

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

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HUDSON'S
BAY COMPANY ULC COMPAGNIE DE LA BAIE D'HUDSON SRI, HBC CANADA PARENT
HOLDINGS INC., HBC CANADA PARENT HOLDINGS 2 INC., HBC BAY HOLDINGS I INC.,
HBC BAY HOLDINGS II ULC, THE BAY HOLDINGS ULC,
HBC CENTERPOINT GP INC., HBC YSS 1 LP INC., HBC YSS 2 LP INC., HBC HOLDINGS
GP INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., and 2472598 ONTARIO INC.

Applicants

**RESPONDING MOTION RECORD OF
WESTCLIFF MANAGEMENT LTD.,
the authorized agent and manager for various landlords
wherein the Applicants operated retail stores
(Returnable August 28, 2025)**

CAMELINO GALESSIERE LLP

Barristers & Solicitors
65 Queen Street West Suite 440
Toronto, Ontario, M5H 2M5

Linda Galessiere (LSO

#34678A)

Tel: 416-306-3827

Fax: 416-306-3820

Email: lgalessiere@cglegal.ca

Gustavo F. Camelino

Law Society No. 45607S

Tel: 416-306-3834

Email: gcamelino@cglegal.ca

Lawyers for the Lawyers for Westcliff
Management Ltd. as landlord and/or
authorized agent and manager for the
landlords of its retail stores leased to one or
more of the Applicant.

TO: THE E-SERVICE LIST (as at July 30, 2025)

E-Service List:

ataylor@stikeman.com; lpillon@stikeman.com; mkonyukhova@stikeman.com;
JMann@stikeman.com; pyang@stikeman.com; bketwaroo@stikeman.com;
ahutchens@alvarezandmarsal.com; gkarpel@alvarezandmarsal.com;
zgold@alvarezandmarsal.com; jkarayannopoulos@alvarezandmarsal.com;
mbinder@alvarezandmarsal.com; sdedic@alvarezandmarsal.com; ZweigS@bennettjones.com;
GillP@bennettjones.com; ShakraM@bennettjones.com; GrayT@bennettjones.com;
fraserrichardsonl@bennettjones.com; Gregg.Galardi@ropesgray.com;
Max.Silverstein@ropesgray.com; skukulowicz@cassels.com; msassi@cassels.com;
evan.cobb@nortonrosefulbright.com; mwasserman@osler.com; azalev@reflectadvisors.com;
develeigh@reflectadvisors.com; redwards@gordonbrothers.com;
kelly.smithwayland@justice.gc.ca; edward.park@justice.gc.ca; agc-pgc.toronto-tax-fiscal@justice.gc.ca; Steven.Groeneveld@ontario.ca; insolvency.unit@ontario.ca;
cindy.cheuk@gov.bc.ca; AGLSBRevTaxInsolvency@gov.bc.ca; aaron.welch@gov.bc.ca;
jsg.servicehmk@gov.ab.ca; tra.revenue@gov.ab.ca; shelley.haner@gov.mb.ca;
mbtax@gov.mb.ca; jus.minister@gov.sk.ca; max.hendricks@gov.sk.ca; fin.minister@gov.sk.ca;
justweb@gov.ns.ca; FinanceWeb@novascotia.ca; notif-quebec@revenuquebec.ca; notif-montreal@revenuquebec.ca; lgalessiere@cglegal.ca; djmiller@tgf.ca; anesbitt@tgf.ca;
ilias.hmimas@gowlingwlq.com; francois.viau@gowlingwlq.com;
haddon.murray@gowlingwlq.com; alexandre.forest@gowlingwlq.com; bparker@dv-law.com;
jbunting@tyrrlp.com; dbish@torys.com; egolden@blaney.com; ckopach@blaney.com;
yli@pureindustrial.ca; alemayroux@pureindustrial.ca; rchadwick@goodmans.ca;
jpasquariello@goodmans.ca; aharmes@goodmans.ca; bankruptcy@simon.com;
justin.connolly@unifor.org; uniforlocal40@gmail.com; Dayle.Steadman@unifor.org;
ACampbell@ufcw1518.com; reception@ufcw1518.com; Joardan@usw1417.ca;
Dana.Dunphy@unifor.org; jodi@uniforlocal240.ca; mbethel@teamsters31.ca;
ufcw@ufcw1006a.ca; gbenchaya@richterconsulting.com;
Sarah.Pinonnault@revenuquebec.ca; DanielCantin@revenuquebec.ca;
michael.beeforth@dentons.com; harvey@chaitons.com; mwu@richterconsulting.com;
mgottlieb@lolg.ca; awinton@lolg.ca; apang@lolg.ca; TWarnaar@kingsettcapital.com;
TRavindrakumar@kingsettcapital.com; renghish@airdberlis.com; chorsten@airdberlis.com;
dward@millerthomson.com; mcressatti@millerthomson.com; gcamelino@cglegal.ca;
Tushara.Weerasooriya@mcmillan.ca; guneev.bhinder@mcmillan.ca;
jeffrey.levine@mcmillan.ca; Toronto@desjam.com; rkim@riocan.com;
stephen.mcleese@rbc.com; cl_commercial.mortgage@canadalife.com;
td.cmgcommmtg@td.com; chris.golding@rbc.com; drake.guo@rbccm.com;
evelyn.reynolds@rogers.com; Maryjaneturner@icloud.com; sposen@dickinsonwright.com;
lbrzezina@blaney.com; namar@blaney.com; george@chaitons.com; jwolf@blaney.com;
dullmann@blaney.com; bjones@blaney.com; jcaruso@fasken.com;
mstephenson@fasken.com; sbrotman@fasken.com; ken.rosenberg@paliarerland.com;
max.starnino@paliarerland.com; emily.lawrence@paliarerland.com;
wadrummond6@gmail.com; larmstrong@lerner.ca; Jeritt.Pawlyk@ca.dlapiper.com;
isaac.belland@ca.dlapiper.com; Kerry.mader@live.com; sbrogers@mccarthy.ca;
lwilliams@mccarthy.ca; abowron@mccarthy.ca; sdanielisz@mccarthy.ca; Maya@chaitons.com;
Lyndac@chaitons.com; hmeredith@mccarthy.ca; tcourtis@mccarthy.ca;
patrick.shea@gowlingwlq.com; russellm@caleywrap.com; evan.snyder@paliarerland.com;
alisoncville480@gmail.com; steven.mackinnon@bmo.com; David.Check@bmo.com;
Raza.Qureshi@bmo.com; MichaelM.Johnson@bmo.com; micahryu@mbb.ca;
VeronicaCai@mbb.ca; janetlee@mbb.ca; william@sica.ca; brian@sica.ca;
pmasic@rickettsharris.com; mwasserman@rickettsharris.com; drosenblat@osler.com;
mitch.koczerginski@mcmillan.ca; ateodorescu@blaney.com; sweisz@cozen.com;

DLallani@cozen.com; igor.mershon@aliceandolivia.com; legal@centricbrands.com; mkershaw@mccarthy.ca; gaplummer@mccarthy.ca; jwilson@westdellcorp.com; DPreger@dickinsonwright.com; mclarksonmaciel@cassels.com; jmarks@alvarezandmarsal.com; ahatnay@kmlaw.ca; jharnum@kmlaw.ca; rdrake@kmlaw.ca; ashamim@kmlaw.ca; jcurrie@mccarthy.ca; ikanji@osler.com; jiny@caleywrap.com; cmills@millerthomson.com; mlihtowler@millerthomson.com; hmanis@manislaw.ca; daniel@leyad.ca; dpereira@stradley.com; lmiller@fieldlaw.com; cj.harayda@stinson.com; BSnyder@TigerGroup.com; cdelfino@airdberlis.com; sgraff@airdberlis.com; Jsuess@riocan.com; rfrasca@riocan.com; matt.rossetti@adidas.com; Edward.Gores@novascotia.ca; Patrick.Magen@revenuequebec.ca; javersa@airdberlis.com; mlici@airdberlis.com; stephen.brown-okruhlik@mcmillan.ca; clifton.prophet@gowlingwlq.com; patryk.sawicki@gowlingwlq.com; caroline.mallet@sisley.fr; michelle.therriault@sisley.fr; heather.soss@sisley.fr; farah.baloo@unifor.org; blake.scott@unifor.org; jbrisebois@sotos.ca; jkulathungam@teplitskyllp.com; cmills@millerthomson.com; jcarhart@millerthomson.com; mtestani@intelligentaudit.com; Asad.Moten@justice.gc.ca; Walter.Kravchuk@justice.gc.ca; JDacks@osler.com; wsisti@kpmg.ca; sagnihotri@kpmg.ca; carlpaul@kpmg.ca; jgagge@mccarthy.ca; yavitzur@reflectadvisors.com; Kourtney.Rylands@mcmillan.ca; cris.navarro@ralphlauren.com; rowena.ricalde@ralphlauren.com; randy.samson@ralphlauren.com; brian.fenelli@ralphlauren.com; scott.bridges@rbc.com; csinclair@goldblattpartners.com; Elizabeth.Robertson@us.crawco.com; liannadooks@serpentinasilver.ca; Lakeio.Irvin@us.crawco.com; Todd.Harris@crawco.ca; gphoenix@LN.law; cfell@reconllp.com; gschachter@reconllp.com; cb@hllo.ca; Louis.Frapporti@gowlingwlq.com; christoph.heinemann@gowlingwlq.com; rory@rorymcgovernpc.com; MSinnadurai@TorontoHydro.com; TDolny@TorontoHydro.com; sparsons@airdberlis.com; smitra@airdberlis.com; cristian.mastrangelo@aeffe.com; jponeill@jpent.com; ipp1@rogers.com; kpietras@steinandstein.com; ELefebvre@blg.com; AFernetbrochu@blg.com; SBarbusci@blg.com; tejash.modi@telushealth.com; john.hnatiw@telushealth.com; pcho@weirfoulds.com; dov@charnesslaw.com; miranda@charnesslaw.com; mark.salzberg@squirepb.com; Slrving@osler.com; ashley.thompson@ncrvoyix.com; MFrazer@mintz.com; efan@mintz.com; PDenroche@mintz.com; sursel@upfhlaw.ca; kensslen@upfhlaw.ca; kplunkett@airdberlis.com; epaplawski@osler.com; kellyx@simcopak.com; stephen@simcopak.com; cfox@foxllp.ca; anil@amanimports.com; carmstrong@goodmans.ca; info@absolutelaw.ca; Namya.Tandon@gowlingwlq.com; abedi@lawsonlundell.com; michael.scott@fsrao.ca; elissa.sinha@fsrao.ca; jordan.solway@fsrao.ca; kenneth.kraft@dentons.com; roger.simard@dentons.com; anthony.rudman@dentons.com; dhaene@dentons.com; carlo.hizon@threebyone.com; dnyamark@naymarklaw.com; sabine.hajj@zuhairmurad.com; eblain@tgplawyers.com; malnajar@mccarthy.ca; ELawler@lowenstein.com; bnathan@lowenstein.com; bailey.nickel@smcalgary.com; ASachs@toryburch.com; ananthan.sinnadurai@ontario.ca; noah.zucker@nortonrosefulbright.com; elizabeth.williams@nortonrosefulbright.com; trevor.zeyl@nortonrosefulbright.com; Jack.malcolm@abtekltd.com; cshamess@wvllp.ca; bmcradu@dickinsonwright.com; alexandre.dube@loreal.com; Philippe.charette@loreal.com; valerie.dilena@gowlingwlq.com; martha.savoy@gowlingwlq.com; david.evans@reiss.com; Vincent.Grell@reiss.com; AHou@mintz.com; vivian.li@gov.mb.ca; tllam1@yahoo.ca; brett.harrison@mcmillan.ca; Craig.Harkness@mcmillan.ca; Adam.Maerov@mcmillan.ca; ian.winchester@fiserv.com; kodrliu@yahoo.com; vbaylis@fasken.com; aangle@torys.com; jopolsky@torys.com; jonathan.noble@bmo.com; mmarschal@mltaikins.com; adam.rosen@ALRcounsel.com; jim.robinson@fticonsulting.com; scott.lyall@smcalgary.com; stanvir@mccarthy.ca; caitlin.milne@gowlingwlq.com; cameron.brunet@gowlingwlq.com; msilva@choate.com; rthide@choate.com; jsicco@litigate.com; cyung@litigate.com; bkolenda@litigate.com;

mlerner@litigate.com; arad.mojtahedi@ca.dlapiper.com; joel.robertson-taylor@ca.dlapiper.com;
linc.rogers@blakes.com; caitlin.mcintyre@blakes.com; jake.harris@blakes.com;
gphoenix@loonix.com; Patricia-Castillo@g-star.com; August-Corver@g-star.com;
mwilliams@pathlightcapital.com; SMigliero@pathlightcapital.com;
spennels@pathlightcapital.com; shiksha@corestone.ca; jgrossklaus@dwpv.com;
nmacparland@dwpv.com

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CANADA PARENT HOLDINGS INC., HBC CANADA PARENT HOLDINGS 2 INC., HBC
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Applicants

INDEX

	Page No.
1. AFFIDAVIT OF ALAN MARCOVITZ 1 (<i>Sworn August 8, 2025</i>)	1
<i>Exhibits to Affidavit</i>	
Exhibit A - Fairview Park Mall shopping centre map.....	15
Exhibit B - Sublease agreement dated May 1, 1986 and Head Lease dated August 20, 1975 for Fairview Park Mall.	17
Exhibit C - Preliminary Repair Budget for the Fairview Park Mall.....	206
Exhibit D - Letter from Miller Thomson to Westcliff dated June 6, 2025 with financial information.....	208
Exhibit E –Westcliff's letter to Miller Thompson dated June 13, 2025.....	272
Exhibit F - Ms Qin's email to Linda Galessiere dated June 25, 2025.....	274

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INC., and 2472598 ONTARIO INC.

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AFFIDAVIT OF ALAN MARCOVITZ

I, ALAN MARCOVITZ, of the city of Montreal, **MAKE OATH AND SAY:**

1. I am the President and Chairman of the Board of Westcliff Management Ltd. ("**Westcliff**"). Westcliff is the authorized agent and manager for various landlords wherein the Applicants (the "**Applicants**" and/or "**HBC**") operated retail stores and as such have knowledge of the matters hereinafter deposed.

2. Where the knowledge in this affidavit is based upon the information of others, I have stated the source of my knowledge and do verily believe it to be true.

3. I am swearing this affidavit in response to the affidavits filed by the Applicants and Ms Liu in connection with the motion brought by the Applicants for an Order assigning one of Westcliff's leases to Ruby Liu Commercial Investment Corp. ("**Liu CIC**"). For the reasons set out below, Westcliff opposes the Applicant's requested relief.

