



October 3, 2024

RioCan-HBC (Ottawa) Holdings Inc.
c/o RioCan REIT
2300 Yonge Street, Suite 500
Toronto, ON M4P 1E4

Attention: Rocky Kim

Dear Ms. Ridgway:

Mortgage Loan Application No. 612290-1

Conventional first mortgage financing of an approximately 1.21-acre site complete with a 5-storey, 335,305 square foot retail department store, 100% occupied by HBC, and located at 73, 85 and 87 Rideau Street, Ottawa, Ontario K1N 5X1

Desjardins Financial Security Life Assurance Company (the "**Lender**" or "**Mortgagee**") confirms that your application for a first mortgage loan (the "**Loan**") has been approved subject to the terms and conditions contained in the enclosed Part A, Part B and, if any, the schedules attached hereto (collectively, the "**Loan Offer**").

If the terms and conditions of this Loan Offer are acceptable to you, please confirm by signing and having it signed, where applicable, by the Borrower, the Beneficial Owner and the Guarantors, where noted herein, and returning to us a complete copy of the Loan Offer accompanied by the borrowing fees provided for herein before 4 p.m. Toronto time on October 3, 2024, failing which, the Lender will not be required to make the Loan described herein available to the Borrower or to act on this Loan Offer, which will become invalid solely due to the passage of time.

Sincerely,

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Benjamin Chua".

Benjamin Chua
Managing Director & Market Lead
Real Estate Financing Group
Central & Western Canada

A handwritten signature in black ink, appearing to read "Timothy Greyling".

Timothy Greyling
Director, Business Development
Real Estate Financing Group

PART A LOAN SUMMARY

Borrower and Beneficial Owner

RioCan-HBC (Ottawa) Holdings Inc. (the "**Borrower**" or the "**Mortgagor**") is the registered owner of (i) the freehold interest in the lands described under the heading "Freehold Lands" in Schedule B (the "**Freehold Lands**") and (ii) the leasehold interest in the lands described under the heading "Leasehold Lands" in Schedule B (the "**Leasehold Lands**", and collectively with the Freehold Lands, the "**Property**"), as nominee and bare trustee for RioCan-HBC (Ottawa) Limited Partnership (the "**Beneficial Owner**").

Guarantors

RioCan-HBC Limited Partnership ("**RioCan-HBC**") shall provide:

- i) an unlimited full recourse principal guarantee (plus a guarantee of any operating deficits and debt service shortfalls for the Property) (the "**RioCan-HBC Guarantee**"); and
- ii) an assignment and postponement of claims by RioCan-HBC relating to any claims against the Borrower, which assignment and postponement shall only take effect upon the occurrence of a Default or an Event of Default which has occurred and is continuing.

RioCan Real Estate Investment Trust ("**RioCan**" and together with RioCan-HBC, collectively, the "**Guarantors**" and each a "**Guarantor**") shall provide, on a several and proportionate basis:

- i) a limited principal guarantee in the amount of 21.9% of the obligations outstanding at the time of first demand thereunder by the Lender plus 21.9% of all additional protective advances or other principal advanced after such date (plus a guarantee of any operating deficits and debt service shortfalls for the Property) (the "**RioCan Guarantee**" and together with the RioCan-HBC Guarantee, collectively, the "**Guarantees**" and each a "**Guarantee**"); and
- ii) an assignment and postponement of claims by RioCan relating to any claims against the Borrower, which assignment and postponement shall only take effect upon the occurrence of a Default or an Event of Default which has occurred and is continuing.

The Lender acknowledges and agrees that, notwithstanding any provision of this Loan Offer or any other Loan Document, the liabilities and obligations of RioCan under the Loan Documents shall not be personally binding upon, nor shall resort be had to nor shall recourse or satisfaction be sought from, the private property of:

- (a) any holder of units of RioCan;
- (b) annuitants under a plan of which a holder of units of RioCan acts a trustee or carrier; or
- (c) any trustee, officer, employee or agent of RioCan, but same may be satisfied out of the property of RioCan.

The above limitations on the liability of the RioCan Guarantor are without prejudice to and shall not be restricted nor impair in any way the rights, remedies or entitlement of the Lender with respect to the enforcement of the Security or the RioCan-HBC Guarantee and shall not prevent the Lender from enjoining the RioCan Guarantor in any suit or action commenced in connection with the realization of the Security.

In addition to each Guarantor's obligations under the Guarantees, the Guarantors will fully indemnify the Lender for any losses, damages, claims and expenses that the Lender incurs as a result of:

- i) fraud by the Borrower, its agents or representatives in connection with the Loan, this Loan Offer, the Property or the Security;
- ii) any intentional misrepresentation by the Borrower in connection with the Borrower's application for the Loan, this Loan Offer or the Security;
- iii) non-compliance with any applicable laws related to environmental matters in connection with the Property;
- iv) insurance and/or expropriation proceeds received by the Borrower but not paid over or applied in accordance with this Loan Offer or the Security;
- v) failure to apply security deposits, advances or prepaid rents, cancellation or termination payments and other similar sums received by the Borrower from tenants or other occupants of the Property for the purposes for which they were received or in accordance with this Loan Offer;
- vi) any act of arson, malicious or intentional destruction by the Borrower in respect of the Property; and
- vii) application of revenue from the Property to amounts other than payments to the Lender or operating expenses or construction, leasing or capital costs properly incurred in respect of the Property.

Loan Amount

The loan amount (the "**Loan Amount**") is limited to the lesser of:

1. CAD\$56,525,000; and
2. 60% of the "as is" appraised value of the Property.

Purpose

To assist with the refinancing of 73, 85 and 87 Rideau Street, Ottawa, Ontario K1N5X1 and for general real estate and corporate uses of the Borrower, the Beneficial Owner and/or the Guarantors, provided same are in full compliance with the laws of the Province of Ontario and Canada.

Disbursement

The disbursement of the Loan must occur no later than sixty (60) days from the date of this Loan Offer, failing which the Lender may, in its sole and absolute discretion, cancel the Loan.

Disbursement is subject to, among other typical conditions precedent, satisfaction of the conditions for advance of the Loan detailed in this Loan Offer.

Term Sixty (60) months from the first day of the month following the advance of the Loan (the "**Term**").

Amortization Twenty-five (25) years (the "**Amortization Period**")

Interest Rate 4.80% per annum, calculated semi-annually, not in advance, which rate was fixed pursuant to the Interest Rate Reservation Agreement between the Borrower, the Guarantor and the Lender effective October 3, 2024 based on a spread of 95 basis points (the "**Rate Spread**") above the Lender's cost of funds (the "**COF**") for the Term of the Loan.

Repayment The Loan will be repayable by way of equal monthly blended payments of principal and interest due on the third of each month commencing on the date the advance of the Loan is made, in an amount sufficient to amortize the Loan over the Amortization Period, with interest calculated and compounded semi-annually, not in advance, all as determined by the Lender. Payments are to be made using our pre-authorized cheque system.

Prepayment The Borrower may repay the Loan in whole or in part prior to its maturity date if the Borrower also pays to the Lender a compensating amount (the "**Yield Maintenance Fee**"), being the amount which is equal to the positive number, if any, obtained by subtracting the amount prepaid from the present value of all (or in proportion to the partial repayment) monthly payments of interest, including the principal and interest due at maturity, which would have been made under the Loan on and after the due date of repayment had such prepayment not been made, such present value to be based on the Discount Rate (as defined herein), and provided that in no event shall the interest component of the total prepayment amount be more than the amount of interest that would have otherwise been payable for the balance of the term.

The "**Discount Rate**" shall mean the yield of the appropriate interpolated durational Government of Canada Bond, at the close of business on the Business Day immediately prior to the date of prepayment, expressed as a rate per annum, compounded semi-annually and as reasonably determined by the Lender to reflect the remaining term to maturity and remaining amortization of the Loan had it not been prepaid.

The Borrower acknowledges and agrees that the foregoing shall apply whether the repayment of the Loan and/or discharge of the Security is on account of acceleration of the Loan by the Lender, the operation of law, or on account of any other reason whatsoever. For further certainty, the Borrower acknowledges and agrees that if the Borrower (or any person who is or becomes entitled or required to act on behalf of the Borrower, including, without limitation, a receiver, receiver-manager, or trustee in bankruptcy) becomes required or entitled, before the maturity date of the Loan, to repay, and does repay, all or any portion of the outstanding principal amount of the Loan, the Lender shall be paid, in addition to all other amounts owing to the date of such payment, the Yield Maintenance, as compensation for the loss on the return of funds allocated to the portion of the principal amount of the Loan repaid.

Taxes

On the third of each month, in addition to each blended payment of principal and interest, the Borrower will pay to the Lender monthly installments with respect to realty taxes in an amount sufficient to pay the annual realty taxes in installments as they become due and payable.

The Lender hereby waives the requirement for the payment of monthly amounts on account of realty taxes provided:

- i) there has been no Default under any of the terms and conditions of the Loan;
- ii) tax receipts as evidence of payment are submitted to the Lender within sixty (60) days after the calendar year end;
- iii) beneficial ownership of the Property remains with the Beneficial Owner; and
- iv) the Borrower participates in the Lender's pre-authorized payment plan with respect to the monthly payments due under the Loan.

The foregoing waiver will not extend to any subsequent owner unless agreed to by the Lender and will be made without prejudice to any of the other terms and conditions of the Loan. The above waiver may be terminated by the Lender at any time if any of the foregoing conditions is not met. In the event that the Lender terminates the above tax waiver, the tax installment requirements of the Mortgage will be reinstated and will become fully effective.

Security

It is understood and agreed that the security offered in connection with this Loan will be (collectively, the "**Security**"):

- i) a first-ranking demand debenture granted by the Borrower in the principal amount of \$61,000,000 (together with an assignment of interest in the material contracts and insurance pertaining to the Property), which will be registered as a freehold charge against the Freehold Lands and as a leasehold charge against the Leasehold Lands;
- ii) a general security agreement charging and creating a security interest in all chattels and other personal property held by the Borrower forming part of the Property (including, without limitation, any bank accounts pertaining exclusively to the Property but excluding retail inventory and removable fixtures);
- iii) a first priority general assignment of leases and rents granted by the Borrower (the "**GAR**"), which shall not restrict the ability of HBC to sublease or assign its lease to a prospective sublessee or assignee, as applicable;
- iv) a first priority specific assignment of the HBC Lease granted by the Borrower (the "**SAR**"), which shall not restrict the ability of HBC to sublease or assign such lease to a prospective sublessee or assignee, as applicable;

- v) the RioCan-HBC Guarantee;
- vi) the RioCan Guarantee;
- vii) an assignment of insurance in respect of the Property granted by the Borrower;
- viii) an environmental indemnity from the Borrower and the Guarantors in respect of any environmental matters arising from or relating to the Property;
- ix) a beneficial owner agreement between the Borrower, the Beneficial Owner and the Lender;
- x) a notice by the Borrower to the Ground Landlord in respect of the Ground Lease;
- xi) a subordination and standstill agreement between the Borrower, the Beneficial Owner, RioCan, RC Holding II LP and the Lender with respect to the second mortgage secured against the Property, pursuant to which RioCan or a wholly-owned subsidiary of RioCan shall hold not less than 50% of such second mortgage (the "**Second Charge Subordination and Standstill Agreement**"); and
- xii) such other security or Loan Documents as the Lender or its legal counsel may reasonably request or require.

Title Title to the Property will be registered in the name of the Borrower, which will execute the Mortgage, the GAR and all other documents required by the Lender and its legal counsel.

Title and Documents Title to the Property and all legal matters in connection with the Loan are to be acceptable to the legal counsel acting for the Lender and all documentation deemed to be necessary by the Lender and its legal counsel in connection with this Loan, including corporate documentation, are to be in the form and content entirely satisfactory to the Lender and its legal counsel.

Legal Description See Schedule B.

Payment of Existing Charges It is understood that all existing financial encumbrances on the Property will be discharged to provide the Lender with a first charge on title to the Property.

