial Order by the Applicants,~~ as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis and, in~~Applicants bi-weekly or on such other terms as such parties may agree. In addition, the ~~Applicant is~~Applicants are hereby authorized to pay to the Monitor, and counsel to the Monitor, ~~and counsel to the Applicant,~~ retainers in the ~~amount[s] amounts~~ of \$~~•~~ [, respectively,]200,000 each, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

38. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

39. ~~31.~~ **THIS COURT ORDERS** that the ~~Monitor,~~Applicants' counsel ~~to,~~ Reflect Advisors, LLC ("Reflect"), the Monitor, ~~if any,~~ and ~~the Applicant's~~sits counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge

shall not exceed an aggregate amount of \$~~2,800,000~~ as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority as set out in paragraphs ~~[38]~~48 and ~~[40]~~50 hereof.

APPROVAL OF ADVISOR AGREEMENT

40. THIS COURT ORDERS that the agreement dated February 14, 2025, engaging Reflect as financial advisor to Hudson's Bay in the form attached as Exhibit "F" to the Second Bewley Affidavit (the "**Reflect Engagement Agreement**"), and the retention of Reflect under the terms thereof, is hereby approved and ratified and the Applicants are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Reflect Engagement Agreement.

DIP ~~FINANCING~~ FACILITY

41. ~~32.~~ THIS COURT ORDERS that ~~the Applicant~~ Hudson's Bay is hereby authorized and empowered to obtain and borrow under ~~a credit facility from [DIP LENDER'S NAME] (the "DIP Lender")~~ the DIP Facility from the DIP Lenders in accordance with and subject to the A&R DIP Agreement provided that such borrowings shall not individually or in the aggregate exceed \$23,000,000 in order to finance the ~~Applicant's~~ working capital requirements, and other general corporate purposes and capital expenditures, ~~provided that borrowings under such credit facility shall not exceed \$2,800,000 unless permitted by further Order of this Court.~~ of itself and 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, and The Bay Limited Partnership (collectively, the "**Loan Parties**").

42. ~~33.~~ THIS COURT ORDERS ~~THAT~~ that such ~~credit facility~~ DIP Facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~ A&R DIP Agreement (subject to such non-material modifications as agreed to by the parties to the A&R DIP Agreement and consented to by the Monitor) between the Loan Parties and the DIP Lenders dated as of March 14, 2025, appended as **Exhibit "C"** to the Second Bewley Affidavit (the "**A&R DIP Agreement**").

43. ~~34.~~ **THIS COURT ORDERS** that the ~~Applicant is~~ Loan Parties are hereby authorized and empowered to execute and deliver such ~~credit~~ agreements, instruments, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the A&R DIP Agreement, the “**Definitive Documents**”), as ~~are~~ may be contemplated by the ~~Commitment Letter~~ A&R DIP Agreement or as may be reasonably required by the DIP ~~Lender~~ Lenders pursuant to the terms thereof, and the ~~Applicant is~~ Loan Parties are hereby authorized and directed to pay and perform all of ~~its~~ their indebtedness, interest, fees, liabilities and obligations to the DIP ~~Lender~~ Lenders under and pursuant to the ~~Commitment Letter and the~~ Definitive Documents (collectively, the “DIP Obligations”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

44. ~~35.~~ **THIS COURT ORDERS** that the DIP ~~Lender shall be entitled to~~ Agent, for the benefit of itself and the DIP Lenders, is hereby granted a charge (the “**DIP Lender’s Charge**”) on the ~~Property, which DIP Lender’s~~ Loan Parties’ Property as security for the DIP Obligations, which DIP Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The DIP Charge shall not secure an obligation that exists before ~~this~~ the date of the Initial Order ~~is made~~. The DIP ~~Lender’s~~ Charge shall have the priority as set out in paragraphs ~~[38]~~ 48 and ~~[40]~~ 50 hereof.

45. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP ~~Lender~~ Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP ~~Lender’s~~ Charge or ~~any of the~~ Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP ~~Lender’s~~ Charge, the DIP ~~Lender, upon~~ Agent on behalf of the DIP Lenders, (i) upon three business days’ notice to the ~~Applicant~~ Loan Parties and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~ Loan Parties or the Loan Parties’ Property under or pursuant to the ~~Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or~~ to apply to

this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~ Loan Parties and for the appointment of a trustee in bankruptcy of the ~~Applicant; and~~ Loan Parties, or to seize and retain proceeds from the sale of the Property and the cash flow of the Loan Parties to repay amounts owing to the DIP Lenders in accordance with the Definitive Documents (subject in each case to the priorities set out in paragraph 48 of this Order), and (ii) immediately upon providing written notice of the occurrence of an Event of Default to the Loan Parties and the Monitor, may cease making advances to Hudson's Bay and set off and/or consolidate any amounts owing by the DIP Lenders to the Loan Parties against the obligations of the Loan Parties to the DIP Lenders under the Definitive Documents or the DIP Charge, and make demand, accelerate payment and give other notices; and

- (c) the foregoing rights and remedies of the DIP ~~Lender~~ Agent and the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~ Loan Parties or the Loan Parties' Property.

46. ~~37.~~ **THIS COURT ORDERS AND DECLARES** that the DIP ~~Lender shall~~ Agent and the DIP Lenders be treated as unaffected in any ~~plan of arrangement or compromise filed by the Applicant under the CCAAPlan,~~ or any proposal filed ~~by the Applicant~~ under the *Bankruptcy and Insolvency Act* ~~of~~ (Canada ~~(the "BIA")~~), with respect to any advances made under the Definitive Documents.

47. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Definitive Documents or the DIP Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**"), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Agent and the DIP Lenders, whether under this Order (as made prior to the Variation), under the Definitive Documents with respect to any advances made or obligations incurred prior to the DIP Lenders being given notice of the Variation, and the DIP Lenders shall be entitled to rely on this Order as issued (including, without limitation, the DIP Charge) for all advances so made and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

48. ~~38.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the ~~Administration~~DIP Charge and the ~~DIP Lender's~~KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows⁹:

With respect to all Property other than the Loan Parties':

First - Administration Charge (to the maximum amount of \$~~2,800,000~~);

Second – ~~DIP Lender's~~KERP Charge; (to the maximum amount of \$3,000,000 and

Third – Directors' Charge (to the maximum amount of \$~~49,200,000~~).

With respect to the Loan Parties' Property, subject in all cases to the Priority Waterfall (as defined in the A&R DIP Agreement), as amongst themselves, the priorities of the Charges shall be as follows:

<u>Priority Ranking</u>	<u>ABL Priority Collateral</u>	<u>Pathlight Priority Collateral</u>	<u>Other Collateral (as defined in the DIP Agreement)</u>
<u>1st</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>	<u>Administration Charge (to the maximum amount of \$2,800,000).</u>
<u>2nd</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>	<u>KERP Charge (to the maximum amount of \$3,000,000).</u>
<u>3rd</u>	<u>All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).</u>	<u>All amounts owing under the Pathlight Credit Facility (other than Excess Term Loan Obligations).</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000).</u>

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

<u>4th</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000).</u>	<u>All amounts owing under the Revolving Credit Facility and FILO Credit Facility (other than Excess ABL Obligations).</u>	<u>DIP Charge.</u>
<u>5th</u>	<u>DIP Charge.</u>	<u>Directors' Charge (to the maximum amount of \$13,500,000)</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>
<u>6th</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>	<u>DIP Charge.</u>	
<u>7th</u>	<u>Term Loan Obligations (other than Excess Term Loan Obligations).</u>	<u>Directors' Charge (to the maximum amount of \$35,700,000).</u>	

49. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

50. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ the Charges shall constitute a charge on the Property and ~~such Charges~~ shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person: (except for the DIP Charge, which shall only constitute a charge on the Loan Parties' Property, and rank behind the security interests of the ABL Agent, the FILO Agent, the ABL Lenders, the Pathlight Agent, and the Pathlight Lenders but in priority to all other Encumbrances).

51. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, ~~or as may be approved by this Court, the Applicant~~ the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the ~~Applicant~~ Applicants also

~~obtains~~obtain the prior written consent of the Monitor, the DIP ~~Lender~~Agent and the beneficiaries of the Administration Charge the Directors' Charge, and the ~~Administration~~KERP Charge, or further Order of this Court.

52. ~~42.~~ **THIS COURT ORDERS** that the Administration Charge, the Directors' Charge, the ~~Administration~~KERP Charge, the ~~Commitment Letter, the~~DIP Definitive Documents and the DIP ~~Lender's~~Lenders Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP ~~Lender~~Lenders thereunder shall not otherwise be limited or impaired in any way by ~~(a)~~(a) the pendency of these proceedings and the declarations of insolvency made herein; ~~(b)~~(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; ~~(c)~~(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; ~~(d)~~(d) the provisions of any federal ~~or~~, provincial or other statutes; or ~~(e)~~(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment Letter or the~~ Definitive Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which ~~it is~~they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Loan Parties entering into the ~~Commitment Letter~~Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, ~~the~~ ~~Commitment Letter or the~~ Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

53. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~ Applicants' interest in such real property leases.

SEALING

54. **THIS COURT ORDERS** that Confidential Appendix "[●]" to the First Report is hereby sealed pending further order of the Court, and shall not form part of the public record.

SERVICE AND NOTICE

55. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall ~~(A)~~(a) without delay, publish in ~~[newspapers specified by the Court]~~ The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, ~~(iii)~~(b) within five days after the date of this Order, ~~(A)~~(i) make this Order publicly available in the manner prescribed under the CCAA, ~~(B)~~(ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~ Applicants of more than \$1000, and ~~(C)~~(iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of any individual persons who are creditors available.

56. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~ http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ~~—<@>—~~ alvarezandmarsal.com/HudsonsBay

57. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

58. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

59. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~their powers and duties hereunder.

60. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of ~~the Applicant~~any Hudson's Bay Canada entity, the Business or the Property.

61. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign

proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

62. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor shall be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

63. ~~51.~~ **THIS COURT ORDERS** that, subject to paragraph 47, any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

64. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern ~~Standard~~/Daylight Time on the date of this Order.

	<div>ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceeding commenced at Toronto</div>
	<div>AMENDED AND RESTATED INITIAL ORDER (MARCH 17, 2025)</div>
	<div><div>STIKEMAN ELLIOTT LLP Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto, Canada M5L 1B9</div><div>Ashley Taylor LSO#: 39932E Email: ataylor@stikeman.com Tel: +1 416-869-5236</div><div>Elizabeth Pillon LSO#: 35638M Email: lpillon@stikeman.com Tel: +1 416-869-5623</div><div>Maria Konyukhova LSO#: 52880V Email: mkonyukhova@stikeman.com Tel: +1 416-869-5230</div><div>Philip Yang LSO#: 82084O Email: PYang@stikeman.com Tel: +1 416-869-5593</div><div>Brittney Ketwaroo LSO#: 89781K Email: bketwaroo@stikeman.com Tel: +1 416-869-5524</div><div>Lawyers for the Applicants</div></div>

TAB 6

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR JUSTICE
OSBORNE

)
)
)

MONDAY, THE 17TH
DAY OF MARCH, 2025

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.

LIQUIDATION SALE APPROVAL ORDER

THIS MOTION, made by 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**" or the "**Merchants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things, (a) approving the consulting agreement between the Applicants and Hilco Merchant Retail Solutions ULC (the "**Consultant**") dated as of March 14, 2025 (as may be amended and/or restated in accordance with the terms of this Order, the "**Consulting Agreement**") and the transactions contemplated thereby, and (b) granting certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the Notice of Motion of the Applicants, the affidavit of Jennifer Bewley sworn March 14, 2025, and the Exhibits thereto (the "**Second Bewley Affidavit**"), the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025, and the First Report of A&M, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**") dated March [●], 2025 (the "**First Report**"), and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, the Monitor, and

such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Brittney Ketwaroo sworn March [●], 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated March 17, 2025 (the “**Amended and Restated Initial Order**”), the Sales Guidelines (as defined below), or the Consulting Agreement (attached as Exhibit “**G**” to the Second Bewley Affidavit), as applicable.

THE CONSULTING AGREEMENT

3. **THIS COURT ORDERS** that the Consulting Agreement, including the sale guidelines attached as Schedule “A” hereto (the “**Sale Guidelines**”), and the transactions contemplated thereunder are hereby approved, and that the execution of the Consulting Agreement by the Applicants is hereby approved, authorized, and ratified, *nunc pro tunc*, with such minor amendments to the Consulting Agreement (but not the Sale Guidelines) as the Merchants (with the consent of the Monitor) and the Consultant may agree to in writing. Subject to the provisions of this Order and the Amended and Restated Initial Order, the Merchants are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and the transactions contemplated therein. Without limiting the foregoing, the Merchants are authorized to execute any other agreement, contract, deed or document, or take any other action, that is necessary or desirable to give full and complete effect to the Consulting Agreement.

THE SALE

4. **THIS COURT ORDERS** that the Merchants, with the assistance of the Consultant, are authorized to conduct the Sale in accordance with this Order, the Consulting Agreement and the Sale Guidelines and to advertise and promote the Sale within the Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Consulting Agreement and the Sale

Guidelines, the order of priority of documents to resolve such conflicts is as follows: (a) this Order; (b) the Sale Guidelines; and (c) the Consulting Agreement.

5. **THIS COURT ORDERS** that, subject to paragraph [13] of the Amended and Restated Initial Order, the Merchants, with the assistance of the Consultant, are authorized to market and sell, or otherwise dispose of, the Merchandise, FF&E and Additional Consultant Goods (as defined in the Consulting Agreement) on a “final sale” and/or “as is” basis in accordance with the Sale Guidelines and the Consulting Agreement, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, and financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively “**Claims**”), including, without limitation, (a) the Administration Charge, the Directors’ Charge, the KERP Charge, the DIP Lender’s Charge, and any other charges hereafter granted by this Court in these proceedings (collectively, the “**CCAA Charges**”); and (b) all Claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia), *Personal Property Security Act* (Manitoba), *Personal Property Security Act, 1993* (Saskatchewan), *Personal Property Security Act* (Nova Scotia), *Civil Code of Quebec* or any other personal or movable property registration system (all of such Claims (including the CCAA Charges) collectively referred to herein as the “**Encumbrances**”), which Encumbrances will attach instead to the proceeds of the Sale (other than amounts specified in paragraph [15] of this Order) in the same order and priority as they existed immediately prior to the Sale.