4. Over the past many years, Westcliff has been impacted by hundreds of retail insolvencies, and many of our leases have been assigned in those insolvency proceedings either on consent of Westcliff or by court order. To the best of my knowledge, in no prior cases has Westcliff opposed a motion to assign its leases to a purchaser - even when Westcliff would have preferred that its lease was not assigned to the proposed assignee. This is the first time Westcliff is opposing a motion for the assignment of its lease in an insolvency proceeding. In this case, the Applicant's proposed assignee Liu CIC, is not an appropriate tenant for our HBC location and as such Westcliff opposes the requested relief.

Industry knowledge and Expertise

5. I have over 42 years of experience in retail real estate operations and leasing. During my career I have worked in all major markets across Canada. Over the years I have had extensive hands on direct experience with tenants across the country addressing their leasing needs.

6. Prior to my employment with Westcliff, I worked at Torys LLP and Bramalea Limited. I have a bachelor of commerce degree from McGill University and a degree in both Civil and Common Law.

7. Westcliff and its affiliates, own, develop, construct and manage major real estate projects in Canada and the United States. Westcliff's portfolio includes over 40 major projects, including 23 shopping centres with approximately 10M square feet ("SF") of rental space.

8. It is our mission at Westcliff to operate our portfolio of assets with a view to optimizing long term value and position in the market.

9. We routinely assess local, regional and national factors that may affect our shopping centres. These assessments include market studies, trends and review of our position in the market compared to other retail shopping centres.

Tenant Selection

10. Similar to other national shopping center landlords, we carefully select the tenants in our shopping centres to meet our merchandising goals. The success of a shopping centre requires careful planning to ensure the tenants and the merchandising mix of the mall complement and enhanced the overall character, quality, image, nature and reputation of the shopping centre which, if well done, facilitates the leasing of vacant space and renewing of leases of existing tenants in the mall. We take great efforts to ensure our malls are managed to the best standards in order that we may attract best in class tenants.

11. Tenants that do not fit the merchandising mix of a mall or do not have a proven track record for success, are more likely to fail and negatively impact the mall by driving down the overall appeal of the mall, reduce foot traffic in the mall and impact other nearby tenants. For this reason, it is preferable to Westcliff to either leave locations vacant (and collect no rent), rather than leasing to a tenant that does not meet the merchandising mix or will not complement and enhanced the overall character, quality, image, nature and reputation of the shopping centre. This strategy has proved to be successful over many years.

12. Westcliff carefully assess all potential tenants before entering into long term leases. Even tenants with proven records of accomplishment are carefully assessed to ensure their fit in any particular mall. We review retailer plans and operations to ensure they will be well operated, well staffed, well stocked and improve and innovate over time. In every case we seek out retailers

that are “best in class”. In this regard, we consider a tenant’s brand, concept, merchandise, quality, image, reputation, and financial wherewithal before entering into fixed long term leases. The wrong tenant in a large significant location in a shopping centre will negatively impact the entire shopping centre in that it will impede the ability of the landlord to procure top rents from other tenants and attract other new best in class tenants to the mall – all of which may lead to the devaluation of the asset.

13. With regard to financing, it is essential that our tenants are well financed with a strong covenant. We carefully assess the credit worthiness of the tenant as part of our qualifying process for perspective tenancies.

14. In addition to what we require from tenants, perspective tenants typically request information from the landlord regarding the shopping centre. This information includes CRU sales psf, foot traffic and flow of traffic, list of other tenants, tours of the malls, information on competitors in the mall and surrounding markets, demographics of the primary and secondary markets, etc. To the best of my knowledge, neither Liu CIC, nor a broker representative for Liu CIC made any inquiries from Westcliff whatsoever.

HBC Leases and Anchor Tenant

15. During my 42 years in the retail leasing sector, I have had the opportunity to review many HBC leases and negotiated amendments with HBC. As a result I am very familiar with HBC’s retail operations and more specifically with HBC’s leases in Westcliff’s portfolio.

16. At the commencement of the Applicants’ CCAA proceeding, Westcliff had three retail stores leases with HBC in its portfolio. Following the completion of the Lease Monetization

Process, the Applicants disclaimed two retail leases. The remaining retail lease is the subject of Liu CIC's bid.

17. In every case, HBC served as an "anchor" tenant of the shopping centres. Anchor tenants play a critical role in the financial viability of a shopping centre for both the landlord and other tenants as anchor tenants provide the single largest or one of the largest draws of customers to the shopping centres. Lease rates for other tenants are heavily dependent upon the identity and operation of anchor tenant(s). Often other retail tenants include provisions in their leases that require the anchor tenants to be open and operating failing which rents may be reduced or abated (co-tenancy clauses). Such is the case at Westcliff's Fairview Park Mall.

18. Furthermore, the retention of other tenants is also significantly impacted by the identity of the anchor tenants. The value of our shopping centres always take into account the identity and covenant of the anchor tenants

19. HBC was aware of its role as an anchor tenant and its impact on Westcliff's shopping centres and the other tenants in the shopping centres and extracted significant concessions from its landlords.

20. Immediately upon learning that HBC had filed for insolvency protection on March 7, 2025, Westcliff mobilized its leasing team and associated functions to consider and assess all options for re-leasing the locations.

Westcliff's HBC Lease – Liu CIC Bid

21. As noted above, Westcliff has one lease that is the subject of the Liu CIC Bid: Fairview Park Mall in Kitchener, Ontario.

Fairview Park Mall

22. The Fairview Park Mall is located at 2960 Kingsway Drive, in Kitchener, Ontario. Westcliff manages and operates this mall.

23. Fairview Park Mall is comprised of 645,877 SF of retail space with 113 tenants. The trade area has a population of 664,566 with an average household income of \$127,000. The average age in the trade area is estimated to be 39.

24. HBC occupied the largest premises in the mall with 184,714 SF on three levels. The other major tenants are: Walmart 109,320 SF; Winners with 40,398 and Sport Chek with 21,690 SF.

Appended to my affidavit as **Exhibit “A”** is a copy of the Fairview Park Mall shopping centre map.

HBC Lease at Fairview Park Mall

25. Pursuant to a sublease agreement between Simpsons Limited and HBC dated May 1, 1986, Simpsons Limited assigned to HBC its lease dated August 20, 1975 (“**Head Lease**”) for a premises in the Fairview Park Mall. The terms of the Head Lease continue to govern the tenancy between HBC and Westcliff.

Appended to my affidavit as **Exhibit “B”** is a copy of the Sublease agreement dated May 1, 1986 and Head Lease dated August 20, 1975 for Fairview Park Mall.

26. On or about June 26, 2023, The Cadillac Fairview Corporation Limited (“**CF**”), the then landlord, entered into an agreement with HBC whereby CF provided a term loan to HBC on terms which included the amendment to various leases including the Head Lease (“**Mass Lease**”).

Amending Agreement”). The Mass Lease Amending Agreement provided, among other things, that all provisions in the Head Lease, restricting the ability of the landlord to make alterations to the shopping centre and maintain certain parking ratios, were no longer of any force and effect, save that the landlord would not make any alterations to the shopping centre until and unless HBC failed to repay the term loan when due. I am advised by Linda Galessiere that based on the information disclosed in HBC’s CCAA court documents, HBC has failed to pay CF’s term loan.

27. The more salient provisions of the Head Lease are summarized below.

- (1) **Term s.1.26:** The initial term of the lease was for 30 years ending on August 19, 2005. HBC was granted one 15 year option and four 10 year options. If all options are exercised, the Lease will expire on **August 19, 2060**. The current terms ends August 19, 2030.
- (2) **Premises size:** 184,714 SF.
- (3) **Rent s.1.09:** The currently monthly rent is \$19,087.11 (being \$1.22 psf).
Common Area Maintenance (“CAM”): CAM charges are 34,097.33 (CAM costs are capped)
Realty Taxes: Monthly Realty Tax charges are \$45,719.80
Total monthly payment: **\$98,904.24** plus HST
- (4) **Current Arrears of rent:** \$125,933.31.
- (5) **Use and Operating Covenant s.6.01:** HBC continuously, actively and diligently operate to a first-class standard as a typical department store and outdoor selling area of the tenant and for no other purpose without prior consent to the Landlord.
- (6) **Use limitation s. 6.13:** Tenant is not permitted to sublease space for a food supermarket.
- (7) **Landlord’s Operation obligations s.10.01; 10.02:** Landlord is to continuously operate as a shopping centre and its improvements are to be as a prudent owner in accordance with **first class shopping centre standards**.
- (8) **Tenant Repair obligations s.13.01-13:03:** HBC shall, at its sole cost and expense is to maintain the building as a prudent owner and make all repairs/replacements whether major or minor or structural or otherwise, whether exterior or interior, including those made necessary by age.

- (9) **No Assignment s.7.01:** HBC may not assign the lease without landlord consent. Subleases or concession permitted not to exceed 25% of the gla of the building (s.7.01(d)).

28. The terms of the Head Lease contain onerous obligations regarding parking ratios and significant restrictions on the landlord's entitlement to redevelop and/or construct on the shopping centre (typical of HBC leases). As noted above these restrictions were removed from the Head Lease pursuant to the Mass Lease Amending Agreement.

29. Although the restrictions on redevelopment and maintaining parking ratios were removed from the Head Lease, the monthly minimum rent payable by HBC is very low compared to rates that would be negotiated today. In addition, HBC's CAM obligations are capped and represent significantly less than what its actual proportionate share of the costs of maintaining the shopping centre would be. These provisions were granted to HBC as it was a nationally recognized brand that would act as the anchor tenant of the shopping centre driving sales, contributing to the first class mall character and drawing foot traffic into the shopping centre

HBC's failure to maintain its Leased Locations.

30. The terms of the Head Lease require that HBC repair and maintain the building in which it operated. Notwithstanding this obligation, HBC failed to do so such that the store is in need of significant costly repairs. Our construction department undertook a review of the premises and listed the items in need of repair and estimated the costs to address the building deficiencies to be \$15M.

Appended to my affidavit as **Exhibit "C"** is a copy of the Preliminary Repair Budget for the Fairview Park Mall.

31. Based on my experience and my recent inspection of the HBC store (wherein it was evident the premises had not been repaired or upgraded for many years such that all escalators were out of order), that the \$15M estimate is low given the large size of the premises and its configuration on three floors.

32. When Target assumed one of our leases in Carrefour Angrignon Mall in Lasalle, Quebec, I had discussion with Target regarding the costs required to upgrade and retrofit the premises, which costs equated to \$15M. It should be noted that the premises at Carrefour Angrignon Mall was not as poorly maintained as the HBC store in Fairview Park Mall, was only 130,000 SF – being significantly smaller than the premises at Fairview Park Mall, and was located on one floor, unlike Fairview Park Mall where the HBC store is on three levels serviced by elevators and escalators. The amount allocated by Liu CIC for addressing deficiencies is far too low.

Ruby Lui's Bid for 25 Leases

33. Late in May 2025, Linda Galessiere advised us that HBC had entered into one or more Asset Purchase Agreements (each an “**APA**”) with Liu CIC, an entity related to Central Walk (the “Purchaser”) and owned by Ms Liu, for the purchase of 28 HBC leases.

34. During these proceedings I learned that Central Walk owned three shopping centres in British Colombia (Tsawwassen Mill, Mayfair Shopping Centre, and Woodgrove Centre) and a golf course, Arbutus Ridge Gold Club.

35. From my discussion with Ms Liu and Ms Qin, I discovered that neither Central Walk, Ruby Liu nor Liu CIC had ever operated retail stores, let alone large anchor stores.

36. Soon after it was announced that HBC had entered into a transaction with Liu CIC, we were contacted by Ms Liu's team to arrange a meeting. Ms Liu and Ms Qin attended at our offices on June 5, 2025. I, along with Adam Marcovitz, an dNicolas D'aoust from Westcliff's office attended the meeting.

37. During the meeting with Ms Liu and Ms Qin we were not provided with any documentation or sufficient information to satisfy us that Liu CIC was an appropriate perspective tenant for the premises at Fairview Park Mall.

38. We were not provided with any of the standard information we would typically receive from perspective new tenants: no business plan, no financial information, no merchandising plan.

39. By letter dated June 6, 2025, Westcliff received correspondence from Miller Thomson LLP, Ruby Liu's then counsel, (the "**MT Letter**") requesting that Westcliff consent to the assignment of our HBC lease to Liu CIC. This letter appended documentation entitled "financial forecasts". While the letter provided some additional information, it too lacked the most basic information necessary to assess the proposed business. The financial forecasts for Westcliff's stores showed poor sales - so poor that the proposed operation could not drive foot traffic or increase property values.

Appended to my affidavit as **Exhibit "D"** is a copy of the June 6, 2025 MT Letter sent to Westcliff with the appended financial information.

40. In the financial information appended to the MT Letter, the projected sales for Fairview Park Mall was provided. The projected sales were as follows:

	Liu CIC			HBC 2024
	Area (sf)	Projected Sales	Sales (psf)	Sales
Fairview Park	184,714	\$4,981,954	\$26.97	\$7,752.949

41. Annual projected sales are extremely low. These sales are lower than HBC's 2024 sales for each store.¹ **There is no way this business will succeed in our shopping centres with these projected sales. There is no way this business will draw foot traffic or increase the value of our asset.** To the contrary, this tenant will not boost foot traffic, but will impair other leasing efforts in our shopping centres. There are many tenants in Westcliff's portfolio with much smaller store sizes with annual sales in excess of \$40M. Sale of \$26.97 psf is a tiny fraction of the \$734.00 average psf sales of the mall.

42. By letters dated June 13, 2025, Westcliff responded to Miller Thomson's letter advising that due to the lack of information provided, Westcliff was unable to determine if Liu CIC was an appropriate tenant.

Appended to my affidavit as **Exhibit "E"** is a copy Westcliff's letter to Miller Thompson dated June 13, 2025.

¹ HBC's 2024 financial per Store were disclosed by HBC in landlord request for documents

43. Over the next several weeks, no additional information was provided to Westcliff save for an email dated June 25, 2025, from Ms Qin sent to our external counsel Linda Galessiere advising that as part of Ruby Liu's revitalization strategy, "*Ms Liu proposes the following three-tiered approach*":

1. Flagship Stores

Ruby intends to select up to eight locations to develop into flagship stores in collaboration with the respective landlords. With the support and approval of landlords, for each of these flagship locations, she plans to invest approximately \$30 million in renovation and redevelopment.

2. Operational Continuity Stores

Ten stores will undergo essential repairs to ensure they are functional and customer-ready. These locations are expected to reopen to the public within three months and will operate in a format similar to the original HBC stores.

3. Enhanced Retail Experience Stores

The remaining stores will undergo interior renovation and visual merchandising upgrades to offer an enhanced retail experience. The estimated investment for each of these locations ranges from \$5 million to \$10 million, with a targeted reopening timeline of six months.