Additional Charges There are to be no subsequent encumbrances registered against the Property without the prior approval of the Lender, other than Permitted Encumbrances, provided that, in the case of any financial encumbrances, the same shall be subject to a subordination and standstill agreement acceptable to the Lender.

Authorization In the event that title insurance is not obtained, it is understood and agreed that you, the Borrower, authorize all Governmental Authorities (as defined herein) having jurisdiction with respect to the Property to disclose to the Lender or its legal counsel all information in their possession with respect

to the Property and to undertake any inspections reasonably requested by the Lender.

Source Deductions and HST/GST

In the event that title insurance is not obtained or the title insurance policy does not include super priority lien coverage for a period of not less than 10 years following the discharge of the Mortgage and in an amount of not less than \$500,000, prior to the advance of the Loan and whenever requested by the Lender after the advance of the Loan, the Borrower and Beneficial Owner will sign disclosure authorization forms and do such other things as may be required to permit the Lender to obtain confirmation from the Canada Revenue Agency that there are no source deductions or HST/GST arrears owing to the Canada Revenue Agency by the Borrower or the Beneficial Owner and will assist the Lender in obtaining such confirmation.

Insurance

The Lender requires the Borrower to purchase and maintain, throughout the currency of this loan Offer, insurance on the Property and its operations with the Borrower and Beneficial Owner as named insureds. The Lender shall be named as first mortgagee and loss payee under the insurance covering damage to the Property (which insurance shall be subject to a standard mortgage clause) and as an additional insured under the liability insurance covering third party liability claims arising out of the Property. This insurance shall be acceptable to the Lender and shall be with an insurer acceptable to the Lender and in accordance with the minimum insurance specified in Schedule A "Borrower's Insurance Requirements".

The Borrower shall provide a certificate of insurance to the Lender prior to the advance of the Loan. The Borrower shall further provide the Lender with certificates respecting any replacement policies, renewal endorsements, or policy endorsements affecting this loan Offer within ten (10) days of the effective date of same.

Prior to the advance of the Loan the Lender shall be entitled to retain an insurance consultant at the Borrower's expense to review the existing insurance coverage for the Property to ascertain whether or not the same is adequate under the circumstances and to the extent that the Insurance Consultant (as defined herein) recommends changes to the foregoing provisions of this Loan Offer in order to protect the interests of the Lender or to reasonably accommodate the Lender, the Borrower undertakes to have the policy varied in accordance with these recommendations. The insurance consultant will be InTech Risk Management Inc. (the "**Insurance Consultant**").

So long as no default or Event of Default has occurred and is continuing, if the total amount of insurance proceeds is less than \$500,000.00, the proceeds shall be released to the Borrower to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable.

Rental Insurance

Insurance shall include loss of rental insurance satisfactory to the Lender, acting reasonably in an amount up to eighteen (18) months gross rent from the Property.

Survey

If available, or in the event that title insurance is not obtained, the Borrower shall provide the legal counsel to the Lender with a survey of the Property prepared by a licensed and qualified surveyor, showing each building on the

Property and certifying each building's location on the lot and disclosing any and all encroachments, easements and rights of way.

Zoning

In the event that title insurance is not obtained, the Borrower shall provide the legal counsel to the Lender with evidence that each building on the Property meets all the zoning requirements of the appropriate municipality and any other governmental regulations applicable thereto, the necessary building by-laws have been met, the necessary building permits have been issued and all other restrictions affecting each building have been complied with and that an occupancy or like certificate has been issued by the applicable municipal authority if necessary.

Title Insurance

The Lender's legal counsel shall, at the Borrower's sole expense, arrange for a satisfactory title insurance policy to be issued in connection with the Lender's charge/mortgage, in form and content satisfactory to the Lender's counsel.

Leases

It is a provision of this Loan Offer that if leases are entered into between the Borrower, the Beneficial Owner, or the property manager on behalf of the Borrower or the Beneficial Owner, and any tenants, a copy of each lease, lease renewal or amendment thereof shall be provided to the Lender. For any new leases in excess of 20,000 sq. ft., the tenant as well as the terms and conditions of each lease must be acceptable to the Lender, acting reasonably. Notwithstanding the foregoing, HBC shall have the right to sublease or assign the HBC Lease to a prospective assignee or sublessee, as applicable, in accordance with the terms of the HBC Lease, without the prior written consent of the Lender. The Lender acknowledges and agrees to enter into a non-disturbance agreement with any tenant or subtenant of the Property in excess of 10,000 sq. ft., which form of non-disturbance agreement shall be satisfactory to the Lender and its legal counsel, acting reasonably.

The Borrower represents and warrants to the Lender that the Property is leased to the tenants, at the rents and for the terms set out in Schedule C.

Subsequent Purchaser Approval

Except as permitted herein, in the event that the Borrower or the Beneficial Owner sells, conveys, merges, alienates, mortgages or financially encumbers the Property or any part thereof, or shall be divested of its title or any interest therein, or there is a change in control of the Borrower or the Beneficial Owner by the sale, transfer of shares or otherwise, without the prior written consent of the Lender, such consent not to be unreasonably withheld, then the Loan may, at the sole option of the Lender, become due and payable, along with the payment of the Yield Maintenance Fee and fees set out under Prepayment above, at the option of the Lender.

Financial Statements

It is a condition of this financing that:

- i) each Guarantor will provide annually within 120 days after each fiscal year end, satisfactory audited financial statements;
- ii) the Beneficial Owner will provide annually within 120 days after each fiscal year end, (A) a then current rent roll and operating statement for the Property, and (B) satisfactory financial statements of the Borrower prepared internally by a certified accountant and certified by a senior officer of the Borrower;

- iii) concurrently with the delivery of its annual financial statements, RioCan will deliver a compliance certificate in the applicable form attached as Schedule D confirming compliance with the Financial Covenants (as defined below).

The Lender may require all the statements and information to be certified by a chartered accountant in the event of an Event of Default that is continuing.

Financial Covenants

RioCan agrees to comply with the financial covenants (the "**Financial Covenants**") set out in Schedule E.

Ownership Structure

Except as permitted herein, any changes in the legal or beneficial ownership of the Property or the Borrower must be pre-approved by the Lender.

Permitted Transfers

Notwithstanding the foregoing sections entitled "Subsequent Purchaser Approval" and "Ownership Structure" or any other provision of this Agreement or any other Loan Document, provided the Lender receives at least 20 days' prior written notice, the approval of the Lender will not be required (nor shall a Lender fee be required, other than Lender's reasonable out-of-pocket costs and expenses) for: (i) any sale, transfer, assignment, conveyance or other disposition (each a "**Disposition**") of the Property or any part thereof or interest therein to an Affiliate of the Beneficial Owner, or (ii) a change in the ownership of the partnership units of the Beneficial Owner and/or the shares of the general partner of the Beneficial Owner resulting in the Beneficial Owner being controlled, directly or indirectly, by RioCan, provided there is no other change in the ownership of the partnership units of the Beneficial Owner and/or the shares of the general partner of the Beneficial Owner from that shown on Schedule 1 of Part B attached hereto (in each case, a "**Permitted Disposition**"). A Permitted Disposition shall only be permitted if each of the following conditions have been satisfied in the opinion of the Lender, acting reasonably: (i) if RioCan-HBC or an Affiliate thereof is the transferee Beneficial Owner, RioCan-HBC or such Affiliate, as the case may be, shall assume all of the obligations of the Beneficial Owner under this Agreement and the Loan Documents to which it is a party (but for greater certainty, the RioCan Guarantor shall not be released from its liability and obligations under the Loan Documents to which it is a party and RioCan-HBC shall not be released from its liability and obligations under the Loan Documents to which it is a party as Guarantor), (ii) the Disposition is within the Lender's lending policy limits for the transferee Beneficial Owner as determined by the Lender in its sole discretion, (iii) no default or Event of Default has occurred and is continuing or would result following any such Disposition, (iv) the Lender must have received from the transferring Beneficial Owner all required identification and other due diligence materials required to allow the Lender to comply with its "know your client" requirements and its obligations under all applicable and anti-money laundering and anti-terrorism laws and regulations to which the Lender may be subject, and (v) the transferee and the Obligors shall execute such assumption agreements and any of the Security and Loan Documents as the Lender may reasonably require.

Environmental

The Borrower and the Beneficial Owner each agrees:

- i) To observe and conform to, in all material respects, all laws and requirements of any applicable federal, provincial and any other

- governmental authority relating to the environment and the operation of the business activities of the Borrower at the Property, and
- ii) To allow the Lender access at all reasonable times to the Property (subject to the rights of the tenants) to monitor and inspect all property and business activities and to conduct environmental remedial actions at the expense of the Borrower if the Borrower fails to take such remedial action as is required to ensure compliance with applicable environmental legislation, and
 - iii) To pay all the expenses of any environmental investigations or assessments of the Property that may be required by the Lender, acting reasonably, from time to time, based upon credible information that an adverse change in the environmental condition of the Property has occurred, and
 - iv) To notify the Lender from time to time of any business activity conducted at the Property of which it is aware which involves the use or handling of hazardous materials or wastes and which increases the environmental liability of the Borrower in any material manner, and
 - v) To notify the Lender of any proposed change in the use of the Property other than as a commercial property prior to any change occurring, and
 - vi) To provide the Lender with immediate written notice of any environmental problem and any hazardous materials or substances which have a material adverse effect on the Property, equipment, or business activities at the Property and with any other environmental information reasonably requested by the Lender from time to time.

If the Borrower notifies the Lender of any specified activity or provides the Lender with any information pursuant to subsections iv), v), or vi), or if the Lender receives any credible environmental information from other sources, the Lender, acting reasonably, may decide that a material adverse change in the environmental condition of the Property has occurred. Following this decision being made by the Lender, the Lender shall notify the Borrower of the Lender's decision concerning the adverse change and the Borrower shall undertake such remediation as is required to ensure compliance with applicable environmental laws.

If the Lender is required to incur reasonable expenses due to the Borrower's failure to comply or to verify the Borrower's compliance with applicable environmental or other regulation, the Borrower shall indemnify the Lender in respect of such expenses, which will constitute further advances by the Lender to the Borrower under this Loan Offer.

Hazardous Waste

The Borrower and Beneficial Owner each represents and warrants that, to the best of their knowledge and belief, it has never caused or permitted any Hazardous Substance (as defined herein) to be placed, held, located or disposed of on, under or at the Property except in compliance with applicable laws and the Borrower's business and assets at the Property are operated in material compliance with applicable laws (including, without limitation laws respecting the transportation, storage, disposal or emission of any Hazardous Substance) and that no enforcement actions in respect thereof are pending or, to the best of their knowledge, threatened. The Borrower covenants to continue to operate such business and assets in material compliance with applicable laws, and to permit the Lender, acting reasonably, to conduct inspections, investigations and appraisals of all or any of the Borrower's records, business and assets relative to the Property at any time and from time to time to ensure such compliance.

The Borrower and Guarantors indemnify the Lender, its officers, directors, employees, agents and agree to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses (including reasonable legal and consultants fees) and claims of any and every kind whatsoever, incurred by the Lender and arising from a violation of the provisions of the above clauses headed "Environmental" and "Hazardous Waste", including, without limitation:

- i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any action or matter; and
- ii) any cost, liability or damage arising out of a settlement of any action entered into by the Lender with consent of the Borrower and Guarantors (which consent is not required if the Borrower is in default hereunder or if the Lender has been, or has been deemed to be, in possession of the Property), which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Substance from the Property or into or upon any land, the atmosphere, or any watercourse, body of water or wetland.

The indemnification set out in this provision shall survive the satisfaction or extinguishment of the Indebtedness and liability pursuant to this Loan Offer.

"Hazardous Substance" means (i) any substance, waste, liquid, gas or solid matter, fuel, sound, vibration, odour, radiation and organic or inorganic matter which is or is deemed to be, alone or in any combination, hazardous, hazardous waste, subject waste, toxic, radioactive, a pollutant, a contaminant, a deleterious substance, or a source of pollution under any applicable statute, regulation, by-law or order now or hereafter enacted or promulgated by any Federal, Provincial or local authority having jurisdiction over the Property, or (ii) any other substance which is or may become hazardous, dangerous or toxic to animals, persons or property.