6. **THIS COURT ORDERS** that, subject to the terms of this Order, the Amended and Restated Initial Order and the Sale Guidelines, the Consultant shall have the right to enter and use the Stores and Distribution Centres and all related services and all facilities and all furniture, trade fixtures and equipment, including the FF&E, for the purpose of conducting the Sale in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order, and for such purposes, the Consultant shall be entitled to the benefit of the stay of proceedings granted in favour of the Applicants under the Amended and Restated Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. **THIS COURT ORDERS** that until two weeks following the Sale Termination Date (which shall in no event be later than June 30, 2025, or such later date as may be agreed between the Merchant and Consultant or ordered by this Court), the Consultant shall have access to (a) the Stores in accordance with the applicable Leases and (b) the Distribution Centres in accordance with the applicable contractual agreements between the applicable Applicant or Applicants or Non-Applicant Stay Parties and the third party operator of the applicable Distribution Centre, in each case in accordance with the Sale Guidelines, as applicable, and on the basis that the Consultant is assisting the Merchants, and the Merchants have granted their right of access to the Stores and Distribution Centres to the Consultant, in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order. To the extent that the terms of the applicable Leases are in conflict with any term of this Order or the Sale Guidelines, the terms of this Order and the Sale Guidelines shall govern. With respect to the Distribution Centres, the Consultants shall be deemed to be authorized representatives of the Merchants.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of the Leases. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Merchants or the Consultant any additional restrictions not contained in the applicable Lease.

9. **THIS COURT ORDERS** that, subject to and in accordance with the Consulting Agreement, the Sale Guidelines and this Order, the Consultant is authorized to advertise and promote the Sale, without further consent of any Person other than (a) the Merchants and the Monitor as provided under the Consulting Agreement; or (b) a Landlord as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date (which shall in no event be later than June 15, 2025, or such later date as may be agreed between the Merchant and Consultant or ordered by this Court), the Consultant shall have the right to use, without interference by any Person (including any licensor), all licenses and rights granted to the Merchants to use trade names, trademarks, logos, copyrights or other intellectual property of any Person, solely for the purpose of advertising and conducting the Sale of the Merchandise, FF&E and the Additional Consultant Goods in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order. Any Person with access to such information, shall cooperate and provide access to such information to the Consultant to facilitate the Sale.

CONSULTANT LIABILITY

11. **THIS COURT ORDERS** that the Consultant shall act solely as an independent consultant to the Merchants and that it shall not be liable for any claims against the Merchants other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines and, for greater certainty:

- (a) the Consultant shall not be deemed to be an owner or in possession, care, control or management of the Stores or the Distribution Centres, of the assets located therein or associated therewith or of the Merchants' employees located at the Stores, or the Distribution Centres or of any other property of the Merchants;
- (b) the Consultant shall not be deemed to be an employer, or a joint or successor employer, related or common employer or payor within the meaning of any legislation, statute or regulation or rule of law or equity governing employment, labour standards, pension benefits or health and safety for any purpose whatsoever in relation to the Merchants' employees, and shall not incur any successorship liabilities whatsoever (including without limitation, losses, costs, damages, fines or awards); and
- (c) subject to and without limiting the Consultant's indemnification of the Merchant Indemnified Parties pursuant to the Consulting Agreement, the Consultant shall bear no responsibility for any liability whatsoever (including without limitation, losses, costs, damages, fines or awards) relating to Claims of customers, the Merchants' employees and any other Persons arising from events occurring at the Stores during and after the term of the Sale or at the Distribution Centres, or otherwise in connection with the Sale, except to the extent that such Claims are the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, Supervisors, independent contractors, agents or other representatives, or otherwise in accordance with the Consulting Agreement.

12. **THIS COURT ORDERS** that, to the extent (a) any Landlord has a claim against a Merchant arising solely out of the conduct of the Consultant in conducting the Sale; and (b) such Merchant has a claim against the Consultant under the Consulting Agreement arising from such conduct, such Merchant shall be deemed to have assigned such claim against the Consultant under the Consulting Agreement free and clear to the applicable Landlord (the "**Assigned Landlord Rights**"); provided that, each such Landlord shall only be permitted to advance the

Assigned Landlord Rights against the Consultant if written notice, including the reasonable details of such claim, is provided by such Landlord to the Consultant, the Merchants and the Monitor during the period commencing on the Sale Commencement Date and ending on the date that is thirty (30) days following the Sale Termination Date for the applicable Store(s); provided, however, that, the Landlords shall be provided with access to the Stores to inspect the Stores within fifteen (15) days following the two weeks following the Sale Termination Date for the applicable Store(s).

CONSULTANT AN UNAFFECTED CREDITOR

13. **THIS COURT ORDERS** that the Consulting Agreement shall not be repudiated, resiliated or disclaimed by the Merchants nor shall the claims of the Consultant pursuant to the Consulting Agreement be compromised or arranged pursuant to any Plan or compromise among the Merchants and their creditors, or any other transaction involving the sale of the Merchants' assets and business, including without limitation, a sale of the Merchants' assets or the Merchants' shares, however implemented (each, a "**Transaction**"). For greater certainty, the Consultant shall be treated as an unaffected creditor in these proceedings, under any Plan or Transaction.

14. **THIS COURT ORDERS** that the Merchants are hereby authorized and directed, in accordance with the Consulting Agreement, to remit all amounts that become due to the Consultant thereunder.

15. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Consultant pursuant to the Consulting Agreement, including without limitation any amounts to be reimbursed by any Merchant to the Consultant pursuant to the Consulting Agreement (including, for greater certainty, the proceeds of the Additional Consultant Goods (other than the Additional Consultant Goods Fee) which Additional Consultant Goods shall be consigned to the Merchant as a true consignment under applicable law) and at all times the Consultant will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Consulting Agreement.

16. **THIS COURT ORDERS** that notwithstanding:

- (a) the pendency of these proceedings;

- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") in respect of any Applicant, or any bankruptcy order made pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of any Applicant;
- (d) the provisions of any federal, or provincial statute; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement to which any Applicant is a party;

the Consulting Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Consultant and the Assigned Landlord Rights shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by any Person, including any creditor of the Applicants, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable or reviewable transaction, under the CCAA or BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

PIPEDA

17. **THIS COURT ORDERS** that the Merchants are authorized and permitted to transfer to the Consultant personal information in the Merchants' custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes and the Consultant is hereby authorized to make use of such personal information solely for the purposes as if it were a Merchant, subject to and in accordance with the Consulting Agreement.

GENERAL

18. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

20. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern /Daylight Time on the date of this Order.

SCHEDULE "A"
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 __, 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 __, 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 __, 2025 (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 two weeks following the Sale Termination Date. 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. 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, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, 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. Unless otherwise agreed with 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 portion of

the Stores' HVAC system, fire suppression system and fire alarm or sprinkler system. 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 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, 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. 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, as agent for Merchant pursuant to and in accordance with the Consulting Agreement, to include in the Sale additional inventory and other goods from similar vendors not currently supplying goods to Merchant (“**Additional Consultant Goods**”) to the extent permitted under the Consulting Agreement, provided that (i) the Additional Consultant Goods sold as part of the Sale will not exceed \$50,000,000 at cost in the aggregate; and (ii) the Additional Consultant Goods are of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable Leases.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be 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 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.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF HUDSON'S BAY
COMPANY ULC et al.