Appended to my affidavit as **Exhibit "F"** is a copy of **Ms Qin's June 25, 2025, email to our counsel Linda Galessiere. I am advised by Linda Galessiere that she did not response to this letter as Ms Liu was represented by counsel.**

44. This email did not provide the information we required.

Liu CIC is Not an Appropriate Tenant for Westcliff's Shopping Centres

45. Westcliff operates the Fairview Park Mall as a first class shopping centre (as we are obligated to do pursuant to our lease with HBC). The shopping centre is managed to ensure optimal recoveries for our owners. This requires careful planning in our tenant selection and merchandising mix for our shopping centre. We strive to lease to best in class retailers, as such retailers will enhance our shopping centre atmosphere and character and will drive sales in the

mall. For tenants wishing to lease large anchor tenant space, the proposed tenant must have both a strong brand and a proven track record of financial success. The proposed assignee Liu CIC, has not demonstrated to our satisfaction that it had or can meet the required criteria.

46. I have reviewed paragraphs 82-133 of the affidavit sworn by David Wyatt for Morguard Investments and I fully agree with the statements he makes regarding shopping centre operations and the concerns he raises with Liu CIC's business proposal. I also echo the comments made by Mr. Wyatt regarding the time periods required to repair and retrofit stores. Rather than repeating the same issues and concerns raised and referenced in Mr. Wyatt's affidavit, I adopt-and rely on the comments and concerns raised by Mr. Wyatt in paragraph 82-133 of his affidavit.

Conclusion

47. Although the cost to re-demise, construct and re-tenant the HBC location in Fairview Park Mall will far exceed any increase in rent that Westcliff may charge new tenants (such was the case in both Target and Sears locations), the harm that will be visited on Westcliff and the Fairview Park Mall if the HBC store is assigned to an uncertain, untested, unknown retailer in an anchor tenant location (that is most likely to fail) will negatively impact the mall for many, many years to come and will likely far exceed the costs to be expended by Westcliff in redeveloping the space and executing its merchandising plan.

48. I make this affidavit in support of the relief requested here in and for no other or improper purpose.

SWORN remotely by Alan Marcovitz
stated as being located in the City of
Montreal, in the Province of Quebec,
before me at the City of Toronto in the
Province of Ontario, on 8th day of
August, 2025 in accordance with O.
Reg. 431/20, Administering Oath or
Declaration Remotely.


Commissioner for Taking Affidavits
Linda Galessiere

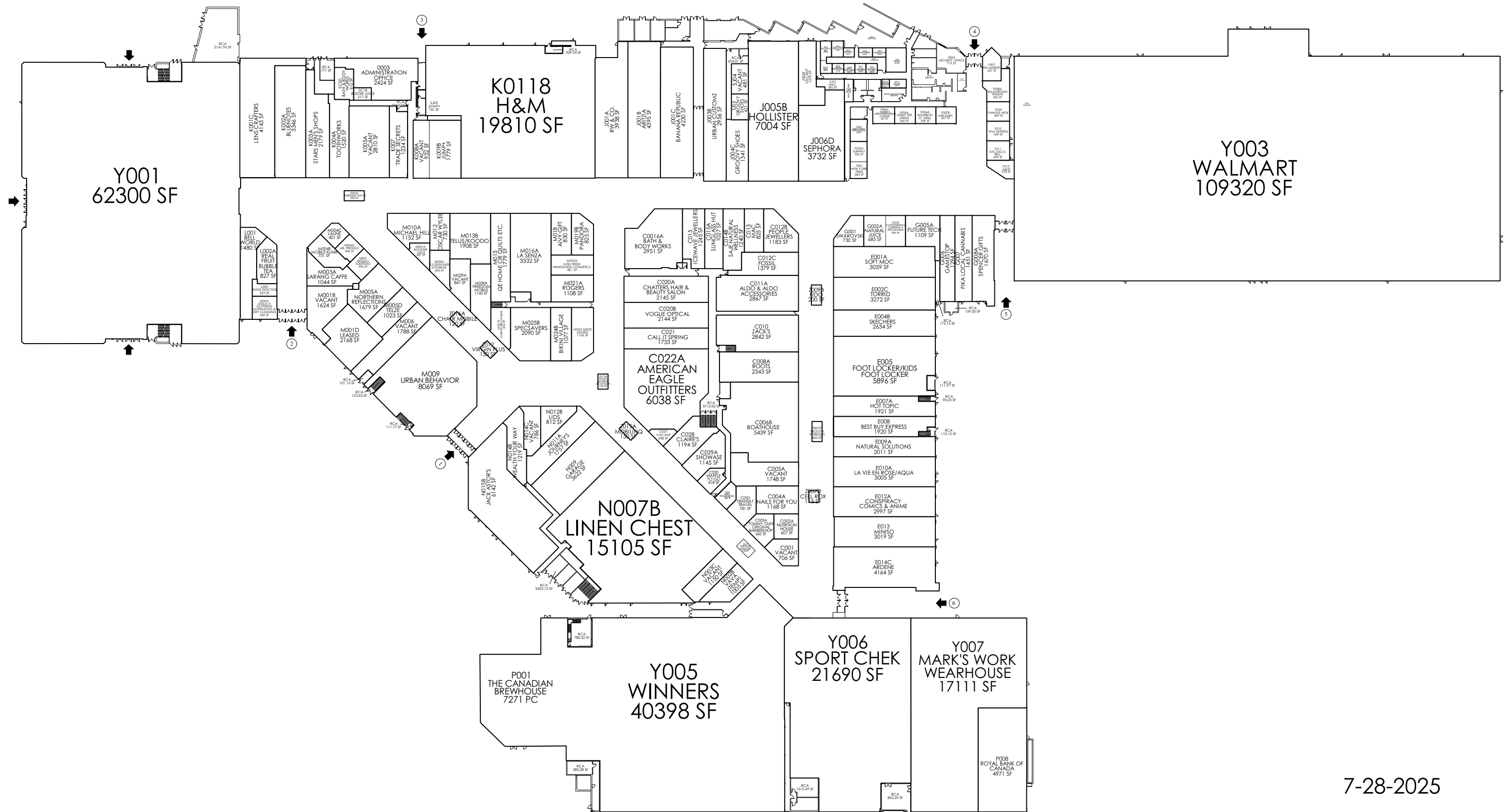


ALAN MARCOVITZ

**THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**

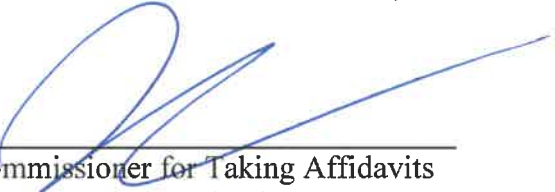


Commissioner for Taking Affidavits
Linda Galessiere



7-28-2025

**THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**



Commissioner for Taking Affidavits
Linda Galessiere

18
#3

Fairview Park

S U B L E A S E

THIS SUBLEASE made the 1st day of May, 1986.

IN PURSUANCE OF THE SHORT FORM OF LEASES ACT

BETWEEN:

SIMPSONS LIMITED, a corporation
incorporated under the laws of Canada,
(hereinafter called the "Landlord")

OF THE FIRST PART

- and -

HUDSON'S BAY COMPANY, a corporation
incorporated under the laws of Canada,
(hereinafter called the "Tenant")

OF THE SECOND PART

- and -

THE CADILLAC FAIRVIEW CORPORATION
LIMITED, a corporation incorporated
under the laws of Ontario,

(hereinafter called the "Head Landlord")

OF THE THIRD PART

WITNESSETH THAT:

WHEREAS the Landlord is a tenant under a lease
(which lease as amended from time to time is hereinafter
called the "Head Lease") from the Head Landlord, dated the
20th day of August, 1975, as amended by letter agreement
between the Landlord and the Head Landlord dated February
20, 1986 (the "Expansion Agreement"), of certain premises

00181

- 2 -

as more particularly described in the Head Lease (the "Leased Premises") for an initial term of 30 years commencing on August 20, 1975, with one option for the tenant to extend the term for 15 years and with four further options in favour of the tenant to renew the Head Lease for further periods of ten years each, subject to the terms and conditions and with payments in the amounts and at the times set forth in the Head Lease; and

WHEREAS the Tenant is the parent company of the Landlord; and

WHEREAS the Landlord has agreed to sublet the Leased Premises to the Tenant, subject to the terms and conditions and with payments in the amounts and at the times hereinafter set forth; and

WHEREAS such sublease is permitted under paragraph 7.01(a) of the Head Lease; and

WHEREAS the foregoing recitals are made as representations and statements of fact by the Landlord and the Tenant and not by the Head Landlord;

NOW THEREFORE IN CONSIDERATION of the rents, covenants and agreements hereinafter set forth:

1. (a) The Landlord demises the Leased Premises to the Tenant by way of sublease for a term to commence on the opening of business on the 1st day of May, 1986, and for a term equal to one day less than the unexpired residue of the term of years provided for in the Head Lease as hereinbefore recited, but subject to renewal as hereinafter provided and subject to sooner termination in certain events as hereinafter provided, and to the rents, covenants and agreements herein reserved and provided.

(b) If the term of the Head Lease shall be renewed on the terms therein set forth, the Landlord and the Tenant agree that the term of this Sublease shall be ipso facto renewed for a similar period less one day without further act by the Landlord or the Tenant, provided that the Landlord shall not renew the term of the Head Lease without first advising the Tenant of its intention to do so.

2. The Tenant agrees to pay, pursuant to the Head Lease during the term of this Sublease, any rent and all other costs, expenses and payments from time to time due, payable and recoverable under the Head Lease. The Landlord may at its option from time to time declare any

- 3 -

or all of such foregoing amounts to be rent when in default and in each such event all remedies of the Landlord on non-payment of rent shall be available in respect of the default.

3. The Tenant covenants and agrees with the Landlord and the Head Landlord, during the term of this Sublease:

(a) to observe and perform all its covenants and agreements in this Sublease;

(b) to observe and perform all the covenants, agreements and restrictions in the Head Lease, and not to do or neglect to do any act or thing which would bring about any breach of any of the provisions of the Head Lease, and without in any way limiting the generality of the foregoing, to permit the Head Landlord to exercise all its rights under the Head Lease;

(c) to insure for the benefit of the Head Landlord, any mortgagee and the Landlord as well as the Tenant as required by the Head Lease and otherwise as reasonably required by the Landlord;

(d) not to assign this Sublease or further sublet any portion of the Leased Premises or permit any licensee or concessionaire to conduct any business thereon without the consent of the Landlord (which consent may be arbitrarily withheld) and consent of the Head Landlord where required under the Head Lease;

(e) to use the Leased Premises only for purposes permitted by the Head Lease;

(f) upon the expiration or sooner termination of this Sublease, to vacate the Leased Premises and surrender the same to the Landlord, leaving the same in the condition required by this Sublease and the Head Lease; provided that, upon the expiration (or sooner termination) of the term of this Sublease and if the Tenant is not in default hereunder it may remove its tenant's fixtures and, in addition, the Tenant shall remove any leasehold improvements and tenant's fixtures installed by the Tenant or the Landlord (other than improvements which constitute "Simpson Improvements" as defined in the Head Lease) which the Landlord requests the Tenant to remove, subject, however, to any restrictions contained in the Head Lease and provided it makes good all damage caused by such removal, but in the event of the termination of this Sublease prior to the expiration of its term, whether for

- 4 -

breach, operation of condition or otherwise, such tenant's fixtures shall be left upon the Leased Premises and shall become the property of the Landlord without compensation to the Tenant;

(g) to indemnify and save harmless the Landlord and the Head Landlord for all loss, costs or expenses which the Landlord or Head Landlord, as the case may be, may suffer by reason of any breach of any provision of the Head Lease or this Sublease caused by any act or neglect of the Tenant;

(h) subject to any provisions of the Head Lease respecting repairs by the Head Landlord, to repair damage or destruction occurring in the Leased Premises in accordance with the provisions of the Head Lease; and

(i) not to commence any structural, major or exterior improvements, change, repair or decoration to the Leased Premises or any improvement, change, repair or decoration without first submitting to the Landlord an adequate description of the contemplated work and obtaining the Landlord's written approval of the work (which approval may be unreasonably withheld) and otherwise complying with the Landlord's obligations as tenant under the Head Lease.

4. The Landlord covenants and agrees with the Tenant:

(a) for quiet possession, subject to the provisions of this Sublease and subject to the performance by the Tenant of all its covenants and agreements hereunder;

(b) not of itself to breach or cause to be breached any provision of the Head Lease, and to keep the same in good standing and if and to the extent that the Landlord has required rent or other moneys to be paid to it and not to the Head Landlord, to apply such moneys to the extent necessary to keep the Head Lease in good standing; but the Landlord shall have no liability to the Tenant for any breach of the Head Lease or any consequences thereof resulting from the Tenant's act or neglect; and

(c) to take such measures as may be reasonable to enforce for the benefit of the Tenant as subtenant the Landlord's rights as tenant under the Head Lease.

5. (a) Proviso for re-entry by the Landlord on non-payment of rent or non-performance of covenants.

(b) The Landlord shall have the right at all times to enter upon the Leased Premises for the purpose of making

- 5 -

any repairs or modifications thereto which are, in its judgment, necessary or advisable and for the purpose of remedying or attempting to remedy any default or non-performance of the Tenant and no such entry shall of itself be deemed to be a re-entry or termination or interference with the Tenant's rights hereunder, and the Tenant shall not interfere with the Landlord in its exercise of such rights.

(c) If at any time (i) the Tenant shall make an assignment for the benefit of creditors or bulk sale, become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or the Tenant shall be wound up or its charter forfeited or surrendered, or (ii) the Tenant shall suffer any of its goods or chattels to be seized or attached by legal process, or shall abandon or attempt to abandon the Leased Premises or leave them vacant for a period in excess of ten (10) consecutive days, then in every such case the then current month's rent and the next ensuing three months' rent shall immediately become due and be paid to the Landlord and the Landlord may immediately re-enter, take possession of the Leased Premises and terminate this Sublease.

6. The Tenant acknowledges that it has inspected and accepts the present condition of the Leased Premises and acknowledges and accepts all the terms of the Head Lease and further covenants with the Landlord that if and to the extent that further improvements, work or fixtures are required to be installed or done in the Leased Premises to comply with the provisions of the Head Lease, otherwise than by the Head Landlord, the Tenant shall at its own expense and without right of compensation from the Landlord install and do such improvements, work and fixtures and complete all work in the Leased Premises in compliance with the Head Lease.

7. No acceptance of rent hereunder or neglect by the Landlord to enforce any provision hereof shall waive such provision or any breach thereof.