Conditions for Loan Advance

The Loan will be advanced in one installment when all the following conditions precedent and all other conditions contained herein have been fulfilled to the satisfaction of the Lender and its legal counsel:

- i) the Borrower shall have provided the Lender, not more than three (3) weeks prior to disbursement, with a current certified rent roll for the Property confirming in-place annual gross rent of not less than \$9,821,000;
- ii) the Borrower shall have provided the Lender with a satisfactory current appraisal report, prepared by a qualified appraiser acceptable to the Lender, together with a transmittal letter confirming Lender may rely on the appraisal, for the Property and confirming a current "as is" market value of at least \$94,209,000.00;
- iii) the Borrower shall have provided the Lender with a satisfactory Phase I and Phase II (if applicable) Environmental Assessment Report prepared by a qualified firm acceptable to the Lender (that is not dated earlier than 18 months from the advance of the Loan), together with a transmittal letter confirming the Lender may rely on the Environmental Assessment Report, for the Property;
- iv) the Borrower shall have provided the Lender with a satisfactory Building Condition Report, prepared by a qualified firm acceptable to the Lender, together with a transmittal letter confirming the Lender may rely on the Building Condition Report, for the Property;
- v) satisfactory inspection of the Property by the Lender, or its agent;
- vi) the Lender shall have received a satisfactory review of the insurance coverage for the Property, by its Insurance Consultant (the fees for which shall be for the Borrower's account);
- vii) receipt of copies of all management agreements and other material agreements/contracts, including but not limited to the Ground Lease, which shall be in form satisfactory to the Lender;
- viii) the Borrower shall have provided the Lender with copies of all leases related to the Property, the terms of which must be satisfactory to the Lender and its legal counsel, acting reasonably;
- ix) the Borrower shall have provided the Lender with satisfactory estoppel certificates from all tenants (the Lender acknowledges that HBC's estoppel shall be on HBC's standard form), and the Lender shall have entered into a non-disturbance agreement with HBC, which form shall be satisfactory to each of the Lender and HBC, acting reasonably;
- x) the Borrower shall have provided to the Lender the documentation described under the headings "HST/GST", "Zoning" and "Survey", as applicable;

- xi) Lender's satisfactory review of the Ground Lease and any cost sharing, rights-of-way and easement agreements related to the Property;
- xii) receipt and approval by the Lender of all information, documents and records as reasonably required by the Lender to ensure its compliance with sanctions, anti-money laundering, and anti-terrorist financing requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) as amended from time to time, its regulations, other similar or related federal statutes and regulations, related requirements of the Office of the Superintendent of Financial Institutions and the Autorité des Marchés Financiers that are applicable to the Lender, and related policies, procedures and guidelines of the Lender (collectively and as amended or replaced from time to time, "**AMLTF Requirements**");
- xiii) receipt by the Lender of a legal opinion from the Borrower's legal counsel, addressed to the Lender and its legal counsel, confirming that: (i) each Obligor is legally constituted, validly organized and existing; and (ii) each Obligor is in good standing and has, where applicable, the power and the authority to borrow, to guarantee the Borrower, to grant charges on its assets, to sign and comply with this Loan Offer, the legal documentation and all documents provided for herein, including the Mortgage, which documents: (a) do not contravene its articles of incorporation or its by-laws, (b) have been executed and delivered by authorized representatives, and (c) are enforceable against the parties thereto; and
- xiv) all reasonably required legal documentation shall have been completed, received and registered as necessary by the legal counsel acting on behalf of the Lender. The documentation must be satisfactory to the Lender's legal counsel, acting reasonably.

Processing Fee

A processing fee of \$226,100.00 (40 bps), is payable by the Borrower on or prior to acceptance of this Loan Offer, all of which is deemed fully earned and non-refundable on the following schedule:

- i) \$110,000 was deemed fully earned and non-refundable on September 20, 2024 upon acceptance of the letter from the Lender to the Borrower dated September 18, 2024, together with the Summary of Terms and Conditions attached thereto; and
- ii) \$116,100 is deemed fully earned and non-refundable when paid to the Lender.

Deposit

If the interest rate is fixed prior to the date of the disbursement of the Loan, a deposit in the amount equal to 1% of the Loan Amount shall be payable at the time of fixing the interest rate as a deposit (the "**Deposit**"). The Deposit, if paid in cash, is refundable only upon the disbursement of the Loan or if the Lender defaults hereunder.

This Deposit is a pre-estimate of damages in the event the Loan is not disbursed and is to be retained by us in accordance with the Interest Rate Reservation Agreement, without interest as liquidated damages and not as a penalty in the event of non-performance by you of any terms and

conditions contained in this Loan Offer and, in such event, this commitment shall be cancelled at our option, acting reasonably.

Costs

All reasonable legal and out-of-pocket costs associated with the creation, documentation, publication, management and amendment of the Loan, including legal fees and the fees of the Insurance Consultant, will be for the account of the Borrower, whether or not this transaction closes. All collection and enforcement costs shall also be for the account of the Borrower.

Collection, Use and Disclosure of Information

The Borrower, the Beneficial Owner and each of the Guarantors consent to the Lender obtaining from any credit reporting agency or from any other source any information (including personal information) that the Lender may require at any time. The Borrower, the Beneficial Owner and each of the Guarantors also consent to the disclosure at any time by the Lender any information concerning the Borrower, the Beneficial Owner or any of the Guarantors to any credit grantor, to any credit reporting agency, or to the Lender's corporate parent, subsidiaries or affiliates.

Syndication

The Lender reserves the right, upon notice to the Borrower, to sell, assign, transfer or grant participation in (collectively referred to as a "**Secondary Syndication**") its interest in the Loan, in whole or in part, to one or more persons ("**Additional Lenders**") at any time after the original closing of the Loan (a) without the consent of the Borrower in the case where an Event of Default has occurred and is continuing; and (b) with the consent of the Borrower in the case where there is no Event of Default that is continuing, such consent not to be unreasonably withheld. Notwithstanding the foregoing, in the case where there is no Event of Default that is continuing, no Additional Lenders in respect of any Secondary Syndication may be a retail operator who competes with HBC's retail business, such as Canadian Tire, Simons and Holt Renfrew.

By executing this Loan Offer, the Borrower, the Beneficial Owner and each of the Guarantors authorize the Lender to disclose, on a confidential basis, information to potential Additional Lenders. The Borrower, the Beneficial Owner and each of the Guarantors also agree to execute and deliver such additional documentation as the Lender considers necessary or advisable in order to effect such Secondary Syndication. In addition, the Borrower and its management agree to meet with potential Additional Lenders at mutually agreeable times to discuss the business and operations of the Borrower.

All costs, fees and out-of-pocket expenses incurred by the assigning Lender and any Additional Lender(s) in respect of any such Secondary Syndication shall be for the account of the assigning Lender and/or the Additional Lender(s).

Increased Costs

If any Change in Law (as defined herein) will:

- i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;
- ii) subject the Lender to any Tax or Taxes (as defined herein) of any kind whatsoever with respect to this Loan Offer or change the basis of taxation of payments to the Lender in respect thereof,

except for the imposition, or any change in the rate, of any Excluded Tax (as defined herein) payable by the Lender; or

- iii) impose on the Lender or any applicable interbank market any other condition, cost or expense affecting this Loan Offer or any loans made by the Lender;

and the result of any of the foregoing will be to increase the cost to the Lender of making or maintaining any loan (or of maintaining its obligation to make any such loan), or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount), then upon request of the Lender, the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

If the Lender determines that any Change in Law affecting the Lender regarding capital requirements has or would have the effect of reducing the rate of return on the Lender's capital as a consequence of this Loan Offer or the commitment of the Lender or the loans made by the Lender hereunder, to a level below that which the Lender could have achieved but for such Change in Law (taking into consideration the Lender's policies with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for any such reduction suffered.

A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender, including reasonable detail of the basis of calculation of the amount or amounts, that is delivered to the Borrower will be conclusive absent manifest error. The Borrower will pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Failure or delay on the part of the Lender to demand compensation for such additional costs incurred or reduction suffered will not constitute a waiver of the Lender's right to demand such compensation, except that the Borrower will not be required to compensate the Lender for any increased costs incurred or reductions suffered more than 270 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the 270-day period referred to above will be extended to include the period of retroactive effect thereof.

Upon the Lender having determined that it is entitled to additional compensation in accordance with the provisions described above, it shall promptly notify the Borrower and shall provide to the Borrower a photocopy of the relevant Applicable Law (as defined herein) or request. No claim for additional compensation will be made by the Lender hereunder unless the Lender is claiming compensation generally from customers against whom it is entitled to make such a claim by reason of the circumstances giving rise to such claim for additional compensation. If it is commercially reasonable in the opinion of the Lender, it shall make reasonable efforts to limit the incidence of such additional compensation, including seeking recovery for the account of the Borrower following the Borrower's request and at the

Borrower's expense, if the Lender, in its sole determination, would suffer no appreciable economic, legal, regulatory or other disadvantage as a result.

For the purposes hereof:

"Applicable Law" means the laws of the province in which the Property is located and the laws of Canada applicable in such province.

"Change in Law" means the occurrence, after the date of this Loan Offer, of any of the following (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any Applicable Law by any Governmental Authority.

"Governmental Authority" means any government legislature, regulatory authority, agency, commission, board or court or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, country, province, state, municipality or other subdivision.

"Tax" or **"Taxes"** means all present and future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including interest, additions to tax or penalties applicable thereto.

"Excluded Taxes" means, with respect to the Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction in which its principal office is located.

Legal Counsel

Tzen-Yi Goh and Christine Marchetti
McCarthy Tétrault LLP
Suite 5300
TD Bank Tower
Box 48, 66 Wellington Street West
Toronto ON M5K 1E6

Representation

The Borrower represents and warrants that it is the registered owner of the Property (in the case of the Leasehold Lands, the leasehold interest therein) and the Beneficial Owner is the sole beneficial owner of the Property (in the case of the Leasehold Lands, the leasehold interest therein).

If at any time before the funds are fully advanced there is or has been any material discrepancy or inaccuracy in any written information statements or representations heretofore or hereafter made or furnished to the Lender by you or on your behalf concerning the Property, or your financial condition and responsibility, then the Lender shall, if such material discrepancy or inaccuracy cannot be rectified or nullified by you within thirty days, or such longer period as is permitted herein, of written notification thereof to you from the Lender, be entitled forthwith to withdraw and cancel its obligations hereunder or decline to advance the funds, as the case may be, and to declare any monies theretofore advanced, with interest, to be forthwith due and payable with, if applicable, any prepayment penalties as set out in Prepayment above.

**Proceeds of Crime
(Money Laundering) And
Terrorist Financing Act
(Canada)**

The Borrower acknowledges that the Lender is subject to *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*. In this respect, the Borrower undertakes to provide information and to cooperate with the Lender concerning any reasonable inquiries it makes and in any appropriate actions it takes for the purpose of complying with its obligations under these requirements as set out in Conditions for Loan Advance above.

Joint and Several Liability

Except as otherwise set out herein, if more than one person are party to this Loan Offer and transactions as Borrower, their liability hereunder shall be joint and several.

Paramountcy Provisions

In the event of a conflict or inconsistency between the provisions of this Loan Offer and the provisions of the other loan documents, the provisions of this Loan Offer will prevail. Notwithstanding the foregoing, it is understood that the rights of the Lender shall be added to, expanded by and enlarged by the provisions of the other loan documents in a manner not inconsistent or in conflict with the provisions of this Loan Offer.

[END OF PART A]

Borrower: RioCan-HBC (Ottawa) Holdings Inc.
Mortgage Loan Application No.: 612290-1
Loan Offer dated October 3, 2024

Acceptance - Page 1 of 3

ACCEPTANCE BY THE BORROWER

The undersigned Borrower confirms acceptance of this Loan Offer and agrees to respect each and every one of its terms and conditions.