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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

LIQUIDATION SALE APPROVAL ORDER

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Lawyers for the Applicants

TAB 7

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

THE HONOURABLE MR.)	MONDAY, THE 17TH DAY
)	
JUSTICE OSBORNE)	OF MARCH, 2025

**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.**

**ORDER
(Lease Monetization Process)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), 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**") for an order approving the Lease Monetization Process (defined below) was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025 and March 14, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated March [●], 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of Brittney Ketwaroo sworn March 14, 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not otherwise defined herein have the meanings ascribed in the Lease Monetization Process.

APPROVAL OF THE LEASE MONETIZATION PROCESS

3. **THIS COURT ORDERS** that the Lease Monetization Process attached hereto as **Schedule "A"** (the "**Lease Monetization Process**") is hereby approved. The Applicants, the Monitor and the Broker (each as defined in the Lease Monetization Process) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Lease Monetization Process.
4. **THIS COURT ORDERS** that each of the Applicants, the Monitor, the Broker and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Lease Monetization Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor, or the Broker, as applicable, in performing their obligations under the Lease Monetization Process, as determined by this Court.
5. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, the Monitor and the Broker are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Lease Monetization Process in these proceedings.
6. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

7. **THE COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

LEASE MONETIZATION PROCESS

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI (the "**Company**") and those parties listed in Schedule "**A**" hereto (collectively, the "**Applicants**") sought and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order (as amended, restated or varied from time to time, the "**Initial Order**") granted by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Parties listed in Schedule "**B**" were also granted protection as "Non-Applicant Stay Parties". Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the "**Monitor**").

On March 14, 2025, the Applicants served a motion seeking, among other things, an order for the approval of a sale process (as same may be amended from time to time, the "**Lease Monetization Process**") pursuant to, and in accordance with, the Lease Monetization Order (as defined below) to be conducted under the supervision of the Court and the Monitor.

The purpose of this Lease Monetization Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases, which implementation may include sales, dispositions, assumptions, assignments, surrender, or other transaction forms. The Applicants, in their reasonable business judgment, and in consultation with the Broker, the Monitor, the DIP Agent and the Pathlight Agent, may, from time to time, withdraw any Lease from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease.

On March 17, 2025, the Court entered an order approving the Lease Monetization Process (the "**Lease Monetization Order**").

This Lease Monetization Process describes, among other things: (a) the Leases available for sale; (b) the manner in which Interested Bidders may gain access to due diligence materials concerning the Leases; (c) the manner in which bidders and bids become Qualified LOI Bidders or Qualified Bidders and Qualified LOI Bids or Qualified Bids, respectively; (d) the ultimate selection of one or more Successful Bidders; and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Lease Monetization Process:
 - (a) "**Applicants**" is defined in the introduction hereto.
 - (b) "**Approval Motion**" is defined in paragraph 23.
 - (c) "**Broker**" means [Jones Lang LaSalle Real Estate Services, Inc].
 - (d) "**Business Day**" means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
 - (e) "**CA**" means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor.

- (f) **"CCAA"** is defined in the introduction hereto.
- (g) **"Company"** is defined in the introduction hereto.
- (h) **"Court"** is defined in the introduction hereto.
- (i) **"Deposit"** is defined in paragraph 20(k).
- (j) **"DIP Agent"** means Restore Capital, LLC, including its consultants, advisors and representatives.
- (k) **"Form of Purchase Agreement"** means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Broker, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (l) **"Initial Order"** is defined in the introduction hereto.
- (m) **"Interested Bidder"** is defined in paragraph 8.
- (n) **"Landlord LOI"** means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (o) **"Landlord Qualified Bid"** means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 20(a), 20(c), 20(d), 20(e), 20(g), 20(h), 20(i), 20(j), 20(k) and 20(l).
- (p) **"Lease Monetization Order"** is defined in the introduction hereto.
- (q) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule **"C"** hereto.
- (r) **"LOI"** is defined in paragraph 7.
- (s) **"Monitor"** is defined in the introduction hereto.
- (t) **"Non-Applicant Stay Parties"** are the entities listed in Schedule **"B"** hereto.
- (u) **"Outside Date"** means June 30, 2025.
- (v) **"Pathlight Agent"** means Pathlight Capital LP, by its general partner, Pathlight GP LLC, as agent to certain lenders under the Pathlight Credit Facility (as defined in the Affidavit of Jennifer Bewly sworn March 7, 2025).
- (w) **"Phase 1"** is defined in paragraph 7.
- (x) **"Phase 1 Bid Deadline"** is defined in paragraph 9.
- (y) **"Phase 2"** means such period of time from the Phase 1 Bid Deadline to the Approval Motion.

- (z) **"Qualified Bid"** means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 20.
- (aa) **"Qualified Bid Deadline"** is defined in paragraph 18.
- (bb) **"Qualified Bidder"** means a bidder that submits a Qualified Bid.
- (cc) **"Qualified LOI"** is defined in paragraph 10.
- (dd) **"Qualified LOI Bid"** is defined in paragraph 16.
- (ee) **"Qualified LOI Bidder"** is defined in paragraph 16.
- (ff) **"Sale Proposal"** means an offer to acquire or otherwise assume of all or some of the Leases. A "Sale Proposal" may include a transaction involving the assignment and assumption, and/or surrender of a Lease or Leases.
- (gg) **"Successful Bid"** is defined in paragraph 22(b).
- (hh) **"Successful Bidder"** is defined in paragraph 22(b).
- (ii) **"Targeted Outside Date"** means June 17, 2025, or such later date as may be determined by the Applicants, on consent of the Monitor, in consultation with the Broker, the Pathlight Agent and the DIP Agent, provided that in no event shall such date be after June 30, 2025.
- (jj) **"Teaser Letter"** is defined in paragraph 4.

Supervision of the Lease Monetization Process

2. The Monitor will supervise, in all respects, the Lease Monetization Process, any attendant sales and, without limitation, will supervise the Broker's performance under its engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Broker as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Lease Monetization Process or the responsibilities of the Monitor, the Broker or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded to the Monitor under the CCAA, the Initial Order and the Lease Monetization Order, the terms of the Initial Order and the Lease Monetization Order shall govern the Monitor's role as it relates to the Lease Monetization Process.

"As Is, Where Is"

3. The sale of the Leases will be on an **"as is, where is"** basis and without representations or warranties of any kind, nature, or description by the Monitor, the Broker, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.

Solicitation of Interest

4. As soon as reasonably practicable, but in any event no later than three (3) Business Days after the issuance of the Lease Monetization Order, the Broker shall distribute an initial offering summary of the Leases in form acceptable to the Applicants and the Monitor (the "**Teaser Letter**") notifying those potentially interested parties that are identified by the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Lease Monetization Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases.

Participation Requirements

5. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Lease Monetization Process must deliver to the Broker at the address specified in Schedule "**D**" hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.
6. The DIP Agent and any other secured lender of the Applicants shall not have the right to credit bid their secured debt against the assets secured thereby.