8. This Sublease shall terminate:

(a) in the event that at any time the Tenant ceases to be a parent, affiliate or subsidiary of the Landlord; for the purposes of this paragraph (a), "affiliate" means, with respect to the Landlord, any person, firm, association or corporation which controls, is controlled by or is under common control with the Landlord, and

- 6 -

"control" refers to the ownership, either directly or indirectly, of shares having 50% or more of the votes entitled to be cast at any general meeting of shareholders including voting for the election of directors, other than shares having such votes only subject to the happening of a contingency which has not occurred at the time control is being determined.

(b) in the event of breach by the Tenant, if the Landlord shall avail itself of its rights of re-entry and termination hereunder;

(c) if the Head Lease shall terminate pursuant to any condition of termination therein provided or by operation of law in certain circumstances and in any event the Tenant shall have no claim, recourse or damages against the Landlord save only if the Head Lease is terminated for breach caused by the Landlord and not by the Tenant, and in the event of any breach by the Tenant, the right of the Landlord to indemnity and damages shall survive such termination;

(d) if the interest of the Landlord as tenant under the Head Lease shall at any time be assigned to the Tenant; or

(e) on thirty (30) days' prior written notice given by the Landlord to the Tenant;

and in the event of such termination the Tenant shall vacate and deliver up the Leased Premises to the Landlord in compliance with all the provisions thereof and (without prejudicing the Landlord's claim for damages or expenses in the event of default by the Tenant) pay all rent and other moneys due to the date of such termination.

9. The Landlord hereby acknowledges and confirms to the Head Landlord that the Landlord shall continue to be liable to the Head Landlord for the performance of all of the Landlord's covenants and obligations contained in the Head Lease.

- 7 -

10. The Landlord and the Tenant hereby acknowledge and confirm the truth and accuracy of the recitals to this agreement and confirm the Expansion Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Sublease.

LANDLORD SIMPSON'S LIMITED

By: [Signature]
And: [Signature] c/s

TENANT: HUDSON'S BAY COMPANY

By: [Signature]
And: [Signature] c/s

HEAD LANDLORD: THE CADILLAC FAIRVIEW CORPORATION
LIMITED

By: [Signature]
And: [Signature] c/s
EXECUTIVE VICE-PRESIDENT
AUTHORIZED SIGNATURE

orig.in 18100, Tab 4 *

#1

LEASE BETWEEN
THE CADILLAC FAIRVIEW
CORPORATION LIMITED
AND
SIMPSON'S, LIMITED
(KITCHENER)

The Planning Act
CERTIFICATE OF SECRETARY-TREASURER Submission No. B-373-75
Pursuant to subsection 20 of section 42 of The Planning Act
I certify that the consent of the LAND DIVISION COMMITTEE OF THE REGIONAL MUNICIPALITY
of WATERLOO was given on September 24TH 1975 to
the transaction to which the within instrument relates. Robert C. Mahoney
Secretary-Treasurer
Dated this 29TH day of April 1976

18100

TABLE OF CONTENTS

		<u>PAGE</u>
Article I	DEFINITIONS	2
Article II	LEASE OF LEASED PREMISES	25
Article III	NET LEASE	26
Article IV	TERM AND RENEWALS	28
Article V	RENT	30
Article VI	USE AND OPERATION OF THE SIMPSONS BUILDING AND SIMPSONS IMPROVEMENTS	35
Article VII	ASSIGNMENT AND SUBLETTING	46
Article VIII	MERCHANTS' ASSOCIATION	55
Article IX	USE OF AND PAYMENT OF CHARGES FOR COMMON AREAS	57
Article X	COVENANTS OF THE LANDLORD RELATING TO THE OPERATION OF THE LANDLORD'S IMPROVEMENTS	69
Article XI	TENANT'S COVENANTS TO PAY TAXES	80
Article XII	LANDLORD'S COVENANTS TO PAY TAXES	89
Article XIII	TENANT'S COVENANTS TO MAINTAIN AND REPAIR	91
Article XIV	LANDLORD'S COVENANTS TO MAINTAIN AND REPAIR	99
Article XV	COVENANTS TO COMPLY AND CONFORM TO APPLIC- ABLE STATUTES, LAWS, ETC.	105
Article XVI	COVENANTS AS TO PAYMENT OF MORTGAGES	108
Article XVII	TENANT'S INSURANCE AND COVENANTS CONCERNING DESTRUCTION AND REBUILDING	110
Article XVIII	LANDLORD'S INSURANCE	123
Article XIX	EXPANSION OF SIMPSONS BUILDING	125
Article XX	EXPANSION OF LANDLORD'S IMPROVEMENTS	132

	<u>PAGE</u>
Article XXI SERVICES	133
Article XXII SIMPSONS OUTDOOR SELLING AREA AND AUTOMOTIVE CENTRE	141
Article XXIII LIENS	144
Article XXIV GENERAL PROVISIONS	146
Article XXV ARBITRATION	158
INDEX	160

THIS LEASE made as of the Twentieth (20th) day of August, 1975, pursuant to The Short Forms of Leases Act.

BETWEEN: THE CADILLAC FAIRVIEW CORPORATION LIMITED, a company duly amalgamated under the laws of Canada, and having its head office in the City of Toronto, Province of Ontario,

PARTY OF THE FIRST PART

AND: SIMPSON'S, LIMITED, a company duly incorporated under the laws of Canada, and having its head office in the City of Toronto, in the Province of Ontario,

PARTY OF THE SECOND PART

WHEREAS the LANDLORD is the owner of the SHOPPING CENTRE in Kitchener, Ontario and the TENANT is the owner of the SIMPSONS IMPROVEMENTS forming part of the SHOPPING CENTRE; and

WHEREAS the TENANT has agreed to lease from the LANDLORD the SIMPSONS LAND and the SIMPSONS BUILDING which form part of the SHOPPING CENTRE;

WHEREFORE THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE I
DEFINITIONS

In this LEASE (including this Article I) capitalized terms are defined terms and when used in this LEASE shall have the following meanings:

- 1.01 "ADJUSTED FLOOR AREA" means FLOOR AREA except that any FLOOR AREA in any store not at MALL level is calculated at fifty percent (50%) of actual FLOOR AREA.
- 1.02 "ARBITRATION" means the procedure provided for in Article XXV hereof.
- 1.03 "CAR SPACE" means a space so arranged as to accommodate one private passenger automobile and to provide reasonable access to such space and to such automobile.
- 1.04 "COMMON AREAS" means all improvements (including, without limitation, heating, ventilating and air-conditioning equipment, and other utilities, systems and services to the extent they serve COMMON AREAS) situated upon the lands in respect of which the term is pertinent, which are intended and available for common use and enjoyment of all tenants of the SHOPPING CENTRE including the TENANT and all occupants of the

EXTERIOR LANDS, and their respective agents, invitees, servants, employees, licensees and customers, as the case may be, as from time to time altered, reconstructed or expanded, and without limitation includes the MALL and PARKING AREAS. All the COMMON AREAS as at the OPENING DATE are shown as such on the SHOPPING CENTRE PLANS. Notwithstanding the foregoing, the area shown on the SHOPPING CENTRE PLANS as the Market Court shall not form part of the COMMON AREAS.

1.05. "CONSUMER PRICE INDEX" means the Consumer Price Index for All Items for Regional Cities (Toronto) or successor index established from time to time by Statistics Canada or other branch of the Government of Canada or, if there is no such index or successor index, a similar index established by the Government of Canada (or if said Government fails to provide such an index, by any private organization or body), agreed upon by the parties or, failing such agreement, determined by ARBITRATION.

1.06 "EFFECTIVE COST OF LONG TERM PERMANENT FINANCING" means that nominal rate of interest stated on the basis of annual compounding which when used to discount the future debt service on long term permanent financing (principal, interest and fees) to a present value will equate that present value to the net proceeds of issue and sale of the debt after deduction of all costs and expenses of creation and issue of the debt. An example

of the calculation thereof is appended to this LEASE as Schedule B.

1.07 "EVENT OF DEFAULT" shall have the meaning ascribed to it in Sections 24.04 and 24.05 of this LEASE.

1.08 "EXTERIOR LANDS" means the SIMPSONS-SEARS LAND and the WOOLWORTH LAND and, unless otherwise required by the context, includes all buildings, improvements and facilities situated thereupon.

1.09 "FLOOR AREA" means, with respect to each building or portion thereof in the SHOPPING CENTRE or on the EXTERIOR LANDS, the number of square feet of floor space within such building or portion thereof from time to time other than:

- (i) any space used exclusively for heating, ventilating and air-conditioning equipment and transformer vaults;
- (ii) any space which is not designed to be heated, ventilated or air-conditioned and is not heated, ventilated or air-conditioned in any manner whatsoever, whether by appropriation from adjacent areas or otherwise;
- (iii) any space other than in the SIMPSONS BUILDING which is not intended for rental including all such space provided for the servicing of the SHOPPING CENTRE or designed for the common use of tenants of the SHOPPING

- CENTRE and their customers and employees;
- (iv) space in any building (including in the SIMPSONS BUILDING, the SIMPSONS-SEARS BUILDING and the WOOLWORTH BUILDING) such as washrooms which may be used by the public, telephone rooms, electrical rooms, machine rooms, valve rooms, mechanical rooms, meter rooms and engineers' rooms, to the extent that such rooms are used for such purposes;
 - (v) space in the SIMPSONS OUTDOOR SELLING AREA; and
 - (vi) the basement space constructed as part of the original construction of the SIMPSONS BUILDING (other than the area thereof which is GROSS RETAIL RENTABLE FLOOR AREA, which area shall be included in FLOOR AREA) but intended as future expansion space, until such time as it is used as GROSS RETAIL RENTABLE FLOOR AREA;

it being understood that any space which is excluded from FLOOR AREA as hereinbefore provided in subparagraphs (i) through (v) may not be used for any purpose which would result in the space being considered as FLOOR AREA had the space been so used at OPENING DATE without the prior consent of the LANDLORD. In determining FLOOR AREA for the purpose of calculating the TENANT's share of INSIDE COMMON AREA OPERATING COSTS, any office space other than office space within a store and office space fronting directly on the MALL, and all space not having enclosed

pedestrian access to the MALL, shall be included in FLOOR AREA at fifty percent (50%) of actual FLOOR AREA. In all cases where FLOOR AREA is to be calculated, measurements are to be made from the exterior surface of exterior walls (including fixed or moveable barriers separating any building or part thereof from the MALL) which define the exterior limits of such building or part thereof when closed to the public, except in the case of party walls where such measurements are to be made from the centre line thereof, and from the exterior face of internal walls or other barriers or limits separating space used exclusively for heating, ventilating and air-conditioning equipment and transformer vaults from other space in such building. Except in the case of the SIMPSONS BUILDING, where a store front or entrance is recessed from the main building line the area of such recess shall be included in calculating FLOOR AREA. FLOOR AREA shall be adjusted from time to time to include therein the area used by kiosks, including the area encompassed within four feet in any direction from the exterior walls of such kiosks.

The areas of the SIMPSONS BUILDING, the SIMPSONS-SEARS BUILDING, the WOOLWORTH BUILDING and the other buildings in the SHOPPING CENTRE and on the EXTERIOR LANDS which are to be included in FLOOR AREA as at the OPENING DATE are indicated on the SHOPPING CENTRE PLANS.

1.10 "GROSS LEASEABLE AREA" means, with respect to each building or portion thereof in the SHOPPING CENTRE or on the EXTERIOR LANDS, the number of square feet of floor space from time to time within such building or portion thereof which is demised or intended to be demised to specific tenants, but excludes floor space within the SIMPSONS OUTDOOR SELLING AREA and moveable or temporary decks used only for stock purposes. In all cases where GROSS LEASEABLE AREA is to be calculated, measurements are to be made from the exterior surface of exterior walls (including fixed or moveable barriers separating any building or part thereof from the MALL) which define the exterior limits of such building or part thereof when closed to the public, except in the case of party walls where such measurements are to be made from the centre line thereof. Except in the case of the SIMPSONS BUILDING, where a store front or entrance is recessed from the main building line, the area of such recess shall be included in calculating GROSS LEASEABLE AREA.

The areas of the SIMPSONS BUILDING, the SIMPSONS-SEARS BUILDING, the WOOLWORTH BUILDING and the other buildings in the SHOPPING CENTRE and on the EXTERIOR LANDS which are to be included in GROSS LEASEABLE AREA as at the OPENING DATE are indicated on the SHOPPING CENTRE PLANS.

1.11 "GROSS RETAIL RENTABLE FLOOR AREA" means the area

(expressed in square feet) of all retail, service and office areas in the portions of the SHOPPING CENTRE or on the EXTERIOR LANDS which are demised or intended to be demised to specific tenants, including without limiting the generality of the foregoing all retail stock room areas, and excluding underground areas used exclusively for warehousing and/or truck loading, provided such excluded underground areas shall not include retail stock room areas. All measurements shall be from the exterior face of all exterior walls, doors and windows (including walls, doors and windows separating the premises from the MALL) and from the centre line of all interior walls separating the premises from adjacent premises. Notwithstanding the foregoing, any said underground area may be converted to uses other than warehousing and/or truck loading, provided that upon such conversion, the said converted area shall form part of the GROSS RETAIL RENTABLE FLOOR AREA.

The areas of the buildings in the SHOPPING CENTRE which are included in GROSS RETAIL RENTABLE FLOOR AREA as at the OPENING DATE are indicated (sometimes as "G.R.R.F.A.") on the SHOPPING CENTRE PLANS.

Notwithstanding the foregoing, the Parties acknowledge that the amount of the GROSS RETAIL RENTABLE FLOOR AREA of each and every portion of the SHOPPING CENTRE equals the amount of the FLOOR AREA of each and every such portion as at the OPENING DATE.

The identification and computation of GROSS RETAIL RENTABLE FLOOR AREA of any portion of the SHOPPING CENTRE not existing at OPENING DATE shall be done consistently with the identification and computation of like portions of the SHOPPING CENTRE as at the OPENING DATE.

1.12 "HEPC" means Ontario Hydro and successors and assigns as owner of the HEPC LANDS and "HEPC LANDS" means the lands now owned by HEPC which the LANDLORD has a right to use and occupy and which are shown as such on the SHOPPING CENTRE PLANS, and, where the context permits, includes all buildings, facilities and improvements on said lands.

1.13 "INSIDE COMMON AREAS" means such of the COMMON AREAS as are located in, on or under the buildings forming part of the LANDLORD'S IMPROVEMENTS (including any rooftop heating, ventilating or air-conditioning equipment to the extent it serves the MALL), and excluding parking deck structures and excluding facilities on or forming part of the PARKING AREAS or otherwise out-of-doors.