To be valid, the acceptance of this Loan Offer must be unconditional. Any other form of acceptance will be considered invalid, whether or not substantially in compliance herewith.

This 3rd day of October, 2024

RIOCAN-HBC (OTTAWA) HOLDINGS INC.

Signed by:
Rocky Kim
9C9E51FC3147473...

Name: Rocky Kim
Title: Vice President FP&A and Treasury
I have authority to bind the Corporation.



Name: Ian Putnam
Title: Executive Vice President
I have authority to bind the Corporation.

(Phone: _____ - _____ - _____)

(Email: _____)

Borrower: RioCan-HBC (Ottawa) Holdings Inc.
Mortgage Loan Application No.: 612290-1
Loan Offer dated October 3, 2024

Acceptance - Page 2 of 3

ACCEPTANCE BY THE BENEFICIAL OWNER

The undersigned Beneficial Owner declares that it is the sole beneficial owner of the Property and that the Borrower is its nominee authorized to grant the security required by the Loan Offer; the Beneficial Owner accepts the terms and conditions of the Loan Offer and agrees to grant a mortgage on the Property and a security on all its other assets related to the Property in favour of the Lender in accordance with the terms and conditions hereof.

This 3rd day of October, 2024

**RIOCAN-HBC (OTTAWA) GP INC., in its capacity
as general partner for and on behalf of RIOCAN-
HBC (OTTAWA) LIMITED PARTNERSHIP**

Signed by:

9C9E51FC3147473

Name: Rocky Kim
Title: Vice President
I have authority to bind the above.



Name: Ian Putnam
Title: Executive Vice President
I have authority to bind the above.

Borrower: RioCan-HBC (Ottawa) Holdings Inc.
Mortgage Loan Application No.: 612290-1
Loan Offer dated October 3, 2024

Acceptance - Page 3 of 3

ACCEPTANCE BY THE GUARANTOR

Each undersigned Guarantor declares it has reviewed the Loan Offer and agrees with the terms and conditions of the Loan.

This 3rd day of October, 2024

RIOCAN-HBC GENERAL PARTNER INC., in its capacity as general partner for and on behalf of RIOCAN-HBC LIMITED PARTNERSHIP

Signed by:

9C9E51FC3147473...

Name: Rocky Kim
Title: Vice President
I have authority to bind the above.



Name: Ian Putnam
Title: Executive Vice President
I have authority to bind the above.

RIOCAN REAL ESTATE INVESTMENT TRUST

Signed by:

B45B8C7AC7654CF

Name: Dennis Blasutti
Title: Chief Financial Officer
I have authority to bind the above.

Signed by:

9C9E51FC3147473

Name: Rocky Kim
Title: Vice President FP&A and Treasury
I have authority to bind the above.

SCHEDULE A of Part A

BORROWER'S INSURANCE REQUIREMENTS MINIMUM COVERAGES

The Borrower shall provide, maintain and pay for (or cause to be provided, maintained and paid for) the following insurance coverages during the Term of the Loan with duly licensed insurers, with a financial strength rating of not less than A (VIII) by AM Best or A- by Standard and Poor's or such other rating acceptable to the Lender:

- A. **Property Insurance**, on an "all risks" (and including coverage against the perils of sewage backup, water damage, flood, earthquake, windstorm, and collapse), replacement cost (with no restriction for replacement to be on the same or adjacent site), stated amount (or no co-insurance) basis covering all buildings and insurable property of the Borrower at the mortgaged premises, with a limit for property damage representing not less than 100% of the replacement cost of the property in the event of a loss.

The insurance shall include a standard mortgage clause, cancellation clause (all as specified below), by-laws coverage, and debris removal expense coverage.

- B. **Equipment Breakdown Insurance**, on a comprehensive repair or replacement cost basis covering damage from sudden and accidental breakdown of electrical and mechanical machinery and equipment owned by the Borrower located at the mortgaged properties (such as boilers and pressure vessels, heating, ventilating and air conditioning and electrical and mechanical equipment and refrigeration systems servicing the buildings) with a limit for property damage representing 100% replacement cost.

The insurance shall include a mortgage clause and cancellation clause (all as specified below) and a "stated amount" co-insurance clause, if any co-insurance clause is to be incorporated.

- C. **Business Interruption Insurance**, of a form acceptable to the Lender, covering loss resulting from perils insured in Sections A and B. The limit for this coverage shall be sufficient to cover 100% of the gross annual rents with a period of indemnity of not less than 18 months.

- D. **Commercial General Liability Insurance**, with an inclusive limit of not less than \$25,000,000 per occurrence (which limit may be comprised of commercial general liability insurance and umbrella liability and/or excess liability) for third party bodily injury, including death, and property damage, including coverage for contractual liability and products or completed operations liability, and will be subject to a cross-liability / severability of interests clause. The insurance will include non-owned automobile liability, and limited pollution liability to cover sudden and accidental pollution liability (which may be subject to a sublimit) with a detection / reporting period of not less than 120 hours.

Terms and Conditions

The Mortgage Clause shall be at least equivalent to a Standard Mortgage Clause approved by the Insurance Bureau of Canada. All insurance shall provide the Lender with at least 30 days prior notice of cancellation by the Insurer(s); excepting cancellation for non-payment of premium for which statutory notice of cancellation would apply.

The Loss Payee Clause shall be worded as follows:

Loss, if any, under the property insurance and equipment breakdown insurance shall be payable firstly to Desjardins Financial Security Life Assurance Company and Fédération des caisses

Desjardins du Québec, 95 St. Clair Avenue West, Toronto, Ontario, M4V 1N7, as first mortgagee and loss payee, as its interest may appear, and thereafter as to other interests as may appear.

So long as no Event of Default has occurred and is continuing, if the total amount of insurance proceeds is less than \$500,000.00, the proceeds shall be released to the Borrower to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable.

Each policy of insurance shall be signed by the Insurer or Insurers, or Agents or Brokers authorised to sign on behalf of each Insurer.

SCHEDULE B of Part A

LEGAL DESCRIPTION OF PROPERTY

Municipal Address: 73, 85 and 87 Rideau Street, Ottawa, Ontario K1N 5X1

PART I – FREEHOLD LANDS

Firstly:

PIN 04215-0226 (LT) PART OF LOT F PLAN 42482, N/S RIDEAU ST., PARTS 1, 2, 3 AND 4 PLAN 4R-599, EXCEPT PART 1 PLAN 5R-9476; OTTAWA. S/T N328914

Secondly:

PIN 04215-0143 (LT) LTS C, D & E, PL 42482, N/S RIDEAU ST, EXCEPT PT 1, PL 4R-11766; OTTAWA

PART II – LEASEHOLD LANDS

PIN 04215-0144 (LT) PT GEORGE STREET, PL 42482 , PART 1 , 5R6343 , CLOSED BY NS155733; FREIMAN STREET, PL 42482 , PART 1 , 5R5514 , CLOSED BY NS119631 (FORMERLY MOSGROVE ST); OTTAWA

SCHEDULE C of Part A

RENT ROLL

2023	Rent Payment before Split	HB		OFF5TH
		B1631		S7322
January	897,749.37	810,783.96		86,965.41
February	897,749.37	810,783.96		86,965.41
March	897,749.37	810,783.96		86,965.41
April	897,749.37	810,783.96		86,965.41
May	897,749.37	810,783.96		86,965.41
June	897,749.37	809,044.66		88,704.71
July	915,581.42	826,876.71		88,704.71
August	915,581.42	826,876.71		88,704.71
September	915,581.42	826,876.71		88,704.71
October	915,581.42	826,876.71		88,704.71
November	915,581.42	826,876.71		88,704.71
December	915,581.42	826,876.71		88,704.71
Total	10,879,984.74	9,824,224.72		1,055,760.02

As per Rent Roll (Operating Statement)



Jennifer Bewley, CFO
10/2/2024

SCHEDULE D of Part A
FORM OF COMPLIANCE CERTIFICATE
Compliance Certificate – RioCan

TO: Desjardins Financial Security Life Assurance Company
FROM: RioCan Real Estate Investment Trust (“**RioCan**”)
DATE: ●

This Compliance Certificate is delivered to you pursuant to the loan offer dated ● between, among others, RioCan-HBC (Ottawa) Holdings Inc., as borrower, RioCan-HBC Limited Partnership and RioCan, as a guarantor, and you, as lender, as amended to the date hereof (the “**Loan Offer**”). All terms used in this Compliance Certificate that are defined in the Loan Offer have the same meanings herein.

I, [insert name], the [insert title] of RioCan, certify for and on behalf of RioCan and not in my personal capacity and without personal liability, that:

Financial Statements

- Attached hereto are the annual audited financial statements of RioCan for the Fiscal Year ended ●. Such financial statements present fairly and in all materials respects the financial position of RioCan on a consolidated basis, in accordance with GAAP (except as otherwise disclosed therein or required to comply with the provisions of the Loan Offer, as of the dates thereof and for the fiscal year then ended (the “**Period**”).

Financial Covenants

- As at the last day of the Period the following ratios or calculations, as the case may be, were as follows:

	Covenant	Required	Actual
(a))	Total Indebtedness Ratio (Schedule E, s. 1(a))	60%	_____
(b)	Secured Indebtedness Ratio (Schedule E, s. 1(b))	40%	_____
(c)	Debt Service Coverage Ratio (Schedule E, s. 1(c))	1.50:1.00	_____
(d)	Minimum Unitholders’ Equity (Schedule E, s. 1(d))	Unitholders’ Equity of not less than \$5,000,000,000 plus 75% of equity issuance following June 26, 2024	_____
(e)	Unencumbered Property Assets Ratio (Schedule E, s. 1(e))	1.50:1.00	_____

3. The calculations of the financial covenants referred to in paragraph 2 above, the particulars of which calculations are attached hereto as Annex "A", the financial information set out therein, are all true and correct in all material respects.

Name:

Appendix A

Calculations

[RioCan to insert]

SCHEDULE E of Part A

RIOCAN FINANCIAL COVENANTS

(1) **Financial Covenants.** So long as the Loan remains unpaid or any other obligations of the Borrower under the Loan Documents remains unperformed, RioCan shall:

- (a) **Total Indebtedness Ratio.** Maintain at all times a ratio of Consolidated Indebtedness to Consolidated Gross Book Value of not more than 60%, such to be tested quarterly as at the end of each Fiscal Quarter. The calculation shall reflect Proportionate Consolidation Adjustments.
- (b) **Secured Indebtedness Ratio.** Maintain at all times a ratio of Consolidated Secured Indebtedness to Consolidated Gross Book Value of not more than 40%, such to be tested quarterly as at the end of each Fiscal Quarter. The calculation shall reflect Proportionate Consolidation Adjustments.
- (c) **Debt Service Coverage Ratio.** Maintain at all times a ratio of Consolidated EBITDA to Debt Service of not less than 1.50:1.00, such to be tested quarterly as at the end of each Fiscal Quarter calculated on a rolling four Fiscal Quarter basis. The calculation shall reflect Proportionate Consolidation Adjustments.
- (d) **Minimum Unitholders' Equity.** Maintain at all times Unitholders' Equity of not less than the sum of (i) \$5,000,000,000 and (ii) 75% of the net proceeds received in connection with any equity offerings made by RioCan after the date of the BMO Credit Agreement.
- (e) **Unencumbered Property Assets Ratio.** Maintain at all times a ratio of Unencumbered Property Assets Value to Consolidated Unsecured Indebtedness of not less than 1.50:1.00, such to be tested quarterly as at the end of each Fiscal Quarter. The calculation shall reflect Proportionate Consolidation Adjustments.