LEASE MONETIZATION PROCESS - PHASE 1

Phase 1 Initial Timing

7. For a period from the date of the Lease Monetization Order until the Phase 1 Bid Deadline ("**Phase 1**"), the Broker (with the assistance of the Monitor and the Applicants) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases (each, an "**LOI**").

Due Diligence

8. Subject to the provisions of paragraph 29, the Broker will provide each party who executes a CA (an "**Interested Bidder**") with access to an electronic data room. The Monitor, the Broker and the Applicants, and each of their representatives, make no representation or warranty as to the information: (a) contained in the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

9. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Broker at the address specified in Schedule "**D**" hereto (including by email transmission), so as to be received by the Broker not later than 5:00 PM (Toronto time) on or before April 15, 2025, or such later date or time as may be determined by the Applicants, with the consent of the Monitor, in consultation with the Broker, the Pathlight Agent and the DIP Agent (the "**Phase 1 Bid Deadline**").

10. An LOI so submitted will be considered a qualified LOI for the purposes hereof (each a **"Qualified LOI"**) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases or Lease subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease;
 - (d) it provides a general description of any likely financing associated with the proposed transaction;
 - (e) it provides a general description as to whether the Interested Bidder anticipates its bid containing any provisions that do not conform to the restrictions surrounding the "permitted use" of the property as defined in each of the Leases;
 - (f) it describes any additional due diligence required to be conducted during Phase 2;
 - (g) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (h) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Broker.
11. A Landlord LOI shall be deemed to be a Qualified LOI.
12. The Applicants, with the consent of the Monitor and in consultation with the Broker, may waive compliance with any one or more of the requirements specified in paragraph 10 (other than those in 10(c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Lease Monetization Process

13. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be determined by the Applicants with the consent of the Monitor, in consultation with the Broker the Pathlight Agent and the DIP Agent, the Applicants will, in consultation with the Broker, the Pathlight Agent, the DIP Agent and the Monitor, assess the Qualified LOIs received during Phase 1, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Monitor or the Broker may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.
14. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor, the Pathlight Agent, the DIP Agent and the Broker, will consider, among other things, the following:

- (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;
 - (d) the financial and other capabilities of the Interested Bidder to perform, observe and comply with the terms (including payment, use provisions and other obligations) of the applicable Lease(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Broker, determine.
15. If one or more Qualified LOIs are received and the Applicants, in consultation with the Broker, the Pathlight Agent, the DIP Agent and the Monitor, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Lease Monetization Process as set forth herein.

PHASE 2

Due Diligence

16. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Lease Monetization Process by the Applicants, following consultation with the Broker and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 14 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **"Qualified LOI Bidder"**).
17. Subject to the provisions of paragraph 29, to the extent that a Qualified LOI Bidder requested due diligence within their Qualified LOI as per paragraph 10(f) herein, the Broker will provide the Qualified LOI Bidder with access to due diligence materials and information relating to the Leases as the Applicants, in their reasonable business judgment and in consultation with the Broker and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Qualified LOI Bidders.

Qualified Bids

18. The deadline for submission of bids to be considered for the sales of Lease(s) (the **"Qualified Bids"**) shall be May 1, 2025, or such later date or time as may be determined by the Applicants with the consent of the Monitor and in consultation with the Broker, the Pathlight Agent and the DIP Agent (the **"Qualified Bid Deadline"**).

19. A Landlord Qualified Bid shall be deemed to be a Qualified Bid.
20. Any Qualified LOI Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s):
 - (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up to the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified LOI Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as a Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Applicants, in consultation with the Broker and the Monitor, to make a reasonable determination as to the Qualified LOI Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;
 - (e) it lists the Lease(s) proposed to be subject to the bid and an allocation of the purchase price on a Lease by Lease basis;
 - (f) it includes details of any amendments which such Qualified LOI Bidder seeks in respect of any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Qualified LOI Bidder; for greater certainty, nothing in this Lease Monetization Process shall be construed to: (i) permit or require any amendments to the terms of any Lease(s) without the consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Qualified LOI Bidder regarding any such amendments;
 - (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified LOI Bidder; or
 - (ii) obtaining financing;
 - (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
 - (i) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;

- (j) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Broker, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
 - (k) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Lease(s) proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Lease Monetization Process.
 - (l) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Leases to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and
 - (m) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Broker.
21. The Applicants with the consent of the Monitor, in consultation with the Broker, the Pathlight Agent, the DIP Agent and the Monitor may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
22. The Applicants, in consultation with the Broker, the Monitor, the DIP Agent and the Pathlight Agent:
- (a) may engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion;
 - (b) shall determine which is the most favourable bid with respect to such Lease(s) (the “**Successful Bid**” and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”), taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction and capability of performing the obligations of the tenant under the applicable Lease(s);
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals and any lease amendments);

- (v) the terms and provisions of any proposed transaction documentation;
- (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
- (vii) such other criteria as the Applicants may in consultation with the Monitor and the Broker determine.

Approval Motion for Definitive Agreements

23. The Applicants will apply to the Court (the “**Approval Motion**”) for an order, among other things, approving the Successful Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor, the Pathlight Agent and the DIP Agent, and without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Lease Monetization Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

24. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, or Qualified Bid, as applicable.

Amendment

25. If there is any proposed material modification to the Lease Monetization Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Broker, the Pathlight Agent and the DIP Agent, to modify the Lease Monetization Process from time to time.

DIP Agent Communications

26. The Applicants, the Monitor and the Broker shall make best efforts to communicate and consult with the DIP Agent throughout and with respect to all aspects of the Lease Monetization Process (including, but not limited to, the Teaser Letter, the Form of Purchase Agreement, all bids received, any landlord discussions or engagement related to the Lease Monetization Process, and any proposed material modifications to the Lease Monetization Process). The Applicants, the Monitor and the Broker shall make best efforts to keep the DIP Agent reasonably apprised of all aspects of the Lease Monetization Process (including by providing

copies of all LOIs and bids within one day of receipt of same) and provide the DIP Agent with any and all additional information reasonably requested in connection therewith.

Pathlight Communications

27. The Applicants, the Monitor and the Broker shall make best efforts to communicate and consult with the Pathlight Agent throughout and with respect to all aspects of the Lease Monetization Process (including, but not limited to, the Teaser Letter, the Form of Purchase Agreement, all bids received, any landlord discussions or engagement related to the Lease Monetization Process, and any proposed material modifications to the Lease Monetization Process). The Applicants, the Monitor and the Broker shall make best efforts to keep the Pathlight Agent reasonably apprised of all aspects of the Lease Monetization Process (including by providing copies of all LOIs and bids within one day of receipt of same) and provide the Pathlight Agent with any and all additional information reasonably requested in connection therewith.

Monitor Updates

28. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Lease Monetization Process, including an update to be delivered to the Court at the conclusion of Phase 1.