1.14 "INSIDE COMMON AREA OPERATING COSTS" means all costs, charges and expenses of maintaining and operating all INSIDE COMMON AREAS on a net basis (other than costs, charges and expenses which would be considered of a capital nature in accordance with normal accounting practice, except to the extent

permitted by subparagraph (iii) below), and includes without limitation and without duplication:

- (i) the cost of lighting and other utilities consumed in and the cost of maintaining and operating services to the INSIDE COMMON AREAS, including the cost of supplying heating, air-conditioning and ventilation to the enclosed portion of the INSIDE COMMON AREAS which are heated and air-conditioned, and the cost of lighting and other utilities consumed in the MALL and public washrooms;
- (ii) the cost of cleaning, janitorial services, removing refuse from and supervising and policing the INSIDE COMMON AREAS;
- (iii) the cost of maintaining, operating, repairing and replacing fixtures and other machinery, equipment and building services in the INSIDE COMMON AREAS (including, without limitation, public address and background music systems, public telephones, public lockers, coat checking and information facilities in the INSIDE COMMON AREAS) to the extent such fixtures, machinery, equipment and building services serve the INSIDE COMMON AREAS, and the cost of maintaining landscaped areas which are part of the INSIDE COMMON AREAS, and the cost of repairs to the INSIDE COMMON AREAS, including replacements necessarily made to maintain such INSIDE COMMON AREAS in good and

substantial repair provided that no such repairs are made in order to remedy structural defects or faulty workmanship and materials in construction or errors in design and engineering or are made to improve (and not just to maintain) the standard of INSIDE COMMON AREAS; and further provided that the cost of capital replacements under this subparagraph (iii) shall not exceed Four thousand dollars (\$4,000) in any individual case or Sixteen thousand dollars (\$16,000) in the aggregate in any LEASE YEAR, provided that such limits of Four thousand dollars (\$4,000) and Sixteen thousand dollars (\$16,000) shall be adjusted annually for each LEASE YEAR after the first LEASE YEAR in the proportion that the CONSUMER PRICE INDEX determined as at the beginning of each such LEASE YEAR bears to the CONSUMER PRICE INDEX determined as at the OPENING DATE;

- (iv) depreciation in respect of the excess cost of any capital replacement made under subparagraph (iii) above, where the capital replacement is made by the LANDLORD in accordance with sound property management principles and with the prior written approval of the TENANT (except to the extent that the cost of any such replacement exceeds the cost of making such replacement with materials and workmanship similar to that originally used), such depreciation to be charged on a straight line basis over the estimated life of such

- replacement. The approval by the TENANT to any such capital replacement shall not be withheld if, over the estimated life of the replacement, the annual cost which would be incurred by the LANDLORD in repairing the facility to be replaced could reasonably be expected to exceed the amount of the annual depreciation in respect of such replacement which would be included in the cost of maintaining and operating the INSIDE COMMON AREAS under this subparagraph (iv) plus the annual cost which would be incurred by the LANDLORD in repairing the facility as so replaced; any dispute as to whether or not such approval has been withheld in violation of the provisions of this subparagraph (iv) shall be settled by ARBITRATION;
- (v) the cost of REAL PROPERTY TAXES and business taxes levied in respect of the INSIDE COMMON AREAS and the lands appropriately associated therewith (less any amount thereof levied against particular tenants or licensees) except those levied in respect of facilities when and to the extent used for the particular benefit of any tenant or licensee thereof and not for the benefit of the tenants generally, or, to the extent that such cost is allocated to INSIDE COMMON AREAS pursuant to the provisions of Article XI hereof, the amount of REAL PROPERTY TAXES so allocated and the amount of the costs of the quantity surveyor and

appraiser so allocated;

- (vi) the cost of fire and public liability insurance premiums which the LANDLORD is required to maintain pursuant to this LEASE, or shall reasonably maintain, in respect of the INSIDE COMMON AREAS;
- (vii) interest during each LEASE YEAR calculated on the undepreciated portion of that part of the cost of any capital replacement in respect of which depreciation is allowed under subparagraph (iv) above, at a rate per annum of one percent (1%) in excess of the annual rate of interest charged as at the end of each LEASE YEAR on Canadian dollar loans to prime credit risks by The Toronto-Dominion Bank or other Canadian chartered bank acceptable to both the LANDLORD and the TENANT; and
- (viii) two thousand five hundred dollars (\$2,500) in each LEASE YEAR in lieu of the costs of management, supervision and administration in connection with the maintenance, repair and operation of the INSIDE COMMON AREAS, provided that such amount shall be adjusted annually for each LEASE YEAR after the first LEASE YEAR in the proportion that the CONSUMER PRICE INDEX determined as at the beginning of each such LEASE YEAR bears to the CONSUMER PRICE INDEX determined as at the OPENING DATE;

but there shall be excluded from INSIDE COMMON AREA OPERATING

COSTS (or deducted therefrom, to the extent otherwise included) the following:

- (a) all monies recoverable under any insurance policies with respect to damage to the INSIDE COMMON AREAS, or which would have been recoverable if the LANDLORD had complied with its obligations to insure under Section 18.02, and recoverable under claims for damage or indemnity from third parties, in both cases to the extent applicable to repair or replacement items the cost of which would otherwise be included hereunder;
- (b) recoveries made by the LANDLORD in respect of warranties and construction guarantees relating to the INSIDE COMMON AREAS, to the extent applicable to repair or replacement items the cost of which would otherwise be included hereunder;
- (c) all recoveries, contributions, rebates and savings whatsoever in respect of damage, insurance premiums and other costs and expenses included hereunder and the total amount received by the LANDLORD (and not paid directly into the MERCHANTS' ASSOCIATION with the prior approval of the TENANT) from fees charged by the LANDLORD for use of the whole or any part of the INSIDE COMMON AREAS (other than contributions by the TENANT and other tenants of FLOOR AREA of a shared portion of net costs of maintaining and operating the INSIDE COMMON AREAS);

- (d) head office or regional office, management, supervision, administration and other overhead and indirect costs (the intention being that only costs pursuant to subparagraph (viii) of this Section 1.14 shall be included in INSIDE COMMON AREA OPERATING COSTS); and
- (e) the cost of REAL PROPERTY TAXES levied in respect of INSIDE COMMON AREAS where no allocation in respect of such REAL PROPERTY TAXES is required to be made to category (b) referred to in Section 11.04 by virtue of the operation of Section 11.04;

it being understood and agreed that to the extent that items of costs, charges and expenses are not included in the list of items (i) through (vii) they shall be of the type there listed and necessary for the operation, maintenance and repair, but not reconstruction of, the INSIDE COMMON AREAS; items other than those contemplated by the said list of items (i) through (vii), or not of the same type, shall be included only with the consent of the TENANT, not to be unreasonably withheld; without limiting the generality of the foregoing limitation which excludes from INSIDE COMMON AREA OPERATING COSTS all costs, charges and expenses of a capital nature except to the extent specified, no amount shall be included in INSIDE COMMON AREA OPERATING COSTS with respect to original acquisition and construction costs, costs incurred in the building or replacement of any premises in

the SHOPPING CENTRE, costs incurred in the repair of latent or inherent defects in the original construction of the INSIDE COMMON AREAS, finance or mortgage charges, nor costs incurred with respect to any matter for which the LANDLORD has agreed to indemnify the TENANT under this LEASE.

1.15 "LANDLORD" means the Party of the First Part and its successors and assigns as owner of the SHOPPING CENTRE other than the HEPC LANDS, the SIMPSONS IMPROVEMENTS and the exclusions set forth in (a) and (b) of Section 1.34.

1.16 "LANDLORD'S IMPROVEMENTS" means all buildings, facilities and improvements forming part of the SHOPPING CENTRE, other than the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the exclusions set forth in (a) and (b) of Section 1.34.

1.17 "LEASE" means this lease as from time to time amended, all schedules attached hereto and the rules and regulations made from time to time by the LANDLORD as hereinafter provided.

1.18 "LEASE YEAR" means the period of twelve months from the OPENING DATE and each succeeding twelve month period provided that if the OPENING DATE is not the first day of a calendar month, "LEASE YEAR" shall mean the period from the OPENING DATE to the last day of the same calendar month in the succeeding

calendar year and each succeeding twelve month period and further provided that the final LEASE YEAR shall mean the period from the end of the next-to-last LEASE YEAR to the date of termination of this LEASE. For the purposes of Article IX hereof, the LANDLORD may, in its discretion, but only on at least six (6) months' notice to the TENANT, from time to time specify a date from which a subsequent LEASE YEAR will commence (in which event the then current LEASE YEAR for such purposes will terminate on the day preceeding such date and appropriate adjustments will be made).

1.19 "LEASED PREMISES" means the SIMPSONS LAND and the SIMPSONS BUILDING.

1.20 "MALL" means the enclosed pedestrian mall, corridors, courts, arcades, stairways and escalators, if any, which are shown on the SHOPPING CENTRE PLANS, all as from time to time altered, reconstructed or expanded.

1.21 "MARKUS" means Arthur J. Markus and his successors and assigns as owner of the WOOLWORTH LAND.

1.22 "MERCHANDISING PLAN" means the plan, as from time to time amended in accordance with Section 10.04 of this LEASE, allocating the permitted types of use to various tenant locations comprised in the SHOPPING CENTRE EXPANSION, the original MERCHANDISING PLAN being annexed as Schedule C to this LEASE.

1.23 "MERCHANTS' ASSOCIATION" means the merchants' association referred to in Section 8.01 of this LEASE or a successor association.

1.24 "MORTGAGEE" includes a trustee for bondholders.

1.25 "OPENING DATE" means the Twentieth (20th) day of August, 1975.

1.26 "ORIGINAL TERM" means a term of twenty-one (21) years less a day, commencing on the OPENING DATE; provided that if the approval of the appropriate authority or authorities as required by Section 29 of The Planning Act, Revised Statutes of Ontario 1970, as amended, or any legislation in substitution therefor or in addition thereto, shall have been obtained or the requirements of Section 29 of The Planning Act shall have been otherwise appropriately complied with at any time prior to the expiration of such ORIGINAL TERM, and conditional thereon, the ORIGINAL TERM shall be automatically extended so as to end thirty (30) years after the OPENING DATE.

1.27 "PARKING AREAS" means the paved portions of the SHOPPING CENTRE (including the SIMPSONS IMPROVEMENTS) which have been and are to be allocated for the parking of motor vehicles (such portions already so allocated being designated as such on

the SHOPPING CENTRE PLANS), as from time to time altered, reconstructed or expanded, and includes entrances, roads and other means of access thereto and any parking structures or other parking facilities from time to time constructed in the SHOPPING CENTRE (including the SIMPSONS DECK PARKING FACILITIES).

1.28 "REAL PROPERTY TAXES" means all general, local improvement and school taxes, levies, rates, assessments and charges from time to time imposed against real property by any TAXING AUTHORITY, but excludes business taxes and other taxes to the extent that they do not constitute a lien or charge against the SHOPPING CENTRE.

1.29 "RENT" means the annual basic rent referred to in Section 5.01 hereof, as it may be adjusted under such Section.

1.30 "SHOPPING CENTRE" means all structures and other facilities and improvements located from time to time on the SHOPPING CENTRE LANDS and, where the context permits, includes such lands.

1.31 "SHOPPING CENTRE EXPANSION" means all structures and other facilities and improvements located from time to time on the lands indicated as "Shopping Centre Expansion Lands" on the SHOPPING CENTRE PLANS and, where the context permits, includes such lands.

1.32 "SHOPPING CENTRE LANDS" means the lands which are shown as such on the SHOPPING CENTRE PLANS and which are more particularly described as all and singular that certain parcel or tract of land and premises, situate, lying and being in the City of Kitchener in the Regional Municipality of Waterloo (formerly County of Waterloo) in the Province of Ontario, being composed of those parts of Lots 10 and 14 as shown on Plan 961, and those parts of Lot 4 as shown on Plan 962, filed in the Land Registry Office for the Land Registry Division of Waterloo North (No. 58) and designated as Parts 1, 2, 3, 4, 5, 6, 19, 22, 23, 24, 25 and 40 on a plan of survey on record in the said Office as 58R-1539.

Notwithstanding the foregoing, the HEPC LANDS will cease to form part of the SHOPPING CENTRE LANDS as and from the time when the LANDLORD shall cease to have the right of use thereof.

1.33 "SHOPPING CENTRE PLANS" means the plans annexed hereto as Schedule A.

1.34 "SIMPSONS BUILDING" means the store building and all fixtures and equipment situated therein or thereon, constructed on the SIMPSONS LAND, as from time to time altered, reconstructed or expanded, but not including (a) equipment, fixtures, leasehold

improvements and facilities which by Section 13.07 SIMPSONS owns or is deemed to own and (b) the SIMPSONS OUTDOOR SELLING AREA.

1.35 "SIMPSONS DECK PARKING FACILITIES" means the deck parking facilities erected upon the SIMPSONS LAND from time to time.

1.36 "SIMPSONS IMPROVEMENTS" means the structures, improvements and facilities situated upon the SIMPSONS LAND, as from time to time altered, reconstructed or expanded, including, without limitation, the SIMPSONS DECK PARKING FACILITIES, the truck court, grade parking facilities, flag-poles, lamp standards, sidewalks, exterior stairs and landscaping but excluding the SIMPSONS BUILDING, the SIMPSONS LAND, the SIMPSONS OUTDOOR SELLING AREA during the periods of its use pursuant to Article XXII hereof and the exclusion set forth in (a) of Section 1.34.

1.37 "SIMPSONS LAND" means the land which is the site of the SIMPSONS BUILDING, the SIMPSONS DECK PARKING FACILITIES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA and which is shown on the SHOPPING CENTRE PLANS.

1.38 "SIMPSONS OUTDOOR SELLING AREA" means the improvements, structures, equipment, fixtures and facilities situated upon a portion of the SIMPSONS LAND which the TENANT may use and occupy

for outdoor selling activities in accordance with Section 22.01 of this LEASE, the location of which portion of the SIMPSONS LAND is shown on the SHOPPING CENTRE PLANS, but not including any part of the SIMPSONS LAND.

1.39 "SIMPSONS-SEARS" means Simpsons-Sears Limited and its successors and assigns as owner of the SIMPSONS-SEARS BUILDING and the SIMPSONS-SEARS LAND.

1.40 "SIMPSONS-SEARS BUILDING" means the store building and all fixtures and equipment situated therein or thereon and other improvements constructed on the SIMPSONS-SEARS LAND, as from time to time altered, reconstructed or expanded.

1.41 "SIMPSONS-SEARS LAND" means the land which is the site of the SIMPSONS-SEARS BUILDING and which is shown on the SHOPPING CENTRE PLANS.