(2) **Definitions.** In this Schedule E, the following terms have the following meanings:

- (a) **"Assets"** means, at the relevant time, with respect to any Person, all property, assets and undertaking of such Person of every kind and wheresoever situated.
- (b) **"BMO Credit Agreement"** means the second amended and restated credit agreement dated as of June 26, 2024 between, among others, RioCan, as borrower, and Bank of Montreal, as Administrative Agent, with respect to RioCan's \$1,250,000,000 corporate facility, as amended to the date hereof.
- (c) **"Capital Lease Obligation"** of any Person means the obligation of such Person, as lessee, to pay rent or other payment amounts under a lease of real (or immovable) or personal (or moveable) property which is required to be classified and accounted for as a capital lease on a consolidated balance sheet of such Person in accordance with GAAP.
- (d) **"Consolidated EBITDA"** of RioCan for any period means Consolidated Net Income for such period increased by the sum of, without duplication (i) Consolidated Interest Expense for such period, (ii) depreciation and amortization expense for such period, and (iii) Consolidated Income Tax Expense for such period (other than income taxes, either positive or negative, attributable to extraordinary or non-recurring gains or losses or other non-cash gains or losses as adjusted for in calculating Consolidated Net Income), determined on a consolidated basis in accordance with GAAP and including Proportionate Consolidation Adjustments.

- (e) **"Consolidated Gross Book Value"** means, at any time, the book value of the Assets of RioCan, as shown on its then most recent consolidated balance sheet, excluding goodwill and future income tax assets, determined on a consolidated basis in accordance with GAAP and including Proportionate Consolidation Adjustments.
- (f) **"Consolidated Income Tax Expense"** of RioCan for any period means the income tax expense of RioCan for such period, determined on a consolidated basis in accordance with GAAP and including Proportionate Consolidation Adjustments.
- (g) **"Consolidated Indebtedness"** of RioCan as at any date means the consolidated Indebtedness of RioCan as at such date determined in accordance with GAAP and including Proportionate Consolidation Adjustments.
- (h) **"Consolidated Interest Expense"** of RioCan for any period means the aggregate amount of interest expense of RioCan, adjusted in all cases for Proportionate Consolidation Adjustments in respect of Consolidated Indebtedness, and to the extent interest has been capitalized on projects that are under development or held for future development, the amount of interest so capitalized (including Proportionate Consolidation Adjustments), all as determined on a consolidated basis in accordance with GAAP.
- (i) **"Consolidated Net Income"** of RioCan for any period means the net income (loss) of RioCan for such period determined on a consolidated basis in accordance with GAAP, excluding (i) any gain or loss attributable to the sale or other disposition of any asset or liability of RioCan and related transaction costs, (ii) any non-cash changes in fair value and other non-cash gains or losses of RioCan, determined on a consolidated basis in accordance with GAAP, (iii) other non recurring items, and (iv) including Proportionate Consolidation Adjustments and including or excluding, as applicable, the related tax impact of items (i) to (iii).
- (j) **"Consolidated Secured Indebtedness"** of RioCan as at any date means the sum of Consolidated Indebtedness that is secured by any Lien as at such date determined in accordance with GAAP and including Proportionate Consolidation Adjustments.
- (k) **"Consolidated Unsecured Indebtedness"** of RioCan as at any date means the sum of Consolidated Indebtedness (excluding Subordinated Indebtedness (as defined in the BMO Credit Agreement)) that is not secured in any manner by any Lien as at such date determined in accordance with GAAP and including Proportionate Consolidation Adjustments, provided that Consolidated Unsecured Indebtedness shall exclude contingent obligations (including, but not limited to, guarantees and indemnity agreements) of RioCan and its subsidiaries that relate to any third-party asset financing where i) the Indebtedness thereunder is secured by real property; and (ii) such contingent obligations do not appear as a liability on the consolidated balance sheet of RioCan in accordance with GAAP.
- (l) **"Debt Service"** means, for any period, the sum of (without duplication) (i) Consolidated Interest Expense for such period and (ii) all regularly scheduled principal payments made with respect to Consolidated Indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such Indebtedness in full).
- (m) **"Encumbered"** when used, as of any date, in reference to any Asset of RioCan or its subsidiaries, means an Asset which is encumbered by any Lien that secures the payment of any obligations under any Indebtedness.

- (n) **"Fiscal Quarter"** means a period of three consecutive months in each Fiscal Year ending on March 31, June 30, September 30, and December 31, as the case may be, of such year.
- (o) **"Fiscal Year"** means in relation to any Person, its fiscal year commencing on January 1 of each calendar year and ending on December 31 of the same calendar year.
- (p) **"GAAP"** means generally accepted accounting principles in Canada as applicable to public entities that are from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, and for greater certainty includes IFRS.
- (q) **"IFRS"** means International Financial Reporting Standards.
- (r) **"Indebtedness"** means (i) any obligation for borrowed money (including for greater certainty, the full principal amount of convertible debt), (ii) any obligation incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation, (v) obligations under letters of credit, guarantees and indemnities issued in respect of borrowed money and any reimbursement obligation or other obligation in connection with a bankers' acceptance or any similar instrument (excluding, for greater certainty, "performance" letters of credit issued in connection with construction or development relating to a property), (vi) all other indebtedness upon which interest charges are customarily paid by such Person and characterized as indebtedness under GAAP, (vii) the aggregate amount at which any securities of such Person that are not qualified by a prospectus and are redeemable or retractable at the option of the holder of such shares (except where the holder is such Person) may be redeemed or retracted prior to the end of the Term for cash or obligations constituting Indebtedness or any combination thereof, and (viii) all contingent obligations incurred for the purpose of or having the effect of providing financial assistance to another entity.
- (s) **"Joint Venture Arrangement"** means any real estate asset or operation or the Person holding such asset in which RioCan participates, directly or indirectly, where RioCan does not own, directly or indirectly, 100% of the equity and voting interests in such asset or operation.
- (t) **"Lien"** means, with respect to any property or asset, any mortgage, charge, hypothecation, pledge, encumbrance of any kind on, lien or other security interest in, such property or asset, including any title registrations.
- (u) **"Property Assets"** means, with respect to RioCan, wholly-owned investment properties (including property under development) of RioCan and its wholly-owned subsidiaries and properties subject to Qualifying Joint Venture Arrangements, whether now owned or hereafter acquired, but excluding Joint Venture Arrangements (other than Qualifying Joint Venture Arrangements).
- (v) **"Proportionate Consolidation Adjustments"** means accounting adjustments to reflect assets, liabilities, unitholders' equity, revenues and expenses on a proportionate basis in place of RioCan's use of equity accounting in accordance with GAAP with respect to real estate investments or interest in which RioCan participates.
- (w) **"Qualifying Joint Venture Arrangements"** means any Joint Venture Arrangement where RioCan owns and maintains, directly or indirectly, at all times either (a) at least 50.1% of the equity and voting interests in such Joint Venture Arrangement or (b) at least 50% of the equity and voting interests in such Joint Venture Arrangement and RioCan or a wholly-owned subsidiary of RioCan is a property and/or asset manager of such Joint Venture Arrangement.

- (x) **“Unencumbered Property Assets”** means, as at any date, the Property Assets of RioCan other than Property Assets (a) that are Encumbered; (b) of any subsidiary of RioCan that is not a Borrower (as defined in the BMO Credit Agreement) or a Guarantor (as defined in the BMO Credit Agreement) under the BMO Credit Agreement that has incurred unsecured indebtedness for borrowed money (or guaranteed any such Indebtedness); or (c) RioCan designates in writing to the Lender shall not constitute an Unencumbered Property Asset under this Schedule E (until RioCan designates otherwise in writing to the Lender), provided that, immediately following such designation, there is no default under Section (1)(e) above.
- (y) **“Unencumbered Property Assets Value”** means the aggregate fair market value of RioCan’s Unencumbered Property Assets (excluding the fair market value of all Properties located outside Canada), determined on a consolidated basis and using the valuation methodology described by RioCan and its subsidiaries in its most recently published annual or interim financial reporting, in each case prepared and determined in accordance with GAAP; provided that (a) Unencumbered Property Assets encompassing property under development, undeveloped land and non-income producing properties shall not in the aggregate exceed 5% of the Unencumbered Property Assets Value at any time for the purposes of the calculation in Section (1)(e) above; (b) Unencumbered Property Assets encompassing Qualifying Joint Venture Arrangements shall not in aggregate exceed 15% of Unencumbered Property Assets Value at any time for the purposes of the calculation in Section (1)(e); and (c) Unencumbered Property Assets encompassing Qualifying Joint Venture Arrangements (as defined in clause (b) of the definition of Qualifying Joint Venture Arrangements) to which RioCan or any of its subsidiaries is not the sole property and/or asset manager of such Qualifying Joint Venture Arrangement shall not in aggregate exceed 5% of Unencumbered Property Assets Value at any time for the purposes of the calculation in Section (1)(e).
- (z) **“Unitholders’ Equity”** means, at any time, the aggregate amount of unitholders’ equity of RioCan, as shown on RioCan’s most recent consolidated balance sheet at such time, calculated in accordance with GAAP.

PART B GENERAL CONDITIONS

1. DEFINITIONS AND INTERPRETATION

- 1.1. In this Loan Offer, unless another meaning is indicated, the terms defined in Part A – Loan Summary have the meaning that is given to them and the following terms mean:
- 1.1.1. “**Affiliate**” or “**affiliate**” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, that Person;
 - 1.1.2. “**Business Day**” means any day, excluding Saturdays and Sundays and any other statutory holidays or days on which the Lender’s office in Montreal or Toronto are closed;
 - 1.1.3. “**DFS**” means Desjardins Financial Security Life Assurance Company, and its successors and assigns;
 - 1.1.4. “**FCDQ**” means Fédération des caisses Desjardins du Québec, and its successors and assigns;
 - 1.1.5. “**Ground Lease**” means the lease dated as of July 1, 1981, between the Ground Landlord, as landlord, and the Borrower (as successor-in-interest to HBC), as tenant, a notice of which was registered in Land Registry Office (#4) on March 14, 1983 as Instrument No. NS182927, as amended by a first supplemental lease dated as of August 4, 1982, as further amended by an indenture dated as of February 26, 1993, in respect of the Leasehold Lands, as amended, restated, modified, supplemented and assigned from time to time in accordance with the terms hereof;
 - 1.1.6. “**Ground Landlord**” means The Corporation of The City of Ottawa;
 - 1.1.7. “**HBC**” means Hudson’s Bay Company, and its successors and assigns;
 - 1.1.8. “**HBC Lease**” means the lease dated as of July 9, 2015 between the Borrower (as successor-interest to RioCan-HBC), as landlord, and HBC, as tenant, in respect of the Property, as amended, restated, modified, supplemented and assigned from time to time in accordance with the terms hereof;
 - 1.1.9. “**HST**” means the harmonized sales tax under the *Excise Tax Act* (Canada);
 - 1.1.10. “**Indebtedness**” means the full amount of all indebtedness and liability, direct or indirect, of the Borrower to the Lender arising under or in connection with this Loan Offer, the Loan and the Security, outstanding from time to time;
 - 1.1.11. “**Loan Documents**” means this Loan Offer, the Security and the other documents and instruments held by the Lender from time to time pursuant to this Loan Offer or otherwise in connection with the Loan;
 - 1.1.12. “**Material Adverse Change**” means any event or occurrence which, when considered individually or together with other events or occurrences, has a material adverse effect on:
 - (a) the business, assets, liabilities (actual or contingent), operations, results of operations, condition (financial or other) or prospects of the Obligors taken as a whole;

- (b) the ability of the Borrower, with the support of the Guarantees, to pay the Loan Amount or the ability of any Obligor to perform its obligations to the Lender in connection with this Loan Offer, the Loan, or the Security;
- (c) the priority, effectiveness or enforceability of this Loan Offer or the Security;
- (d) the Lender's rights and remedies under this Loan Offer and the Security;

For greater certainty, "**Material Adverse Change**" does not include a change in general economic conditions unless same in turn cause any of the foregoing effects;