Reservation of Rights

29. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Broker, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Lease Monetization Process at any time after entry of the Lease Monetization Order.
30. Notwithstanding anything else contained herein, at any time after entry of the Lease Monetization Order, the Applicants, in their reasonable business judgment and in consultation with the Broker, the Monitor, the Pathlight Agent and the DIP Agent may, from time to time, withdraw any Lease(s) from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
31. The Applicants, after consultation with the Broker, the Monitor, the DIP Agent and the Pathlight Agent, may reject any or all bids.
32. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/HudsonsBay> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
33. This Lease Monetization Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the Broker or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Lease Monetization Process, the Applicants or the Monitor may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

34. Nothing in the Lease Monetization Process or the Lease Monetization Order acknowledges or declares that the interests in the Leases being marketed within this Lease Monetization Process are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Leases are expressly preserved and not derogated from.

Landlord Communications

35. The Applicants, the Monitor and the Broker will communicate with the landlords party to the Leases from time to time, as appropriate, in connection with their respective interests in the Lease Monetization Process.

SCHEDULE A

Applicants

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

The Bay Holdings ULC

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

2472598 Ontario Inc.

SCHEDULE B

Non-Applicant Stay Parties

RioCan-HBC General Partner Inc.

HBC Holdings LP

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

SCHEDULE C

Hudson's Bay

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rocky View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

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

SCHEDULE D

To the Company:

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

With a copy to:

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

Attn: Ashley Taylor / Maria Konyukhova
Email: ataylor@stikeman.com / mkonyukhova@stikeman.com

To the Monitor :

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company
ULC et al.
Royal Bank Plaza, South Tower 200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a Copy to:

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3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Broker:

Jones Lang LaSalle Real Estate Services, Inc
510 West Georgia Street, Suite 2150
Vancouver, BC V6B 0M3

Attn: Connor O'Keeffe
Email: Connor.Keefe@jll.com

To the DIP Agent

Restore Capital LLC
4705 Benton Smith Road
Nashville, TN 37215

Attn: Adam Zalev
Email: azalev@reflectadvisors.com

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

Proceeding commenced at Toronto

**ORDER
(Lease Monetization Order)**

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Lawyers for the Applicants

TAB 8

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

THE HONOURABLE MR.)	MONDAY, THE 17TH DAY
)	
JUSTICE OSBORNE)	OF MARCH, 2025

**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.**

**ORDER
(SISP Approval Order)**

THIS MOTION, made by 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**") for an order approving the procedures for the Sale and Investment Solicitation Process in respect of the Applicants attached hereto as Schedule "A" (the "**SISP**") was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025 and March 14, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**"), dated March [●], 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of Brittney Ketwaroo sworn March [●], 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order, dated March 17, 2025, as applicable.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the SISP pursuant to its terms and the terms of this Order. The Applicants and the Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.
4. **THIS COURT ORDERS** that each of the Applicants, Reflect Advisors, LLC, (“**Reflect**”), the Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Applicants, Reflect, or the Monitor, as applicable, in performing their obligations under the SISP, as determined by this Court.
5. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, Reflect and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

6. **THIS COURT ORDERS** that notwithstanding anything contained in this Order or in the SISP, neither Reflect nor the Monitor shall take Possession of the Property or be deemed to take Possession of the Property, including pursuant to any provision of the Environmental Legislation.

PROTECTION OF PERSONAL INFORMATION

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 (Canada) and any similar legislation in any other applicable jurisdictions, the Applicants, Reflect and the Monitor and each of their respective advisors are hereby authorized and permitted to disclose and transfer to prospective SISP participants (each, a “**Potential Bidder**”) and their advisors personal information of identifiable individuals (“**Personal Information**”), records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the SISP (each a “**Transaction**”). Each Potential Bidder to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if required by the Applicants, Reflect or the Monitor. Any successful bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction contemplated in the applicable Successful Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, Reflect or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor, Reflect or the Applicants.

GENERAL

8. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

9. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative bodies having jurisdiction in Canada, the United States of America, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order.

Sale and Investor Solicitation Process

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), 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**") obtained an initial order, as may be amended from time to time (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

Pursuant to an Order dated March 17, 2025 (the "**SISP Approval Order**"), the Court approved this sale and investor solicitation process ("**SISP**"). The purpose of this SISP is to seek Sale Proposals and Investment Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Property and the Business.

This SISP describes, among other things: (a) the Property available for sale and the opportunity for an investment in the Business of the Applicants; (b) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business; (c) the manner in which bidders and bids become Final Qualified Bidders and Final Qualified Bids, respectively; (d) the process for the evaluation of bids received; (e) the process for the ultimate selection of a Successful Bidder; and (f) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

Defined Terms

1. The following capitalized terms have the following meanings when used in this SISP:
 - (a) "**ABL Lender**" has the definition ascribed to it in the Affidavit of Jennifer Bewley sworn March 7, 2025.
 - (b) "**Applicants**" is defined in the introduction hereto.
 - (c) "**Approval Motion**" is defined in paragraph 26.
 - (d) "**Auctions**" is defined in paragraph 20(a).
 - (e) "**Baseline Bid**" is defined in paragraph 20.
 - (f) "**Bidding Phase**" is defined in paragraph 13.
 - (g) "**Bidding Phase Bid Deadline**" is defined in paragraph 14.
 - (h) "**Business**" means the business of the Applicants and the Non-Applicant Stay Parties.

- (i) **"Business Day"** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (j) **"CCAA"** is defined in the introduction hereto.
- (k) **"Claims and Interests"** is defined in paragraph 10.
- (l) **"Confidential Information Memorandum"** is defined in paragraph 4.
- (m) **"Court"** is defined in the introduction hereto.
- (n) **"Data Room"** is defined in paragraph 13.
- (o) **"Deposit"** is defined in paragraph 15(m).
- (p) **"DIP Agent"** means Restore Capital, LLC, including its consultants, advisors and representatives.
- (q) **"DIP Lender"** means HCS 102, LLC, Tiger Assets Solutions Canada, ULC, 1903 Partners, LLC, and GA Group Solutions, LLC.
- (r) **"DIP Term Sheet"** means the Amended and Restated DIP Term Sheet dated March 14, 2025.
- (s) **"Final Qualified Bid"** is defined in paragraph 14.
- (t) **"Final Qualified Bidder"** is defined in paragraph 23.
- (u) **"Financial Advisor"** means Reflect Advisors, LLC.
- (v) **"Form of Investment Agreement"** means the form of equity investment agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for an Investment Proposal.
- (w) **"Form of Purchase Agreement"** means the form of purchase and sale agreement to be developed by the Applicants in consultation with the Monitor and the Financial Advisor and provided to those Qualified Bidders that executed an NDA for a Sale Proposal.
- (x) **"Initial Order"** is defined in the introduction hereto.
- (y) **"Investment Proposal"** means a proposal to invest in or refinance all or a portion of the Business of the Applicants.
- (z) **"Known Potential Bidders"** is defined in paragraph 6.
- (aa) **"Lease Monetization Order"** means the Court Ordered dated March 17, 2025 approving of a sale process with respect to the Leases.