1.42 "TAXING AUTHORITY" means any duly constituted public authority, whether federal, provincial, municipal, school or otherwise, legally empowered to make real property assessments or evaluations or to impose taxes, rates, assessments or charges on, upon, or in respect of the SHOPPING CENTRE and the EXTERIOR LANDS.

1.43 "TENANT" means Simpsons, Limited and its successors and

assigns as tenant under this LEASE.

1.44 "TERM" means the entire term of this LEASE, including the ORIGINAL TERM and the renewal periods, if any, as described under Section 4.02 and resulting from the deemed exercise of the TENANT's options under Section 4.02.

1.45 "UNAVOIDABLE DELAY" means any prevention, delay, stoppage or interruption in the performance of any obligation of a party hereunder due to strike, lockout, labour dispute, act of God, inability to obtain labour or materials, application of laws, regulations or orders of governmental authorities, or the occurrence of enemy or hostile action, civil commotion, fire or other casualty, condition or cause beyond the reasonable control of the party obliged to perform (but shall not include any inability to perform because of a lack of funds or any financial condition).

1.46 "WOOLWORTH" means F.W. Woolworth Co. Limited and its successors and assigns as tenant of the WOOLWORTH LAND and the WOOLWORTH BUILDING.

1.47 "WOOLWORTH BUILDING" means the store building and all fixtures and equipment situated therein or thereon and other improvements constructed on the WOOLWORTH LAND, as from time to time altered, reconstructed or expanded.

1.48 "WOOLWORTH LAND" means the land which is the site of the WOOLWORTH BUILDING and which is shown on the SHOPPING CENTRE PLANS.

ARTICLE IILEASE OF LEASED PREMISES

2.01 The LANDLORD hereby leases to the TENANT for the TERM, upon and subject to the covenants and conditions herein expressed, the LEASED PREMISES.

ARTICLE IIINET LEASE

3.01 The TENANT acknowledges that the SIMPSONS BUILDING, improvements therein or thereon erected as at the OPENING DATE and the SIMPSONS IMPROVEMENTS have been constructed under the control and supervision of the TENANT by a contractor chosen by the TENANT and in conformity with plans and specifications prepared on behalf of and approved by the TENANT. The LANDLORD acknowledges that they were constructed in accordance with said plans and specifications. The TENANT hereby assigns to the LANDLORD, effective only upon the termination of this LEASE, all assignable warranties, indemnities and guarantees relating to the condition of the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS.

3.02 It is the intention of the parties that the RENT payable hereunder shall be net to the LANDLORD and that, except as otherwise herein expressly provided, the TENANT shall, at its expense and to the complete exoneration of the LANDLORD, pay all costs, outlays and expenses of any nature and kind whatsoever relating directly to the LEASED PREMISES in connection with their occupancy and use, provided that the TENANT shall not be responsible for the payment of any amounts or the performance of any obligations under any mortgage, charge, lien, trust deed or agreement relating to any one or more of the LEASED PREMISES or any fixtures or leasehold improvements of the TENANT therein or

thereon or the SIMPSONS IMPROVEMENTS, except insofar as the said mortgage, charge, lien, trust deed or agreement shall have been given, created or made by the TENANT, nor shall the TENANT be liable to pay any income, capital or other tax of the LANDLORD, save as otherwise provided in Article XI.

3.03 Save as herein otherwise specifically provided the TENANT hereby waives and renounces the right to set off any and all existing or future claims against any RENT or other amounts due hereunder and agrees to pay such RENT and other amounts regardless of any claim or set-off which may be asserted by the TENANT or on its behalf.

ARTICLE IV
TERM AND RENEWALS

4.01 This LEASE shall be for the ORIGINAL TERM.

4.02 Subject to and conditional upon the consent of the appropriate authority or authorities as required by Section 29 of The Planning Act, Revised Statutes of Ontario 1970, as amended, or any legislation in substitution therefor or in addition thereto, having been obtained or the requirements of Section 29 of The Planning Act having been otherwise appropriately complied with, prior to the expiration of the ORIGINAL TERM, the TENANT shall have the options to renew this LEASE for a renewal period of fifteen (15) years and thereafter for four (4) further successive renewal periods of ten (10) years each, provided that the TENANT does not give notice to the LANDLORD of its intention not to renew pursuant to the provisions of this Section 4.02. An option shall be deemed to have been exercised by the TENANT unless the TENANT, not less than twelve (12) months prior to the date on which the TERM (as if there were no subsequent renewal under this Article IV) would otherwise expire, gives notice to the LANDLORD that it does not intend to renew. In the event that the TENANT gives such notice, this LEASE and the TERM hereby demised shall terminate at the end of the ORIGINAL TERM or, if such notice is given during a renewal period, at the end of the

renewal period and the TENANT shall have no further options to renew this LEASE. In the event no such notice is given then, subject to this Section 4.02 and to Sections 17.06 and 24.04 and subject to the surrender of the LEASE as contemplated by Section 7.03 of this LEASE, this LEASE and the TERM hereby demised shall continue for at least the next subsequent renewal period. Each renewal period shall be subject to the covenants, obligations and agreements and shall be upon the terms and conditions as are contained in this LEASE, it being understood and agreed that there shall be no right of extension or renewal beyond the fifth (5th) such renewal.

4.03 If the TENANT remains in possession of the LEASED PREMISES after the TERM, except pursuant to an agreement between the LANDLORD and the TENANT under terms and conditions other than as set out in this Section 4.03, the TENANT shall be deemed to be a tenant from month to month at a monthly rent equal to one twelfth (1/12th) of the RENT applicable to the last year of the TERM and otherwise upon all the terms and conditions of this LEASE, modified appropriately (insofar as they are applicable at all) so as to be applicable to a month-to-month tenancy.

ARTICLE VRENT

5.01 Subject as hereinafter provided, the TENANT covenants and agrees to pay to the LANDLORD, in addition to all other amounts payable by the TENANT under this LEASE, an annual basic rent comprising the following:

- (a) in respect of each of the first twenty-five LEASE YEARS, Five hundred and forty-one thousand and two hundred and twelve dollars and two cents (\$541,212.02) (being Two Dollars and ninety-three cents (\$2.93) per square foot of GROSS LEASEABLE AREA of the SIMPSONS BUILDING), adjusted as hereinafter provided;
- (b) in respect of each of the LEASE YEARS from the twenty-sixth LEASE YEAR to the end of the ORIGINAL TERM, inclusively, and in respect of each of the LEASE YEARS during each renewal period of the LEASE, thirty-three percent (33%) of the amount, as adjusted, referred to in paragraph (a) above; and
- (c) in respect of each of the first thirty LEASE YEARS, an amount of Thirty-four thousand and six hundred and one dollars and forty-seven cents (\$34,601.47), in addition to any amounts payable under paragraphs (a) or (b) above.

If any LEASE YEAR is more or less than twelve (12)

months, the RENT therefor shall be proportionately increased or decreased, as the case may be, on a per diem basis.

If the EFFECTIVE COST OF LONG TERM PERMANENT FINANCING should be different from or vary from nine percent (9%) per annum, then the amount of Five hundred and forty-one thousand and two hundred and twelve dollars and two cents (\$541,212.02) referred to above as requiring adjustment shall increase or decrease retroactively (but without interest being payable on amounts owing in virtue of such retroactive effect) to the OPENING DATE or a date three years prior to the date on which long-term permanent financing has been closed, whichever is the later. The amount of such increase or decrease shall be six cents per square foot of GROSS LEASEABLE AREA of the SIMPSONS BUILDING for each one-quarter of one percent by which the EFFECTIVE COST OF LONG TERM PERMANENT FINANCING increases or decreases respectively (or a proportion of such variation in RENT if the variation in the EFFECTIVE COST OF LONG TERM PERMANENT FINANCING should be less than one-quarter of one percent), provided, however, that in no instance would the adjusted amount from the OPENING DATE to the twenty-fifth LEASE YEAR exceed Six hundred and seven thousand seven hundred and nine dollars and six cents (\$607,709.06), being Three dollars and twenty-nine cents (\$3.29) per square foot of GROSS LEASEABLE AREA of the SIMPSONS BUILDING.

As soon as long term permanent financing has been

closed, the LANDLORD shall give the TENANT notice thereof. There shall be no more than one such increase or decrease, and there shall be no such increase or decrease unless the long term permanent financing has been closed before the expiry of the fifth LEASE YEAR.

5.02 The LANDLORD acknowledges receipt from the TENANT of a deposit on account of the RENT of One million and thirty-eight thousand and forty-four dollars (\$1,038,044.00) which shall be applied against the RENT at the rate of thirty-four thousand and six hundred and one dollars and forty-seven cents (\$34,601.47) per annum in equal monthly amounts of two thousand and eight hundred and eighty-three dollars and forty-six cents (\$2,883.46), each in advance, on the first day of each and every month of the ORIGINAL TERM after the OPENING DATE. The LANDLORD shall be free to deal with said deposit at its discretion, and no trust of any nature whatsoever shall attach thereto. Save as hereinafter provided no part of said deposit shall be refundable to the TENANT if this LEASE is terminated or deemed to expire before the end of the ORIGINAL TERM. However, an appropriate portion thereof shall be refunded to the TENANT if the LEASE is terminated before the end of the ORIGINAL TERM by reason of an expropriation of all of the LEASED PREMISES, provided that if an EVENT OF DEFAULT has occurred, the LANDLORD shall be entitled, at its option, to retain such portion on account of damages without

prejudice to its other rights and recourses, including a right to claim damages in excess of the amount so retained.

5.03 For all purposes of this Article, GROSS LEASEABLE AREA shall mean the GROSS LEASEABLE AREA determined as of the OPENING DATE and no adjustments shall be made thereto in the event of the construction or other creation of any additional GROSS LEASEABLE AREA unless the LANDLORD and the TENANT otherwise agree.

5.04 The RENT shall be paid to the LANDLORD or such other person as may be designated by the LANDLORD in lawful money of Canada in equal monthly instalments, in advance, on the first day of each and every calendar month (save that if the OPENING DATE is other than the first day of a calendar month, the payments for the portion of the first and last calendar months of the TERM and for each calendar month in which RENT changes shall be adjusted appropriately on a per diem basis). All payments hereunder shall be made at such place in Canada as the LANDLORD shall from time to time advise the TENANT in writing.

5.05 The LANDLORD and the TENANT agree that they will from time to time, at the request of the other, confirm in writing the amount of the RENT to be paid under the provisions of this LEASE.

5.06 All sums payable by the TENANT to the LANDLORD under

this LEASE, for any reason whatsoever, may be collected by the LANDLORD as rent.

5.07 The TENANT covenants with the LANDLORD: (1) to pay the RENT and all other sums from time to time due to the LANDLORD from the TENANT under this LEASE; and (2) to observe and perform all covenants and obligations of the TENANT under this LEASE.

5.08 The LANDLORD covenants with the TENANT: (1) for quiet enjoyment of the LEASED PREMISES; and (2) to observe and perform all the covenants and obligations of the LANDLORD under this LEASE.

ARTICLE VIUSE AND OPERATION OF THE SIMPSONS BUILDING
AND SIMPSONS IMPROVEMENTS

6.01 The TENANT covenants to operate or cause to be operated the SIMPSONS BUILDING and all improvements at any time standing thereon and/or machinery, accessories and equipment or other facilities therein or thereon and the SIMPSONS OUTDOOR SELLING AREA (during the period or periods of its use) continuously, actively and diligently and to a first-class standard as a typical department store and outdoor selling area of the TENANT, respectively, in accordance with the provisions of this LEASE, and for no other purpose whatsoever without the prior written consent of the LANDLORD. The name under which such department store and outdoor selling area shall be operated shall contain the word "Simpsons" or such other word as shall be the dominant word in the name under which the department store business of the TENANT is then being carried on in southern Ontario.

6.02 The SIMPSONS BUILDING and all improvements at any time standing thereon and/or machinery, accessories and equipment or other facilities therein or thereon shall be so used and operated throughout the TERM in a lawful manner and as efficiently, as nearly as may be, as other department stores of the TENANT, and it shall not be vacated either actually or constructively, except as permitted under the provisions of this LEASE.

6.02A Subject to the provisions of Section 9.14 hereof, the TENANT covenants to operate or cause to be operated the SIMPSONS IMPROVEMENTS continuously, actively and diligently for the purposes for which they were intended, in accordance with the provisions of this LEASE and for no other purpose whatsoever without the prior consent of the LANDLORD during all the hours during which the SIMPSONS BUILDING is open for business to the public. The TENANT further covenants to operate or cause to be operated the PARKING AREAS (including the SIMPSONS DECK PARKING FACILITIES), roads and sidewalks, to the extent that such PARKING AREAS, roads and sidewalks form part of the SIMPSONS IMPROVEMENTS, for the purposes for which they were intended, in accordance with the provisions of this LEASE, and for no other purpose whatsoever without the prior consent of the LANDLORD, during all the hours during which the LANDLORD'S IMPROVEMENTS are open for business to the public.

In the event that the whole or any part of the area in the basement of the SIMPSONS BUILDING is used for warehousing purposes, whether by the TENANT or a sub-lessee, licensee or concessionaire, as contemplated in Section 7.01(d)(iii) hereof, any vehicles used to transport goods to or from such space shall not interfere materially with the normal traffic flow in the SHOPPING CENTRE.

For greater certainty but without restricting the generality of the foregoing, the TENANT agrees that the SIMPSONS IMPROVEMENTS shall not be used for storage or, except as otherwise provided in Article XXII of this LEASE, selling.

The TENANT shall operate the SIMPSONS IMPROVEMENTS to the same standard as other similar COMMON AREAS in the SHOPPING CENTRE and consistently and harmoniously with the operation of other COMMON AREAS in the SHOPPING CENTRE. The TENANT shall have the right, subject to the express provisions hereof to change the location, area or arrangement of any roads, sidewalks, pedestrian walkways, PARKING AREAS or landscaped areas forming part of the SIMPSONS IMPROVEMENTS with a view to the improvement of the convenience and use thereof by the tenants in the SHOPPING CENTRE and their customers, invitees, licencees and employees, provided that the TENANT shall not make any change in the location, area or arrangement of roads or any other such change which is material without the prior approval of the LANDLORD, which approval shall not be unreasonably withheld or delayed. Such approval shall not be deemed to be unreasonably withheld by the LANDLORD if such change would create an improper balance of parking and access or would alter the traffic pattern or traffic flow in the SHOPPING CENTRE and/or the EXTERIOR LANDS to the material detriment of the LANDLORD or any occupant or occupants of the SHOPPING CENTRE or the EXTERIOR LANDS.