- 1.1.13. "**Obligors**" means, collectively, the Borrower, the Beneficial Owner and the Guarantors and "**Obligor**" means any one of them;
- 1.1.14. "**PCMLTF Regulations**" refers to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and any other similar law, as well as all regulations, orders, instructions and guidelines adopted or issued pursuant to any of those laws;
- 1.1.15. "**Permitted Encumbrances**" means any one or more of the following:
 - (a) any lien in respect of any property or assets of the Borrower created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including a lien for the purpose of securing the Borrower's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act* (Canada) and any legislation in any jurisdiction similar to or enacted in replacement of the foregoing from time to time (each individually a "**Statutory Lien**") in respect of any amount which is not at the time due;
 - (b) any Statutory Lien in respect of any amount which may be due but the validity of which is being contested in good faith and in respect of which reserves have been established as reasonably required by the Lender;
 - (c) in respect of the Property: (A) any registered agreement (or unregistered agreement that is required in connection with the further development of the Property) with any Governmental Authority and any public utilities or private suppliers of services, including site plan agreements, subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements, which has not and is not reasonably likely to have a Material Adverse Change, provided the same is complied with in all material respects; (B) any registered easement for the supply of utilities or telephone services to the Property and for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services and all licences, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto not registered on title to the Property, including agreements, easements, licences, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, utilities, gas, steam and water mains or electric light and power, or telephone telegraphic conduits, poles, wires and cables, which has not and is not reasonably likely to have a Material Adverse Change; (C) any registered easement or right-of-way for the passage, ingress and egress of Persons and vehicles over parts of the Property, which has not and is not reasonably likely to have a Material Adverse Change; (D) any registered or unregistered easement, rights-of-way, agreement or other unregistered interest or claims not disclosed by registered title which has not and is not

reasonably likely to have a Material Adverse Change; (E) any zoning, land use and building restriction, bylaw, regulation and ordinance of any Governmental Authority, including municipal by-laws and regulations and airport zoning regulations, which has not any is not reasonably likely to have a Material Adverse Change; (F) any obligation with respect to any permit required in connection with the construction and use of the Property provided such permit is in good standing and has not and is not reasonably likely to have a Material Adverse Change; and (G) any minor defect in title which has not and is not reasonably likely to have a Material Adverse Change;

- (d) any reservation, limitation, proviso, condition, restriction and exception (including royalties, reservation of mines, mineral rights, access to navigable waters and similar rights) expressed in the letters patent or grant from the Crown, as varied by statute, of the lands of which the Property forms a part and any statutory limitation, exception, reservation and qualification, provided same has been complied with in all material respects;
- (e) any lien incurred or deposit made or pledged to secure any obligation under workers' compensation legislation or similar legislation, or in connection with contracts, bids, tenders or expropriation proceedings, or surety, performance or appeal bonds in connection with construction of the further development of the Property;
- (f) security given to a public utility or any Governmental Authority to secure obligations incurred to such utility, Governmental Authority or other authority in the ordinary course of business and not at the time overdue;
- (g) any inchoate lien (statutory or otherwise) arising in connection with the construction or improvement of the Property or arising out of the furnishing of materials or supplies therefor, provided that such lien secures moneys not at the time overdue (or if overdue, the validity of which is being contested in good faith and in respect of which and reserves have been established as reasonably required by the Lender), notice of such lien has not been given to the Lender and such lien has not been registered against title to the Property;
- (h) purchase-money security interests incurred or assumed in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business, provided that the aggregate amount of the Borrower's liability thereunder is not at any time greater than five hundred thousand (\$500,000.00) dollars;
- (i) any present and future lease, offer to lease, sublease, concession, licence or other contract or agreement by which the use, enjoyment or occupancy of the Property or any portion thereof is granted in accordance with this Loan Offer;
- (j) the Security;
- (k) those encumbrances registered against title to the Property in priority to the Mortgage on the date of the registration of the Mortgage against title to the Property and which the Lender has agreed to accept in its sole, absolute and unfettered discretion;
- (l) any subsequent encumbrances with the express prior written consent of the Lender in its sole, absolute and unfettered discretion; and

(m) a second mortgage in favour of RioCan or a wholly-owned subsidiary of RioCan secured against the Property, provided that the Lender is in receipt of the Second Charge Subordination and Standstill Agreement, which shall be in form satisfactory to the Lender.

- 1.1.16. **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulator body or agency, government or governmental agency, authority or entity however designated or constituted;
- 1.1.17. **"Statutory Liens"** means any lien in respect of the Property created by or arising from any Applicable Laws in favour of any Person and **"Statutory Lien"** means any one of the Statutory Liens; and
- 1.1.18. **"Tax"** or **"Taxes"** means all present and future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including interest, additions to tax or penalties applicable thereto.
- 1.2. "Herein", "hereunder", and similar terms refer to this Loan Offer and all schedules thereto as a whole and not to any specific clause or provision thereof.
- 1.3. When the context makes it possible, the singular includes the plural and vice versa, and all references to any Person, whether a party to this Loan Offer or not, will be read with such changes in number or gender as the party or reference requires.
- 1.4. If any provision, covenant, or agreement contained in this Loan Offer is invalid or unenforceable in whole or in part, then such invalid or unenforceable provision, covenant, or agreement or part thereof will be severed from and will not affect the validity or enforceability of the remainder of this Loan Offer.
- 1.5. Any reference in this Loan Offer to a statute will include any amendment or successor statute and any regulations thereunder in force from time to time.
- 1.6. This Loan Offer will enure to the benefit of and be binding upon the successors and assigns of the Lender and the respective heirs, executors, administrators, successors and permitted assigns of the Obligors.

2. INTEREST AND MONTHLY PAYMENT

- 2.1. The amounts loaned pursuant to the Loan Offer bear interest daily, calculated and compounded semi-annually in arrears before and after maturity and before and after default at the applicable interest rate stated on pages 2-3 of Part A. Interest on the Loan Amount will be calculated on the basis of the actual number of days elapsed in a year of 365.25 days.
- 2.2. The interest accrued and outstanding on the Loan will be payable by the Borrower in accordance with the Repayment section set out in Part A of this Loan Offer.
- 2.3. The monthly interest payments must be paid by automatic withdrawals from an operating account of the Borrower, who undertakes to make all appropriate arrangements on a timely basis to establish this method of payment. Any payment received by the Lender after 12:00 noon (Toronto time) (or after 3:00 PM on the balance due date) shall be credited as of the next Business Day. The Lender may, at its discretion, make an advance under the Loan to pay any unpaid interest, fees or other amounts which have become due and payable under the terms of this Loan Offer or any Security.

- 2.4. Whenever any payment or performance under this Loan Offer and the Security would otherwise be due on a day other than a Business Day, such payment shall be made on the following Business Day, unless the following Business Day is in a different calendar month or would fall after the Repayment Date, in which case the payment shall be made on the preceding Business Day.
- 2.5. Any unpaid interest due on the Loan Amount will itself bear interest at the same rate as that applicable to the Loan, as the case may be, calculated and capitalized each month and payable at any time, without requiring notice or legal notification.
- 2.6. EACH OF THE OBLIGORS CONFIRMS THAT IT FULLY UNDERSTANDS AND IS ABLE TO CALCULATE THE RATE OF INTEREST APPLICABLE TO THE LOAN AMOUNT BASED ON THE METHODOLOGY FOR CALCULATING *PER ANNUM* RATES PROVIDED FOR IN THIS LOAN OFFER. THE LENDER AGREES THAT IF REQUESTED IN WRITING BY THE BORROWER IT WILL CALCULATE THE NOMINAL AND EFFECTIVE *PER ANNUM* RATE OF INTEREST ON ANY ADVANCE OUTSTANDING AT THE TIME OF SUCH REQUEST AND PROVIDE SUCH INFORMATION TO THE BORROWER PROMPTLY FOLLOWING SUCH REQUEST; PROVIDED THAT ANY ERROR IN ANY SUCH CALCULATION, OR ANY FAILURE TO PROVIDE SUCH INFORMATION ON REQUEST, SHALL NOT RELIEVE THE BORROWER OR ANY OTHER OBLIGOR OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN OFFER OR ANY OTHER LOAN DOCUMENT, NOR RESULT IN ANY LIABILITY TO THE LENDER. EACH OBLIGOR HEREBY IRREVOCABLY AGREES NOT TO PLEAD OR ASSERT, WHETHER BY WAY OF DEFENCE OR OTHERWISE, IN ANY PROCEEDING RELATING TO THIS LOAN OFFER OR ANY OTHER LOAN DOCUMENT, THAT THE INTEREST PAYABLE HEREUNDER OR THEREUNDER AND THE CALCULATION THEREOF HAS NOT BEEN ADEQUATELY DISCLOSED TO THE OBLIGORS, WHETHER PURSUANT TO SECTION 4 OF THE *INTEREST ACT (CANADA)* OR ANY OTHER APPLICABLE LAWS OR LEGAL PRINCIPLE.
- 2.7. Notwithstanding anything contained herein to the contrary, the Borrower will not be obliged to make any payment of interest or other amounts payable to the Lender in excess of the amount or rate that would be permitted by Applicable Laws or would result in the receipt by the Lender of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)). If the making of any payment by the Borrower would result in a payment being made that is in excess of such amount or rate, the Lender will determine the payment or payments that are to be reduced or refunded, as the case may be, so that such a result does not occur.

3. BENEFICIAL OWNER

- 3.1. Where the Beneficial Owner is not the registered legal owner of the Property, the Beneficial Owner shall enter into a beneficial owner agreement in order to secure a security interest in all of its rights, title and interest in the Property and in the other assets charged by the Borrower in favour of the Lender and, if appropriate, confirm its relationship with the Borrower, to the satisfaction of the Lender. Subject in all cases to the limitations set out in Part A of this Loan Offer, the Beneficial Owner shall be liable, on a several and proportionate basis, with the Borrower, for all of the obligations of the Borrower under this Loan Offer, the Security and for repayment of the Indebtedness. Notwithstanding the foregoing, the Security is security for all of the Indebtedness and the Lender shall be entitled, when enforcing the Security, to realize against the Property in its entirety and in no event will the Beneficial Owner be entitled to receive a partial discharge of its undivided interest therein.

4. GUARANTORS

- 4.1. The Borrower must, within thirty (30) days after the date on which any Guarantor becomes insolvent or bankrupt or in the case of the dissolution of any Guarantor, provide the Lender with replacement guarantor to the satisfaction of the Lender.

5. REMEDIES OF THE LENDER

- 5.1. Subject in all cases to the limitations set out in Part A of this Loan Offer, the remedies of the Lender against the Borrower and the Beneficial Owner are deemed to be unlimited.

6. REPORTS ON TITLE

- 6.1. Prior to the disbursement of the Loan Amount, if title insurance is not obtained, the legal counsel who is required to issue a title opinion, including off-title matters, with respect to the Property must confirm that the Borrower is the registered owner of the Property and the Beneficial Owner is the sole beneficial owner of the Property with good and marketable title thereto and that the Property is free of any registered security interest, encumbrances, priority or charge, other than the Security, Permitted Encumbrances, and charges to be paid out with the proceeds of the Loan and discharged.
- 6.2. If the title opinion submitted to the Lender contains reservations or refers to situations unacceptable to the Lender, the Lender may require that the Borrower provide an adequate remedy to problems raised in the title opinion or that it obtain in favour of the Lender a title insurance policy whose coverage, terms and conditions are satisfactory to the Lender.
- 6.3. If title insurance is used, the Lender shall have the sole discretion in approving the insurer providing the title insurance and the coverage, terms and conditions of the title insurance policy.

7. MODIFICATIONS AFFECTING THE PROPERTY

- 7.1. The Borrower will not permit a change to the legal description or the subdivision of the Property without the prior written approval of the Lender.