- (bb) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection therewith
- (cc) **"Liquidation Process Approval Order"** means the Order of the Court dated March 17, 2025 with respect to the proposed liquidation of inventory.
- (dd) **"Monitor"** means Alvarez & Marsal Canada Inc., solely in its capacity as the Court-appointed monitor of the Applicants in their proceedings under the CCAA.
- (ee) **"NDA"** means a non-disclosure agreement in form and substance satisfactory to the Monitor, the Financial Advisor and the Applicants, which will inure to the benefit of any purchaser of the Property or any investor in the Business or the Applicants.
- (ff) **"Non-Applicant Stay Parties"** has the definition ascribed to it in the Affidavit of Jennifer Bewley sworn March 7, 2025
- (gg) **"Outside Date"** means June 30, 2025, or such later date as may be agreed to by the Applicants, the Financial Advisor, and the Monitor with the consent of the DIP Agent.
- (hh) **"Pathlight Agent"** means Pathlight Capital LP, by its general partner, Pathlight GP LLC, as agent to certain lenders under the Pathlight Credit Facility (as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).
- (ii) **"Potential Bidder"** is defined in paragraph 11.
- (jj) **"Property"** means all of property, assets and undertakings of the Applicants and the Non-Applicant Stay Parties.
- (kk) **"Qualified Bidder"** is defined in paragraph 12.
- (ll) **"Sale Proposal"** means a proposal to acquire all or a portion of the Property relating to the Applicants' Business on a liquidation or going concern basis.
- (mm) **"Senior Indebtedness"** means the ABL Obligations, the Term Loan Obligations and the DIP Financing Obligations as such terms are defined in the DIP Term Sheet.
- (nn) **"SISP Approval Order"** is defined in the introduction hereto.
- (oo) **"Solicitation Process"** means the process for soliciting and selecting bids for the sale of or investment in the Business and Property.
- (pp) **"Successful Bid"** is defined in paragraph 20.
- (qq) **"Successful Bidder"** is defined in paragraph 203(g).

(rr) “**Teaser Letter**” is defined in paragraph 6.

Supervision of the SISP

2. The SISP Approval Order and the SISP shall exclusively govern the process for Solicitation Process. For the avoidance of doubt, the Lease Monetization Order shall govern the process for soliciting and selecting bids for the Leases and nothing in this SISP shall alter, restrict or otherwise modify the terms of the Lease Monetization Order.
3. The Monitor will supervise, in all respects, the SISP and any attendant sales or investments. The Monitor, in consultation with the Applicants, the Financial Advisor, the Pathlight Agent and the DIP Agent, shall have the right to adopt such other rules for the SISP that in its reasonable business judgement will better promote of the goals of the SISP. In the event that there is disagreement or clarification required as to the interpretation or application of this SISP or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Monitor or the Applicants. For the avoidance of doubt, with respect to the Monitor’s role in regards to the SISP, the terms of the Initial Order concerning the Monitor’s rights, duties and protections in the Applicants’ CCAA proceedings shall govern.

Sale and Investment Opportunity

4. One or more bids for a sale of, or an investment in, all or a portion of the Business or the Property relating to the Applicants’ Business will be considered, either alone or in combination as a Final Qualified Bid or a Successful Bid.
5. A bid may, at the option of the Qualified Bidder, involve, among other things, one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern; a sale of the Property or any part thereof as contemplated herein to the Qualified Bidder or to a newly formed acquisition entity; or a plan of compromise or arrangement pursuant to the CCAA or any corporate or other applicable legislation.

Solicitation of Interest and Publication Notice

6. The Financial Advisor, in consultation with the Applicants, the Monitor, the DIP Agent and Pathlight Agent and their respective advisors, has prepared a list of persons who may have an interest in bidding for the sale of or investment in the Business (the “**Known Potential Bidders**”). Concurrently, the Financial Advisor, in consultation with the Applicants, the Monitor and their respective advisors, has prepared an initial offering summary (the “**Teaser Letter**”) notifying Known Potential Bidders of the existence of the SISP and inviting the Known Potential Bidders to express their interest in accordance with the terms of the SISP.

7. Within one business day of the granting of the SISP Approval Order, the Financial Advisor shall distribute to the Known Potential Bidders the Teaser Letter, as well as a copy of the SISP Approval Order and a draft form of NDA.
8. As soon as reasonably practicable after the granting of the SISP Approval Order, but in any event no more than three (3) Business Days after the issuance of the SISP Approval Order, the Applicants will issue a press release setting out the notice and such other information, in form and substance satisfactory to the Monitor in consultation with the Financial Advisor, designating dissemination in Canada and major financial centres in the United States.

“As Is, Where Is”

9. The sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, the Financial Advisor or any of their respective agents, except to the extent set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Free Of Any and All Claims and Interests

10. In the event of a sale of all or a portion of the Property, subject to approval by the Court, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to such Court orders as may be desirable, except to the extent otherwise set forth in the definitive sale or investment agreement executed with a Successful Bidder.

Participation Requirements

11. In order to participate in the SISP, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor, with a copy to the Monitor, at the addresses specified in Schedule “A” hereto (including by email):
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which shall include provisions whereby the Potential Bidder agrees to accept and be bound by the provisions contained herein.
12. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Applicants, in their reasonable business judgement, in consultation with the Financial Advisor and the Monitor, determine is likely, based on the availability of financing, experience and other considerations, to be able to consummate a Sale Proposal or an Investment Proposal on or before the Outside Date will be deemed a “**Qualified Bidder**”, and will be promptly notified of such determination by the Financial Advisor.

SISP – BIDDING PHASE

Due Diligence

13. During this process (the “**Bidding Phase**”), each Qualified Bidder will be provided with: (i) a copy of a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the Property or invest in all or a portion of the Business; and (ii) access to an electronic data room of due diligence information for Qualified Bidders (the “**Data Room**”). The Data Room will contain such due diligence materials and information relating to the Property and the Business as the Financial Advisor, in its reasonable business judgment, in consultation with the Monitor and the Applicants, determines necessary, including, as appropriate, information or materials reasonably requested by Qualified Bidders, on-site presentation by senior management of the Applicants, and facility tours. The Monitor, the Financial Advisor and the Applicants make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room; (ii) provided through the due diligence process; or (iii) otherwise made available in connection with this SISP, except to the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants. Selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants and the Financial Advisor, in consultation and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.
14. A Qualified Bidder that wishes to pursue a Sale Proposal or an Investment Proposal must deliver a final binding proposal subject to the following requirements:
 - (a) in the case of a Sale Proposal, a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;
 - (b) in the case of an Investment Proposal, a duly authorized and executed investment agreement based on the Form of Investment Agreement and accompanied by a mark-up of the Form of Investment Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto;

to the Financial Advisor, the Applicants and to the Monitor at the addresses specified in Schedule “A” hereto (including by email) so as to be received by it not later than 5:00 pm (Eastern Standard Time) on April 15, 2025, or such other date as determined by the Applicants, in consultation with the Financial Advisor and with the consent of the Monitor (the “**Bidding Phase Bid Deadline**”).