In the event of the change in location, area or arrangement of the facilities mentioned in the preceding paragraph or in Section 9.14 hereof, whether by the TENANT pursuant to this Section or by the LANDLORD pursuant to Section 9.14 hereof, the party making the change shall bear the burden of any increase in the cost of operating the said facilities or the facilities mentioned in Section 9.14 hereof which may result from the making of such change but shall receive the benefit of any decrease in such cost. Any increase, or decrease, as the case may be, in such cost in each LEASE YEAR shall be deemed to be an amount equal to the amount, if any, by which the actual costs in this regard in such LEASE YEAR exceed, or are less than, the estimated cost which would have been incurred in such LEASE YEAR if such change had not been made. Any dispute as to the estimated cost referred to in this paragraph shall be settled by ARBITRATION.

Without restricting the generality of the foregoing, the TENANT shall adequately light the PARKING AREAS, roads and sidewalks forming part of the SIMPSONS IMPROVEMENTS at least when the LANDLORD'S IMPROVEMENTS are open for business to the public.

The TENANT shall at all times provide or cause to be provided on or in the SIMPSONS IMPROVEMENTS not less than the number of CAR SPACES required to provide, in respect of the GROSS RETAIL RENTABLE FLOOR AREA of the SIMPSONS BUILDING, the parking

ratio set out in Section 10.07. For the purpose of calculating from time to time the number of CAR SPACES, any part or parts of the PARKING AREAS under the SIMPSONS OUTDOOR SELLING AREA shall continue to be counted as part of the PARKING AREAS notwithstanding such use, provided that an EVENT OF DEFAULT shall not then exist in respect of the TENANT'S obligations under Sections 22.01 and 22.02 hereof. The TENANT may withhold compliance with municipal by-laws, regulations or resolutions requiring additional CAR SPACES so long as the same are being diligently contested in good faith and so long as such contestation or non-compliance therewith does not render all or any of the buildings and improvements erected on the SHOPPING CENTRE LANDS subject to sale or forfeiture or otherwise jeopardize the rights of the LANDLORD. The TENANT may, with the consent of the LANDLORD, reduce the parking ratio if such reduction is permitted under applicable by-laws, regulations or resolutions.

Subject to the foregoing, the COMMON AREAS forming part of the SIMPSONS IMPROVEMENTS shall be under the control and management of the TENANT.

6.03 The TENANT may determine the hours in a week when the SIMPSONS BUILDING shall remain open, provided that (a) it will remain open not less than forty hours (or proportionately less during any week where there are statutory holidays or days of

public or private mourning) in that week, and (b) the TENANT shall use its best efforts to give the LANDLORD reasonable advance notice of its intention to make such change.

6.04 The TENANT shall keep the display and other windows of the SIMPSONS BUILDING and a reasonable portion of the floors of the SIMPSONS BUILDING which are visible from the MALL suitably illuminated during all hours when the SIMPSONS BUILDING and the LANDLORD'S IMPROVEMENTS shall be open to the public for business.

6.05 The TENANT shall not use or permit any part of the SIMPSONS BUILDING or any improvements at any time standing therein and/or machinery, accessories and equipment or other facilities therein or thereon, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA to be used in such manner as to cause a nuisance, nor shall the TENANT cause or permit annoying noises or vibrations or offensive odours.

6.06 The TENANT shall not place or leave or permit any of its employees, agents, or contractors to place or leave in or about any part of the SHOPPING CENTRE, any debris or refuse, except in suitable receptacles (which in the case of refuse and garbage of a perishable nature, shall be refrigerated or suitably enclosed) and at locations approved by the LANDLORD. The TENANT shall pay for the cost of any garbage and refuse removal service

required by it in addition to that provided by the City of Kitchener or its successors. The TENANT, at its sole cost and expense, shall keep the LEASED PREMISES and all improvements at any time standing thereon and/or machinery, accessories and equipment or other facilities therein or thereon, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA in a clean and sanitary condition in accordance with all applicable directions, rules and regulations of any health officer or other proper officer of the City of Kitchener or other governmental authority or agency having jurisdiction, and in the event that the TENANT fails to comply with the foregoing provisions, the LANDLORD may on reasonable prior notice to the TENANT rectify the situation and the reasonable expenses incurred by the LANDLORD in connection therewith shall be forthwith payable by the TENANT.

6.07 The TENANT shall not carry on any merchandising activities or make any display of merchandise in the SHOPPING CENTRE otherwise than in the SIMPSONS BUILDING and (subject to the provisions of Article XXII hereof) the SIMPSONS OUTDOOR SELLING AREA and in any kiosks leased to the TENANT, except as part of a promotion approved by the LANDLORD.

6.08 The TENANT shall not load or unload any merchandise, supplies, garbage, refuse or other materials except in the truck court forming part of the SIMPSONS IMPROVEMENTS, provided however that this Section shall not apply to deliveries of small parcels

to the SIMPSONS BUILDING where it is not practical or desirable to deliver the same through such truck court, so long as, in making such delivery, there shall be no obstruction of the entrances to the MALL.

6.09 The TENANT shall heat, ventilate and air-condition the SIMPSONS BUILDING and the SIMPSONS DECK PARKING FACILITIES (other than portions thereof which are not designed to be heated, ventilated or air-conditioned) whenever reasonably required and in such manner that there will be no direct or indirect appropriation of the heating and air-conditioning in the MALL. The TENANT's obligations under this Section shall be subject to interruption caused by breakdowns and while repairs are being made, which breakdowns shall be remedied and repairs made with all reasonable diligence. The TENANT shall pay the cost of all electricity, water and other utilities consumed in or by the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS.

6.10 The TENANT will not store or permit to be stored in or on the LEASED PREMISES or the SIMPSONS IMPROVEMENTS any dangerous, inflammable or explosive thing or any other thing which would have the effect of increasing the LANDLORD's insurance cost or of causing the cancellation of all or part of such insurance other than things stored for sale or use in the ordinary course of the department store business as usually carried on by the TENANT.

6.11 The TENANT shall install upon the exterior of one or both of the SIMPSONS BUILDING and the SIMPSONS DECK PARKING FACILITIES at least one illuminated sign and shall keep the sign or signs so installed lighted during all evening hours when the SIMPSONS BUILDING and the LANDLORD'S IMPROVEMENTS shall be open to the public. The specifications, design, location and method of installation of such sign or signs shall be subject to approval by the LANDLORD, which approval shall not be unreasonably withheld. Otherwise, no sign or symbol will be placed or maintained on or about the SIMPSONS BUILDING or the SIMPSONS IMPROVEMENTS (including exterior walls and both interior and exterior surfaces of windows and doors) except (a) signs and symbols complying with any general sign policy applicable to the SHOPPING CENTRE (whether or not by its terms such policy shall be applicable to the SIMPSONS BUILDING or the SIMPSONS IMPROVEMENTS) and (b) whether or not permitted by such general sign policy, signs or symbols in or on the SIMPSONS BUILDING similar in size and character to those generally in use in or on the other department store buildings operated by the TENANT or its subsidiaries in other regional shopping centres in the area of southern Ontario. All TENANT's signs shall conform to all applicable municipal by-laws or other regulations of governmental authorities having jurisdiction.

6.12 Notwithstanding anything herein contained, the TENANT

shall not carry on or display any sign with respect to any fire sale, bankruptcy sale, sale of secondhand merchandise (except returned merchandise), sale of war surplus merchandise or goods or auction sale (except a fine art, antique, stamp or coin auction) or any other activity which would tend to lower the character of the SHOPPING CENTRE, provided that the TENANT may carry on and display any sign with respect to a fire sale in the event of a fire having taken place on or in any of the LEASED PREMISES, SIMPSONS IMPROVEMENTS, SIMPSONS OUTDOOR SELLING AREA or the SHOPPING CENTRE but only in respect of merchandise damaged by such fire.

6.13 The TENANT shall not sublease any space within the SIMPSONS BUILDING or the SIMPSONS OUTDOOR SELLING AREA for a food supermarket but nothing in this Section shall prevent the TENANT from operating food departments under its own operation and management as permitted in Section 6.14 hereof, nor shall anything in this Section prevent the subleasing of space in the SIMPSONS BUILDING (if otherwise permitted hereby) for the sale of food products if such sale would not constitute the operation of a food supermarket. None of the following shall be considered to be supermarkets: catering services, pastry shops, bakery shops, butcher shops, candy shops, restaurants and delicatessens, ice cream and/or dairy bars, hamburger stands, specialty fish or other specialty food shops, normally found in a regional department store, or space wherein prepared meals may be served.

6.14 The TENANT may not sell food items, except that it shall have the right to operate a restaurant and snack bar and it may sell candy, nuts, confectionery products, gourmet and health foods, wine, beer and liquor (if permitted by applicable legislation), take-out food and bakery products; the proportion of such food sales area to the non-food sales area in the SIMPSONS BUILDING shall not be greater than that which is normally included in department stores in Canada operated by the TENANT or its affiliates which are of comparable size and comparable area and which have food sales.

ARTICLE VII
ASSIGNMENT AND SUBLETTING

7.01 The TENANT shall not transfer, assign or sell any of its rights hereunder and shall not lease, transfer, assign or sell the whole or any part of the SIMPSONS IMPROVEMENTS nor sublet the whole or any part of the LEASED PREMISES nor grant any concession or licence within or with respect thereto or in any other way alienate this LEASE, the LEASED PREMISES or the SIMPSONS IMPROVEMENTS without in any such case the prior written consent of the LANDLORD, which consent may be granted or withheld in the sole discretion of the LANDLORD; provided, however, that this Section shall not operate to prevent and no consent shall be required in connection with:

- (a) the subletting of the LEASED PREMISES or any part thereof or the leasing or subletting of the SIMPSONS IMPROVEMENTS or any part thereof to any company which is a parent, affiliate or subsidiary of the TENANT for a period of time which shall be no longer than such period as the company continues to be a parent, affiliate or subsidiary of the TENANT; for the purposes of this Article VII, "affiliate" means, with respect to the TENANT, any person, firm, association or corporation which controls, is controlled by or is under common control with the TENANT, and "control" refers to the ownership, either directly or indirectly,

- of shares having fifty percent (50%) or more of the votes entitled to be cast at any general meeting of shareholders, including voting for the election of directors, other than shares having such votes only subject to the happening of a contingency which has not occurred at the time control is being determined;
- (b) the assignment of this LEASE and the sale of the SIMPSONS IMPROVEMENTS to any company with which the TENANT amalgamates, merges or consolidates or to which it sells all or substantially all its retail department store assets in the Province of Ontario, provided that such company carries on a department store business with substantially similar merchandising, service and operating practices to those then carried on by the TENANT;
- (c) the subletting of the LEASED PREMISES and the leasing or subletting of the SIMPSONS IMPROVEMENTS, or the assignment of this LEASE or the mortgaging of the interest of the TENANT in this LEASE, as security by way of fixed mortgage, pledge or charge or by way of floating charge, to any MORTGAGEE or creditor of the TENANT in connection with a bona fide financing by the TENANT;
- (d) the subletting or granting of any concession or licence (other than as provided in paragraph (a) hereof) to use any part of the SIMPSONS BUILDING, provided that the

GROSS LEASEABLE AREA of the part of the SIMPSONS BUILDING so sublet and/or in respect of which there shall have been granted concessions or licences shall not, at any time exceed twenty-five percent (25%) in the aggregate of the GROSS LEASEABLE AREA of the SIMPSONS BUILDING and provided further that (other than as provided in paragraph (a) hereof):

- (i) no subletting shall be made, nor any licence, franchise or concession granted to any person, firm or corporation which is then leasing other space in the SHOPPING CENTRE provided that the TENANT may consult with the LANDLORD with a view to obtaining its consent to a subletting, licence, franchise or concession to any such person, firm or corporation, such consent not to be unreasonably withheld; and
- (ii) the TENANT shall ensure that any sublease, licence or concession shall contain provisions respecting amongst other things (and without limitation) merchandising, operation, use of COMMON AREAS and assigning, subletting and sublicensing consistent with the provisions hereof and the TENANT shall be fully responsible for compliance by such sublessees, licencees or concessionaires with the applicable provisions hereof; and
- (iii) except in connection with a sublease, licence or

concession for warehouse purposes of the whole or any part of the area in the basement of the SIMPSONS BUILDING used from time to time for warehouse purposes (such area being shown as at the OPENING DATE by the designation "WAREHOUSE" on the SHOPPING CENTRE PLANS), such sublease, licence or concession operation shall be operated as an integral part of the TENANT's operation in a manner similar to similar operations in other suburban department stores of the TENANT.

Notwithstanding the foregoing, the TENANT shall give the LANDLORD reasonable prior notice of any permitted sale, assignment, leasing or subletting other than a subletting under paragraph (d) of this Section 7.01. Failure to give such notice shall not, however, constitute a default which would give rise to a right of termination of this LEASE. The TENANT shall, on reasonable demand by the LANDLORD at any time and from time to time, furnish to the LANDLORD all relevant particulars respecting matters involving the operation of paragraph (d) of this Section 7.01.

No permitted sale, assignment, leasing, subletting or granting of a concession or licence under this Section shall affect or reduce the liability of the TENANT under any of the terms and provisions of this LEASE save as specifically provided

in Section 7.04, and the TENANT shall continue to be liable to the LANDLORD for the performance of all of its covenants and obligations contained in this LEASE. In the case of any assignment and sale permitted under the terms of paragraph (b) of this Section, the TENANT shall cause the assignee and purchaser to enter into a written agreement with the LANDLORD whereby such assignee agrees to fulfil all of the covenants and obligations of the TENANT and to become jointly and severally liable with the TENANT for the performance of such covenants and obligations.

7.02 Notwithstanding the provisions of Section 7.01, after the expiration of the ORIGINAL TERM the consent of the LANDLORD to any proposed assignment of all the TENANT's rights under this LEASE and sale of the SIMPSONS IMPROVEMENTS shall not be unreasonably withheld or delayed:

- (i) if the proposed assignee and purchaser carries on a department store business with substantially similar merchandising, service and operating practices to that then carried on by the TENANT, and
- (ii) if the proposed assignee and purchaser shall then be in a position to borrow money on a long term basis at an interest rate not less favourable than that which would then be available to the TENANT if the TENANT were to then borrow money on a long term basis, and
- (iii) if the proposed assignee and purchaser shall have entered into an agreement with the LANDLORD in a form

reasonably satisfactory to the LANDLORD whereby such proposed assignee and purchaser agrees to be bound by, to perform or to assume (as the case may be) all of the covenants and obligations of the TENANT under this LEASE.

With the notice of any proposed assignment and sale the TENANT shall furnish the LANDLORD with such reasonable information in connection with the financial standing of the proposed assignee and purchaser as shall be reasonably necessary to enable the LANDLORD to determine whether the condition in paragraph (ii) of this Section 7.02 has been met. Within thirty (30) days after receiving notice of any proposed assignment and sale by the TENANT under the provisions of this Section, the LANDLORD shall advise the TENANT as to whether or not it will consent thereto, and in the event the LANDLORD shall not consent, the LANDLORD shall advise the TENANT why such consent is being withheld. Any dispute between the LANDLORD and the TENANT as to whether any proposed assignee meets the conditions set forth in paragraphs (i) and (ii) of this Section 7.02 shall be settled by ARBITRATION.