8. AFFIRMATIVE COVENANTS

- 8.1. The Borrower agrees with the Lender to:
- 8.1.1. comply at all times with the terms and conditions of this Loan Offer and the other documents relative to the Loan and the Security required thereunder;
 - 8.1.2. provide the Lender with financial reporting as described on page 7 of Part A. The Lender may require such reporting to be certified by a certified professional accountant in the event of an Event of Default that is continuing;
 - 8.1.3. inform the Lender immediately of any modification or non-renewal or cancellation of any insurance policy regarding to the Property;
 - 8.1.4. not use the Property, or permit it to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance with all applicable environmental laws;
 - 8.1.5. maintain in all material respects all environmental and operating documents and records, including, without limitation, material licences and orders, relating to the Property in the manner and for the time periods required by all applicable environmental laws;
 - 8.1.6. give written notice to the Lender promptly after becoming aware thereof of: (A) any Default or Event of Default that is continuing; (B) any litigation, dispute, arbitration or other proceeding to which any Obligor is a party, the result of which if determined adversely would constitute, or could reasonably be expected to constitute, or cause, a Material Adverse Change to it; or (C) any written communication received by any

Obligor alleging default under any of the leases, agreements or Permitted Encumbrances related to the Property that constitutes, or could reasonably be expected to constitute, or cause, a Material Adverse Change;

- 8.1.7. pay, as they become due, without subrogation, all its income taxes and Statutory Liens, all business taxes, realty taxes, local improvement charges, development charges, education development charges, as well as any interest on the said taxes and fines imposed in their respect and payable with respect to the Property or charging it and deliver to the Lender the receipts attesting to the payment of the said taxes within sixty (60) days of the calendar year end;
- 8.1.8. punctually pay the cost of public utility services and authorize the Lender to make the verifications with public utility services in order to confirm the statement of amounts due in this respect;
- 8.1.9. maintain the Property free of any mortgages or other encumbrances, including Statutory Liens, unless they exist for the benefit of the Lender or accepted by the Lender (including Permitted Encumbrances); and
- 8.1.10. maintain and repair the Property and all structures and all the appurtenances thereon in good working order and condition as would a prudent owner of similar property, reasonable wear and tear excepted.

9. RESTRICTIVE COVENANTS

- 9.1. The Borrower agrees that without the prior written authorization of the Lender:
 - 9.1.1. except as permitted in this Loan Offer, the Obligors shall not (a) modify, or permit the modification of, their legal structure of ownership and control, (b) change the nature of their operations, (c) change their name without providing prior written notice to the Lender, (d) make any change to any other agreement related to the Property if such a change would result in a Material Adverse Change, or (e) allow the Obligors, who are not natural persons, to be dissolved or liquidated;
 - 9.1.2. except as permitted in this Loan Offer, the Obligors shall not transfer, sell, assign or otherwise dispose of the Property, in whole or in part, or any of their rights that pertain to the Property, except in the ordinary course of business;
 - 9.1.3. except as permitted in this Loan Offer, the Borrower (which for greater certainty for the purposes of this Section 9.1.3 shall not include the Beneficial Owner notwithstanding the language of any of the Loan Documents) shall not modify the distribution of their issued and outstanding shares nor those of its direct and indirect shareholders;
 - 9.1.4. except as permitted in this Loan Offer, the Borrower shall not grant or allow, as the case may be, any lien or caveat related thereto, servitude, real right, guarantee, mortgage, security or charge related to the Property in favour of other Persons than the Lender, except Permitted Encumbrances;
 - 9.1.5. except as permitted in this Loan Offer, the Borrower (which for greater certainty for the purposes of this Section 9.1.5 shall not include the Beneficial Owner notwithstanding the language of any of the Loan Documents) shall not undertake any financial restructuring, reorganization or merger, no acquisition of another corporation (by way of business or share purchase) and no creation of a subsidiary and will not launch any dissolution procedure;
 - 9.1.6. there must not be any change in the date of the fiscal year-end of the Obligor;

- 9.1.7. the Obligors shall not change or permit a change to, as the case may be, the nature, the zoning, or the use of the Property, unless such change is aligned with the purpose of the Loan;
- 9.1.8. the Borrower (which for the purposes of this Section 9.1.8 for greater certainty shall not include the Beneficial Owner notwithstanding the language of any of the Loan Documents) shall not declare or pay any dividend, advance, loan, withdrawal or distribution of equity of any nature whatsoever in favour of its shareholders, directors or an affiliate of the Borrower while the Loan Amount has not been fully repaid and cancelled (unless otherwise provided for herein);
- 9.1.9. during an Event of Default that is continuing, none of the Borrower nor the Beneficial Owner shall declare or pay any dividend, advance, loan, withdrawal or distribution of equity with the proceeds from the Property in favour of its shareholders, directors, limited partners and/or general partner, shareholders of the general partner or an affiliate of the Beneficial Owner (unless otherwise provided for herein);
- 9.1.10. the Obligors shall not take or refrain from taking any action which would cause any representations and warranties of the Obligors under this Loan Offer to be false or misleading in any material respect;
- 9.1.11. subject to the qualifications set out in the paragraph titled "Leases" in Part A of this Loan Offer, the Obligors shall not enter into any binding agreement to lease for 20,000 sf or greater at the Property, in part or in whole, without the consent of the Lender, such consent not to be unreasonably withheld or delayed. Such consent shall be provided by the Lender to the Borrower within ten (10) Business Days of the Borrower's notification and provision of a copy of such agreement and information on the prospective tenant, provided that the absence of response by the Lender at the end of the ten (10) Business Days will be deemed as consent;
- 9.1.12. the Obligors shall not amend, renew, terminate, forfeit or cancel any existing leases (or accept the surrender, termination or cancellation thereof), unless such leases, amendments, renewals, terminations, forfeitures or cancellations: (A) are made on arm's length terms and in good faith; and (B) reflect good business practices and are on such terms as a prudent owner of property similar to the Property would accept having regard to prevailing market terms and conditions and otherwise in accordance with prudent leasing practices;
- 9.1.13. the Obligors shall not amend, renew, terminate, forfeit or cancel any material agreements associated with the Property that would create a Material Adverse Change;
- 9.1.14. the Obligors shall not amend any of its organizational documents in a manner that would be prejudicial to the interests of the Lender; and
- 9.1.15. the Borrower (which for greater certainty for the purposes of 9.1.15 shall not include the Beneficial Owner notwithstanding the language of any of the Loan Documents) shall not provide financial assistance to any Person, including but not limited to, granting loans to, providing guarantees in support of, or incurring contingent obligations (including letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection therewith, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery thereon and obligations to make advances or otherwise provide financial assistance) on behalf of such other Person.

10. DISPOSITION

- 10.1. Except as permitted herein, upon any transfer, sale, assignment or other form of disposition of the Property, in whole or in part, the Lender may require the immediate repayment of the balance of the Loan Amount, including principal, interest, fees, expenses and additional charges. For the purposes of this Section, any of the following will be deemed to constitute a transfer, sale, assignment or an alienation of the Property:
- 10.1.1. any change in the control of an Obligor, and specifically, the transfer, sale, disposition or issuance of shares or, if applicable, units of such Obligor carrying the right to vote and having the effect of changing the Person or Persons who control, directly or indirectly, an Obligor; and/or
- 10.1.2. any reorganization, merger, liquidation or other modification of the legal structure of the Obligor.

11. EVENTS OF DEFAULT

- 11.1. The Borrower is in default and loses the benefit of the term of the Loan and the Security (including the Guarantees) will be enforceable upon the occurrence and continuance of any one or more of the following events (collectively, the "**Events of Default**" and each, an "**Event of Default**"):
- 11.1.1. failure by any Obligor to comply with any one or more of its obligations resulting from this Loan Offer, the Security in favour of the Lender, any other Loan Document or any other documents executed pursuant to this Loan Offer following expiry of any relevant cure periods;
- 11.1.2. failure by any Obligor to make the payments of principal, interest or other amounts when due or to pay the insurance, the realty taxes on the Property and any other Statutory Liens on their due date, beyond 3 days after receipt of notice thereof;
- 11.1.3. bankruptcy, insolvency, dissolution or liquidation of any Obligor, failure by any Obligor to pay its creditors as and when they become due or the appointment of a receiver with respect to any one of them or assignment for the general benefit of their creditors;
- 11.1.4. if any Obligor invokes the *Companies' Creditors Arrangement Act* or any law relative to insolvency;
- 11.1.5. if any one of the obligations that enure to the benefits of any creditor or any Person holding rights in the Property is breached, whether or not these rights in the Property are prior or subsequent to those of the Lender, and the default is not waived by the said creditor or Person;
- 11.1.6. failure to repay the balance of the Loan Amount when it is due;
- 11.1.7. where applicable, an Obligor, who is a natural person, dies, unless the deceased party is promptly replaced to the satisfaction of the Lender;
- 11.1.8. if, further to a reasonable request by the Lender, the Borrower refuses or fails to provide the Lender, or fails to cause the Lender to be provided with, all documentation and information related to the Property or the financial situation of any Obligor;
- 11.1.9. failure by any Obligor to comply with an obligation to any Person which is likely to result in a Material Adverse Change for the Obligor or the Property;

- 11.1.10. except as permitted herein, the transfer, sale, assignment or disposition of the Property without the prior written consent of the Lender;
- 11.1.11. except as permitted herein, the change of control of any Obligor without the prior written consent of the Lender;
- 11.1.12. if a declaration or representation made herein proves to be materially false, misleading or inexact;
- 11.1.13. if the Borrower does not obtain the release of the seizure of the Property or of the other charged assets in the execution of a judgment;
- 11.1.14. if the Borrower or RioCan-HBC (a) fails to make any payment that is due in relation to any indebtedness in excess of \$20,000,000.00 and such payment has not been made within five (5) days of the expiry of any applicable grace period in relation thereto, or (b) defaults in the observance or performance of any other agreement or condition in relation to any indebtedness in excess of \$20,000,000.00 or contained in any instrument or agreement evidencing, securing or relating thereto and any applicable grace period in relation thereto has expired, or any other event occurs or condition exists, the effect of which default or other condition, if not remedied within any applicable grace period, would be to cause, or permit the holder of such indebtedness then to declare, such indebtedness to become due prior to its stated maturity date, and in all of the foregoing cases the applicable Obligor has not demonstrated to the satisfaction of the Lender that it has the financial ability to make such payment or satisfy such default without giving rise to a Material Adverse Change;
- 11.1.15. if a final judgment or decree for the payment of money due has been obtained or entered against any Obligor (in the case of RioCan-HBC, in excess of \$20,000,000 and, in the case of RioCan, \$35,000,000), and such judgment or decree has not been and remained vacated, discharged or stayed pending appeal within the applicable appeal period and such Obligor is not proceeding to diligently and in good faith dispute such acceleration, default or obligation and the applicable Obligor has not demonstrated to the satisfaction of the Lender that it has the financial ability to satisfy such judgment or decree without giving rise to a Material Adverse Change;
- 11.1.16. if a default on the part of the Borrower occurs and is continuing under the Ground Lease or the HBC Lease; and
- 11.1.17. if HBC or a permitted assignee or subtenant under the HBC Lease ceases operations in the whole of its premises in the Property, or the Ground Lease or the HBC Lease is terminated or cancelled for any reason or under any circumstances whatsoever.
- 11.2. The omission on the part of the Lender to notify the Borrower or any other Obligor of any Event of Default hereunder or to avail itself of any of its rights hereunder shall not be construed as a waiver by the Lender of such Event of Default or rights.
- 11.3. If an Event of Default should occur, the Borrower and the other Obligors also lose the capacity to exercise all of their respective rights pursuant to this Loan Offer and the Lender may exercise all rights and remedies available at law and under the mortgage of the Property.
- 11.4. Notwithstanding the occurrence of an Event of Default:
 - 11.4.1. if at any time after the occurrence of an Event of Default, which is continuing, the Obligors offer to cure completely all Events of Default and to pay all expenses, advances and damages to the Lender consequent on such Event of Default or any other Event of Default, with interest at the highest rate applicable to the Loan

Amount, then the Lender shall be obligated to accept such cure and payment and such action shall not affect any subsequent Event of Default or impair any rights consequent thereon, provided that where the Lender has demanded repayment it shall not be obligated to do any of the foregoing; and

11.4.2. should any Obligor default in the performance or observance of any of its non financial obligations hereunder, the Borrower shall become in default if such default shall have continued for ten (10) Business Days after written notice thereof has been given by the Lender to the Borrower, provided that the Borrower has commenced to cure such default within the said delay, then the delay shall be extended by such period of time as is reasonably necessary in the opinion of the Lender to complete whatever work is involved in curing the default. The provisions of this Section have no application to any situation which, according to the Lender at its entire discretion, cannot be remedied on conditions acceptable to the Lender.