15. A bid will be considered a **“Final Qualified Bid”** only if the bid complies with, among other things, the following requirements:
- (a) it includes a letter stating that the bidder’s offer is submitted in good faith and is irrevocable until the earlier of (i) the approval by the Court of a Successful Bid and (ii) 60 days following the Bidding Phase Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;
 - (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor and the Applicants, in consultation with the Financial Advisor, to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction contemplated by its bid;
 - (c) in respect of a Sale Proposal, the Property to be included, and in the case of an Investment Proposal, any Property to be divested or disclaimed prior to closing;
 - (d) it includes a redline to the Form of Sale Agreement or Form of Investment Agreement, as applicable;
 - (e) it includes full details of the proposed number of employees of the Applicants who will become employees of the bidder (in the case of a Sale Proposal) or shall remain as employees of the Applicants (in the case of an Investment Proposal) and, in each case, provisions setting out the terms and conditions of employment for continuing employees;
 - (f) details of any liabilities to be assumed by the Qualified Bidder;
 - (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder;
or
 - (ii) obtaining financing;
 - (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation, and discloses any connections or agreements with the Applicants or any of their affiliates;
 - (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (j) it identifies with particularity the contracts and leases the bidder wishes to assume or exclude, contains full details of the bidder’s proposal for the

treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;

- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Monitor and the Applicant, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of this SISP;
- (n) it contains other information reasonably requested by the Financial Advisor, the Monitor or the Applicants;
- (o) it is received by the Bidding Phase Bid Deadline;
- (p) it does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;
- (q) if the Bid is either for an Investment Proposal or a Sale Proposal that contemplates the direct or indirect purchase of assets which are subject to the Liquidation Process Approval Order or the Lease Monetization Process Approval Order, it provides for repayment in full in cash on closing of the amounts reasonably anticipated by:
 - (i) the Applicants, in consultation with the Monitor and the Financial Advisor,
 - (ii) the Pathlight Agent,
 - (iii) the ABL Lender, and
 - (iv) the DIP Agent

to be outstanding under the Senior Indebtedness following completion of the Lease Monetization Process and the Liquidation Process or the bid is otherwise acceptable to the parties in 15(q)(i), (ii), (iii) and (iv);

- (r) it includes a statement that the bidder will bear its own costs and expenses in connection with the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis; and

- (s) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the Applicants or the completeness of any information provided in connection therewith and/or the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement or the Investment Agreement.
16. The DIP Lenders and any other secured lender of the Applicants shall not have the right to credit bid their secured debt against the assets secured thereby.

Evaluation of Final Qualified Bids

17. The Applicants, in consultation with the Financial Advisor, the Monitor, the DIP Agent, and the Pathlight Agent, will review each bid as set forth herein and determine if one or more of them constitute a Final Qualified Bid. For the purpose of such consultations and evaluations, the Applicants, the Financial Advisor and/or the Monitor may request clarification of the terms of any bid.
18. Evaluation criteria with respect to a Sale Proposal may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such bid in relation to other bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; (h) the assets included or excluded from the bid; (i) proposed treatment of the employees; (j) any transition services required from the Applicants post-closing and any related restructuring costs; (k) the likelihood and timing of consummating the transaction; and (l) the allocation of value among the assets being acquired.
19. Evaluation criteria with respect to an Investment Proposal may include, but are not limited to items such as: (a) the amount of equity and debt investment and the proposed sources and uses of such capital; (b) the firm, irrevocable commitment for financing the transaction; (c) the debt to equity structure post-closing; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction); (g) planned treatment of stakeholders; and (h) the likelihood and timing of consummating the transaction.
20. If one or more Final Qualified Bids is received:

- (a) the Applicants, in consultation with the Financial Advisor, the Monitor and the DIP Agent, shall determine if one or more auctions (the “**Auctions**”) are required. If required, the Auctions will be held on or about April 29, 2025 in accordance with the terms outlined below; or
 - (b) the Applicants, exercising their reasonable business judgment and following consultation with the Financial Advisor, the Monitor, the DIP Agent, and the Pathlight Agent may select the most favourable Final Qualified Bid(s) and negotiate and settle the terms of a definitive agreement or agreements for which approval from the Court will be sought (the “**Successful Bid**”).
21. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, after consultation with the Monitor, the Financial Advisor, the DIP Agent, and Pathlight Agent to reject any or all Final Qualified Bids.
22. If no Final Qualified Bid is received, the SISP shall be automatically terminated.

Auction Process

23. If the Applicants, in consultation with the Financial Advisor and the Monitor, determine that one or more Auctions are required, the Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:
- (a) only Qualified Bidders who submitted Final Qualified Bid (“**Final Qualified Bidders**”) and their financial and legal advisors shall be entitled to participate in an Auction;
 - (b) the Final Qualified Bidders who wish to participate at an Auction must appear in person;
 - (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
 - (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Final Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the financial Advisor, that are the most favourable Final Qualified Bid(s) as of the date thereof (the “**Baseline Bid**”); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;
 - (e) to make a bid at the Auction, a Final Qualified Bidder will modify and resubmit its Final Qualified Bid, which resubmission shall become its new Final Qualified Bid;

- (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Final Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor) that comply with the procedures set forth for the Auction, and such highest and best Final Qualified Bid at the time shall become the Successful Bid (and the person(s) who made the Successful Bid shall become the **"Successful Bidder"**).
24. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
25. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more Qualified Bids as Successful Bidders that did not offer the highest purchase price for the Property or the Business.

Approval Motion for Successful Bid

26. The Applicant will apply to the Court (the **"Approval Motion"**) for an order approving the Successful Bid(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid.
27. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants on or before May 16, 2025.
28. All Final Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.

OTHER TERMS

Deposits

29. All Deposits will be retained by the Monitor in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within thirty (30) Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid subject to the following paragraph, all Deposits will be returned to the bidders within ten (10) Business

Days of the date upon which the SISP is terminated in accordance with these procedures.

30. If a Successful Bidder breaches its obligations under the terms of the SISP, its Deposit plus any interest earned thereon shall be forfeited as liquidated damages and not as a penalty.

Approvals

31. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, the DIP Term Sheet or any other Order of the Court in order to implement a Successful Bid.

Amendment

32. If there is any proposed material modification to the SISP by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Financial Advisor, the Pathlight Agent and the DIP Agent, to modify the SISP from time to time.
33. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants and any Qualified Bidder, other than as specifically set forth in a definitive agreement that may be signed with the Applicants. At any time during the SISP, the Monitor may, following consultation with the Financial Advisor, and the Applicant, upon reasonable prior notice to the DIP Agent, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Compliance with DIP Term Sheet and Liquidation Process Approval Order

34. In carrying out the terms of this SISP, the Applicants, the Monitor and the Financial Advisor will comply with the terms of the Liquidation Process Approval Order, the DIP Term Sheet and any other Order of the Court.

DIP Agent Communications

34. The Applicants, the Monitor and the Financial Advisor will communicate and consult with the DIP Agent throughout the Solicitation Process and will provide information to the DIP Agent in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Financial Advisor shall provide the DIP Agent with any and all information reasonably requested with respect to the SISP.

Pathlight Communications

35. The Applicants, the Monitor and the Financial Advisor will communicate and consult with the Pathlight Agent throughout the Solicitation Process and will provide information to the Pathlight Agent in connection with such

communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Financial Advisor shall provide the Pathlight Agent with any and all information reasonably requested with respect to the SISF.

Schedule "A"

Address for Notices and Deliveries

To the Monitor

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company ULC
et al.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 29000
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a copy to

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Financial Advisor

Restore Capital LLC
4705 Benton Smith Road
Nashville, TN 37215

Attn: Adam Zalev
E-mail: azalev@reflectadvisors.com

To the Applicants

Hudson Bay Company ULC
401 Bay Street
Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
Email: jennifer.bewley@hbc.com

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER

(SISP Approval Order)

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

Proceeding commenced at Toronto

MOTION RECORD

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