11.5. No waiver by the Lender of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

11.6. No Event of Default may be waived or discharged orally but, in each case, only by an instrument in writing signed by the Lender.

12. BANKRUPTCY AND INSOLVENCY ACT

12.1. The Lender will not be obliged to act on this Loan Offer, to sign the legal documentation or make any advance of the Loan Amount if any Obligor becomes insolvent, assigns its assets, is placed in bankruptcy or liquidation, makes a proposal or files a notice of intention to make a proposal to its creditors pursuant to the *Bankruptcy and Insolvency Act* or invokes the *Companies' Creditors Arrangement Act*.

13. REPRESENTATIONS AND WARRANTIES

13.1. The Borrower makes the following representations and warranties:

13.1.1. each of the Obligors has the powers, the authority and the capacity necessary to borrow (or guarantee, as applicable) the Loan Amount, grant the Security in favour of the Lender, and to perform its obligations hereunder and thereunder;

13.1.2. the Borrower is the registered owner of the Property (in the case of the Leasehold Lands, the leasehold interest therein) and the Beneficial Owner is the sole beneficial owner of the Property (in the case of the Leasehold Lands, the leasehold interest therein) with good and marketable title thereto;

13.1.3. there is no application, legal proceeding or material investigation, pending or imminent, against any Obligor, or involving the Property which would give rise to a Material Adverse Change;

13.1.4. to the best of the knowledge of the Borrower, after having made the necessary verifications, there is no Hazardous Substance used, stored or located on the Property not in compliance with Applicable Laws, no Hazardous Substance was used, stored or located, on the Property other than in compliance with Applicable Laws, and no part of the Property was contaminated by any such Hazardous Substance other than as already disclosed in writing to and accepted by the Lender in writing;

13.1.5. there has been no Material Adverse Change since the date of the last annual or interim financial statements of the Obligors presented to the Lender. These financial statements faithfully represent its financial situation on the date of their preparation in all material respects;

- 13.1.6. none of the Obligors is in default under the terms of any agreement or contract to which it is a party and whose consequences would be considered a Material Adverse Change for the Borrower;
- 13.1.7. the information, reports and other documents provided to the Lender contain no material error of fact or fail to declare any fact that proves a representation or warranty contained herein to be false or misleading;
- 13.1.8. every tax, deduction, income tax or other fee whose payment is secured by a Statutory Lien or statutory trust has been paid when due by the Borrower, without subrogation;
- 13.1.9. all realty taxes and other Statutory Liens relative to the Property are paid until their due date without subrogation in favour of anyone;
- 13.1.10. the Property has not been the subject, within the six (6) months preceding the date of this Loan Offer, of any addition, repair, improvement, renovation or modification whose cost has not been entirely paid and there is no amount still due to any supplier, professional, contractor, sub-contractor or other Person able to benefit from construction liens, other than amounts that will be paid in the normal course;
- 13.1.11. the Borrower has respected all laws and regulations, in particular the laws and regulations respecting environmental protection, and more specifically but not limited to the following:
 - 13.1.11.1. to the Borrower's knowledge, no notice or order has been served, registered, or recorded against the Property; and
 - 13.1.11.2. it is not being prosecuted, or threatened with prosecution, for having violated laws and regulations respecting environmental protection;
- 13.1.12. where applicable, the Borrower has given the Lender a copy of all offers to lease and all in-place leases with respect to the Property and no rent has been seized or prepaid, except one month in advance or as otherwise expressly contemplated therein;
- 13.1.13. where applicable, the in-place leases and offers to lease provided to the Lender represent the entire agreement of the parties, have not been amended or modified by any formal or informal agreement and have not been assigned or mortgaged, except in favour of the Lender, and none of these in-place leases and none of these offers to lease is the subject of any material dispute between the Borrower and the tenant;
- 13.1.14. the Obligors have the full right and authority to grant the Security in favour of the Lender with respect to the Obligors' interest in the Property.
- 13.1.15. the Obligors have each disclosed to the Lender their full financial situation in all material respects;
- 13.1.16. the information that the Borrower has provided the Lender concerning the Obligors before acceptance of this Loan Offer is true and complete in all material respects;
- 13.1.17. the ownership structure of the Obligors is as set out in Schedule 1;
- 13.1.18. to the Borrower's knowledge, the Property does not contain urea formaldehyde foam insulation (UFFI) in any of its forms, asbestos in any of its forms, polychlorinated biphenyls (PCBs), pollutants, contaminants, radioactive materials, waste,

substances or toxic products dangerous to public health or the environment, and the Property is not equipped with dangerous appurtenances, or systems, in particular a heating system not recognized or approved by the authorities concerned save and except as disclosed to the Lender prior to the advance of the Loan in the Phase I Environmental Site Assessment for the Property dated May 10, 2024;

- 13.1.19. the Property is not part of a housing complex and is not subject to the provisions of the *Ontario Heritage Act* save and except as disclosed to the Lender prior to the advance of the Loan;
- 13.1.20. none of the Obligors is in default of any judgment, order, injunction, decree of any court, office, agency, arbitrator or commission that could cause a Material Adverse Affect; and
- 13.1.21. there are no employees of the Beneficial Owner or the Borrower.

14. FINANCIAL AND OTHER INFORMATION

- 14.1. The Obligors expressly authorize the Lender, acting directly or through its agents and representatives:
 - 14.1.1. to obtain from third parties, including any public agency, and to preserve financial information concerning them and all other information relative to the undertakings that they have with respect to third parties in order to verify their capacity to fulfill their respective obligations according to the terms of this Loan Offer;
 - 14.1.2. to communicate some or all of the information in its possession to any subsequent assignee of the Loan, to a Person interested in acquiring an interest in the Loan (if so directed by the Lender), to any credit reporting agency, to the Lender's parent, subsidiaries and affiliates or, if applicable, to all Persons claiming a right to such information contemplated under any builder's lien or similar legislation; and
- 14.2. At the request of any Obligor, the Lender will communicate to them the content of the information about them in its possession.
- 14.3. Each signatory of this Loan Offer, irrespective of its title, but excluding the Lender, authorizes the Lender, until full repayment of all amounts owed by the Borrower, to obtain information related to the credit, the financial situation, compliancy or any other subject concerning such signatory that is of interest to a lender acting reasonably and, for this purpose, each such party authorizes the Lender to communicate with any credit agency, government agency and, more generally, any competent authority in order to obtain the information and documents appropriate in the Lender's opinion.

15. NON-ASSIGNABILITY

- 15.1. This Loan Offer is specifically addressed personally to the Borrower and may not be assigned to a third party in any way whatsoever without the prior written authorization of the Lender.

16. NOTICE

- 16.1. Notice will be deemed to have been received by the one to whom it is addressed: (a) at the time of delivery, if delivered before 3 pm EST on a Business Day; (b) at the time it is received if sent by registered mail; (c) on the day of its sending, if sent by email before 3 pm EST on a Business Day and (d) the Business Day following the delivery or transmission if delivered or sent after 3 pm EST.

16.2. Any notice intended for the Borrower must be sent to the address of the Borrower indicated in this Loan Offer or at such other address as the Borrower may in writing notify the Lender.

16.3. Any notice intended for the Lender must be sent to the following address, or such other address as the Lender may in writing notify the Borrower:

95 St. Clair Avenue West, Suite 700
Toronto, Ontario, M4V 1N7
Attention: Mortgage Administration
Email: Toronto@desjam.com

16.4. Notices sent by the Manager, if applicable, have the same value as if they had been sent by the Lender.

17. CONFIDENTIALITY

17.1. This Loan Offer is strictly confidential and its content may not be disclosed to any third party without the prior written authorization of the Lender.

18. PCMLTF REGULATIONS

18.1. The Borrower represents and warrants to the Lender that the Loan Amount made available under this Loan Offer has been obtained to meet the Borrower's own needs and is in no way obtained for the use or benefit of a third party not mentioned in this Loan Offer.

18.2. The Lender may refuse to give effect to this Loan Offer or to make any disbursement (or progress advance) if it believes, in its sole discretion, that it will not be able to comply with the PCMLTF Regulations, be it for a lack of information or for any other reason. Moreover, the Lender may terminate at any time this Loan Offer by giving a thirty (30) day prior notice to the Borrower if it determines, in its sole discretion, that there exists a situation of non-compliance under the PCMLTF Regulations relating to this Loan Offer or to the Borrower, provided that (a) such prior notice shall provide a description of such situation of non-compliance and, where applicable, the actions required to remedy it, and (b) such prior notice will be of no effect if such situation of non-compliance is remedied to the complete satisfaction of the Lender before the expiry of the thirty (30) day prior notice period. Upon such termination, the Lender may demand immediate repayment in full of the amounts lent in principal, interest, fees, expenses and additional charges payable by the Borrower under this Loan Offer, the Security and any other credit agreement entered into with the Lender.

19. JURISDICTION

19.1. This Loan Offer and all documents related to it are governed, at all times, by the Applicable Laws.

19.2. Any dispute will be submitted to the competent authorities according to the Applicable Laws.

20. ACCEPTANCE OF THIS LOAN OFFER

20.1. All the time periods mentioned in this Loan Offer are mandatory. The Lender is bound by this Loan Offer only if the Obligors unconditionally accept all of the terms and conditions of this Loan Offer within the time provided. Once accepted by the Borrower, the Beneficial Owner and the Guarantors, this Loan Offer will be deemed to constitute a loan agreement between the Lender, the Borrower, the Beneficial Owner and the Guarantors.

- 20.2. This Loan Offer was made on the basis of the information submitted and may not in any way serve to obtain advantages from a third party basing its decision on that information. Likewise, if information brought to our attention afterwards would change the data, we reserve the right to modify or cancel this Loan Offer.

21. ENTIRE AGREEMENT

- 21.1. The Obligors expressly acknowledge that this Loan Offer and the other Loan Documents reflects the complete agreement between them and the Lender and that no amendment or modification of any kind to its provisions can be enforced on the Lender, unless it is recorded in a written document distinct from this Loan Offer and signed by the authorized representative(s) of the Lender, failing which, this Loan Offer will be deemed not to have been amended or modified.

[END OF PART B]

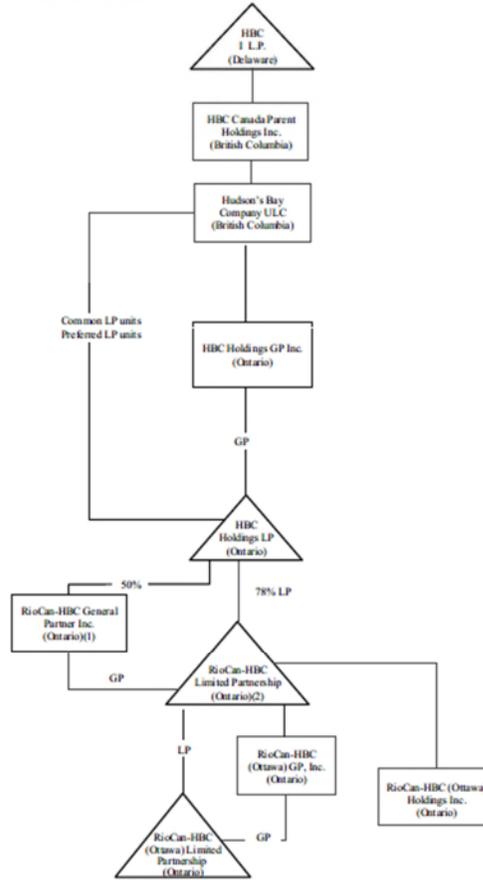
SCHEDULE 1 of Part B

Ownership Structure

**RioCan-HBC Simplified Structure Chart
As of March 13, 2024**

1. RioCan Financial Services Limited owns 50% of the common shares of RioCan-HBC General Partner Inc.
2. RioCan Real Estate Investment Trust holds a 21.9864% LP interest.

Unless otherwise noted, all ownership percentages are 100%.



Organizational Chart – HBC