7.03 In any case where by the terms of this Article VII the consent of the LANDLORD is required to a subletting, leasing, assignment or sale (whether or not such consent may be unreasonably withheld), the TENANT shall, not less than three (3)

months prior to the date on which its proposed subletting, leasing, assignment or sale is to become effective, give the LANDLORD notice of its intention to sublet, lease, assign or sell and of the terms on which such subletting, leasing, assignment or sale is to be made and the identity of the proposed sublessee, lessee, assignee or purchaser and shall offer to surrender this LEASE to the LANDLORD on terms and conditions whereunder the LANDLORD shall agree to pay to the TENANT all amounts which would have been paid to the TENANT by such proposed sublessee, lessee, assignee or purchaser on such subletting, leasing, assignment or sale, and the LANDLORD shall be entitled to accept such offer to surrender within thirty (30) days after such offer is made.

7.04 Upon any permitted assignment and sale pursuant to the provisions of Section 7.02 or upon the surrender of this LEASE as contemplated by Section 7.03, the TENANT shall be released and discharged from any and all of its obligations hereunder from and after the effective date of such assignment and sale or surrender. In the event that the TENANT shall have assigned this LEASE and sold the SIMPSONS IMPROVEMENTS during the ORIGINAL TERM pursuant to the provisions of paragraph (b) of Section 7.01 hereof or otherwise pursuant to Section 7.01 other than paragraph (c) thereof, the LANDLORD shall, if this LEASE shall have been renewed, grant to the assignor and seller on the expiration of the ORIGINAL TERM a release and discharge from any and all of its obligations hereunder from and after the expiration of such

ORIGINAL TERM if, at the date of such assignment and sale, the proposed assignee and purchaser met the requirements of paragraph (ii) of Section 7.02. If the TENANT wishes to take advantage of the provisions of the foregoing sentence of this Section 7.04 it shall so advise the LANDLORD at the time it gives notice of such assignment and sale to the LANDLORD and shall furnish the LANDLORD with the information relating to the proposed assignee provided for in Section 7.02. The provisions of Section 7.02 relating to the advice to be given by the LANDLORD to the TENANT and the settlement of disputes by ARBITRATION shall be applicable to this Section 7.04.

7.05 Any lease, transfer, assignment or sale of the whole or any part of the SIMPSONS IMPROVEMENTS which is permitted in accordance with the provisions of this Article VII shall be subject to all the terms and provisions of this LEASE and in particular, but without limiting the generality of the foregoing, shall be subject to the LANDLORD's becoming owner thereof upon termination of this LEASE as provided in Section 9.15 hereof. The TENANT covenants with the LANDLORD that the TENANT shall include in any agreement or contract by which such lease, transfer, assignment or sale is made or agreed to a provision that such lease, transfer, assignment or sale shall, notwithstanding any other provisions of such agreement or contract, be subject to all the terms and conditions of this LEASE and that in particular, it shall terminate or cease to have

effect, as the case may be, on the termination of this LEASE.

7.06 Nothing herein contained shall prevent the TENANT from, nor shall any consent or approval of the LANDLORD be required for, the selling, leasing or otherwise disposing of any part of the SIMPSONS OUTDOOR SELLING AREA from time to time provided that the same shall within a reasonable delay after such sale, leasing or disposal be removed from the SIMPSONS LAND.

ARTICLE VIIIMERCHANTS' ASSOCIATION

8.01 The LANDLORD has caused a merchants' association to be formed the members of which include merchandising and retail service tenants (other than governmental agencies or corporations) in the SHOPPING CENTRE.

8.02 The LANDLORD shall use its best efforts to include a covenant in all leases to said merchandising and retail service tenants whereby such tenants agree to join, and to maintain their membership in and abide by the reasonable rules and regulations of the MERCHANTS' ASSOCIATION and the LANDLORD shall use its best efforts to enforce such covenant.

8.03 The TENANT shall join the MERCHANTS' ASSOCIATION and shall maintain its membership therein provided that the TENANT does not disapprove of its constitution, activities and policies, it being understood and agreed that any such disapproval may be made or taken in the TENANT's sole discretion but that reasonable time will be granted by the TENANT to permit the remedying of the matter which caused the disapproval to the TENANT's satisfaction.

8.04 The LANDLORD shall contribute to the MERCHANTS'

ASSOCIATION in each year in which the TENANT is a member of the MERCHANTS' ASSOCIATION an amount equal to twenty-five percent (25%) of the total amounts contributed to the MERCHANTS' ASSOCIATION in such year from all sources other than the LANDLORD.

8.05 For so long as it is a member of the MERCHANTS' ASSOCIATION, the TENANT shall contribute thereto in each LEASE YEAR an amount equal to the lesser of (a) twenty-five percent (25%) of the total amounts contributed thereto in such year from all sources other than the LANDLORD and (b) twenty cents (\$0.20) per square foot of the ADJUSTED FLOOR AREA of the SIMPSONS BUILDING as initially constructed, such latter amount to be increased or decreased annually for each LEASE YEAR after the first LEASE YEAR in the proportion that the CONSUMER PRICE INDEX determined as at the beginning of each such LEASE YEAR bears to the CONSUMER PRICE INDEX determined as at the OPENING DATE.

ARTICLE IXUSE OF AND PAYMENT OF CHARGES FOR COMMON AREAS

9.01 The LANDLORD hereby grants to the TENANT, for use by it, its agents, invitees, servants, employees, licencees and customers, the right and licence to use, in common with others entitled thereto, such of the COMMON AREAS as form part of the LANDLORD'S IMPROVEMENTS and, to the extent permitted by agreement from time to time with MARKUS, SIMPSON'S-SEARS and WOOLWORTH, such of the COMMON AREAS as form part of the EXTERIOR LANDS. Such COMMON AREAS may, however, only be used for the purposes for which they are provided, subject, however, to the express provisions of this LEASE and to such reasonable rules and regulations governing the nature and extent of the use thereof as may be made from time to time by the LANDLORD as hereinafter provided. In particular, without limiting the generality of the foregoing, such right and licence hereby granted to the TENANT shall include:

- (a) the right (subject as aforesaid) to use such of the PARKING AREAS as form part of the LANDLORD'S IMPROVEMENTS for pedestrian and vehicular access and parking;
- (b) the right (subject as aforesaid) of pedestrian passage and repassage through every portion of the MALL (but excluding portions occupied by kiosks permitted hereunder) for the purpose of gaining access to or from

any portion of the SHOPPING CENTRE including the SIMPSONS BUILDING; and

- (c) the right (subject as aforesaid) to use the public washrooms and other accommodation facilities.

9.02 The TENANT hereby grants to the LANDLORD for use by the LANDLORD and its tenants and their respective agents, customers, invitees, licencees, servants and employees the right and licence to use, and the right of passage and repassage over, where applicable, in common with the TENANT and others entitled thereto, such of the COMMON AREAS as form part of the SIMPSONS IMPROVEMENTS; for the purposes for which they are provided and for such other purposes as may be permitted by the provisions of this LEASE. The TENANT also grants to the LANDLORD for use by SIMPSONS-SEARS and its agents, customers, invitees, licencees, servants and employees, the said right and licence and right of passage and repassage, in common with the TENANT and others entitled thereto, but only for such portions of the ORIGINAL TERM and consecutive renewal periods or portions thereof during which SIMPSONS-SEARS has granted rights no less favourable to the TENANT than the grant hereby made.

9.03 The TENANT shall pay without duplication to the LANDLORD in each LEASE YEAR for the maintenance and operation of the INSIDE COMMON AREAS (other than those forming part of the LEASED PREMISES or the SIMPSONS IMPROVEMENTS and those

constructed in connection with an expansion of the GROSS LEASEABLE AREA of the SHOPPING CENTRE) an amount equal to the product of the INSIDE COMMON AREA OPERATING COSTS for such year and a fraction the numerator and denominator of which shall be calculated, respectively, as follows:

- (a) The amount of the numerator shall be aggregate of (i) the ADJUSTED FLOOR AREA of the SIMPSONS BUILDING as it may be calculated from FLOOR AREA as shown on the SHOPPING CENTRE PLANS, and (ii) whenever other portions of the basement space (constructed as part of the original construction of the SIMPSONS BUILDING but intended as future expansion space) shall be used as GROSS RETAIL RENTABLE FLOOR AREA as contemplated by subparagraph (vi) of Section 1.09, the ADJUSTED FLOOR AREA from time to time of such other portions.
- (b) The amount of the denominator shall be the aggregate of (i) the ADJUSTED FLOOR AREA of all buildings in the SHOPPING CENTRE as it may be calculated from FLOOR AREA as shown on the SHOPPING CENTRE PLANS; (ii) whenever other portions of the basement space (constructed as part of the original construction of the SIMPSONS BUILDING but intended as future expansion space) shall be used as GROSS RETAIL RENTABLE FLOOR AREA as contemplated by subparagraph (vi) of Section 1.09, the

ADJUSTED FLOOR AREA from time to time of such other portions; (iii) the ADJUSTED FLOOR AREA of all buildings on the EXTERIOR LANDS, provided however that, where a department store or a general retail merchandise operation shall not during one or more periods of time in excess of three (3) consecutive months be conducted in either or both the SIMPSONS-SEARS BUILDING or the WOOLWORTH BUILDING, during each such period, a portion only of the ADJUSTED FLOOR AREA of the affected BUILDING or BUILDINGS, as the case may be, shall be added to the said denominator, such portion to be determined by agreement between the LANDLORD and the TENANT having regard to the direct functional benefit to the EXTERIOR LANDS of the existence of the INSIDE COMMON AREAS of the SHOPPING CENTRE (if such portion is not so agreed upon the matter will be settled by ARBITRATION); and (iv) the FLOOR AREA from time to time of all kiosks installed in the SHOPPING CENTRE pursuant to Section 9.11 hereof.

Notwithstanding anything herein contained, neither the numerator nor the denominator of the said fraction shall be adjusted in the event of the construction of any expansion pursuant to Articles XIX or XX hereof or in the event of any reduction in the GROSS LEASEABLE AREA of the SIMPSONS BUILDING

pursuant to Section 13.06 hereof or of the SHOPPING CENTRE
pursuant to Section 14.01 hereof.

9.04 All amounts to be borne by the LANDLORD under the provisions of Section 20.05 shall be deducted in determining the INSIDE COMMON AREA OPERATING COSTS.

9.05 The amounts payable by the TENANT to the LANDLORD under Section 9.03 hereof shall be paid in equal monthly instalments in advance on the first (1st) day of each and every month in each LEASE YEAR based on a detailed estimate of the applicable costs for such LEASE YEAR prepared by the LANDLORD, which estimate, except in the case of the first LEASE YEAR, shall be based upon such costs for the previous LEASE YEAR with adjustments for any anticipated increase or decrease and shall be delivered to TENANT prior to the commencement of the LEASE YEAR in question. The LANDLORD will, when requested, consult with the TENANT in respect of INSIDE COMMON AREA OPERATING COSTS.

9.06 Within ninety (90) days after the end of each LEASE YEAR the LANDLORD shall submit to the TENANT a detailed, audited statement and calculation of the amounts payable by the TENANT pursuant to Section 9.03 hereof in respect of such LEASE YEAR. The relevant books and records of the LANDLORD shall be open to the inspection of the TENANT and its representatives at all reasonable times. Forthwith after the receipt of such statement,

the TENANT shall pay the LANDLORD or the LANDLORD shall pay the TENANT any amount by which the amount shown by such statement is less than or exceeds the aggregate of the monthly payments made by the TENANT during such LEASE YEAR unless the LANDLORD and the TENANT shall fail to agree upon such amount, in which event the matter in dispute shall be settled by ARBITRATION. If the LANDLORD fails to pay the TENANT any amount to which the TENANT is entitled under this Section, the TENANT may deduct such amount from RENT and any other amounts which by Section 5.06 are payable to the LANDLORD as rent.

9.07 There shall at all times be open and free access between the SIMPSONS LAND, the SIMPSONS IMPROVEMENTS, and the other portions of the SHOPPING CENTRE LANDS (save for any fence, barrier or obstacle which is designed to separate those portions of the SHOPPING CENTRE LANDS which are not designed for the common use of the tenants on the SHOPPING CENTRE LANDS and their invitees, customers and employees), it being the intention that the entire SHOPPING CENTRE LANDS shall be operated, and appear, as a single unit. The LANDLORD shall use its best efforts to cause to be provided open and free access between the SHOPPING CENTRE LANDS and the EXTERIOR LANDS, it also being the intention that the SHOPPING CENTRE LANDS and the EXTERIOR LANDS appear as a single unit.

9.08 There shall at all times when the SIMPSONS BUILDING and

the LANDLORD'S IMPROVEMENTS are open for business be direct access between the SIMPSONS BUILDING and the MALL and there shall at all times when the SIMPSONS BUILDING is open for business be direct access between the PARKING AREAS and sidewalks on the one hand and the customer entrances of the SIMPSONS BUILDING and (when it is in use) the SIMPSONS OUTDOOR SELLING AREA opening on to such PARKING AREAS and sidewalks, on the other hand, and such customer entrances to the SIMPSONS BUILDING shall be kept open at all times when the SIMPSONS BUILDING is open for business. The customer entrances from the exterior to the MALL and the MALL shall be kept open at all times when the LANDLORD'S IMPROVEMENTS are open for business and at such other times as the LANDLORD shall determine. At all other times the MALL may be closed by the LANDLORD and the public excluded therefrom. When the MALL is so closed the customer entrance from the MALL to the SIMPSONS BUILDING shall be closed. The TENANT shall at all times when the LANDLORD'S IMPROVEMENTS are open for business provide direct access between entrances to the SIMPSONS DECK PARKING FACILITIES and all surrounding lands and such entrances shall be kept open at all times when the LANDLORD'S IMPROVEMENTS are open for business.

9.09 The TENANT shall use all reasonable efforts to prohibit its employees and its licencees and concessionaires and their employees from using any part of the PARKING AREAS other than such portions thereof as shall from time to time, after

consultation with the TENANT, be designated by the LANDLORD for employee parking. If asked by the LANDLORD, the TENANT shall supply to the LANDLORD the licence numbers of its employees' vehicles and those of its licencees and concessionaires and their employees. The LANDLORD is hereby authorized to exercise (without risk or liability to the TENANT) as against the employees, licencees and concessionaires of the TENANT and the employees of its licencees and concessionaires such remedies as it shall be exercising in respect of the employees of the other tenants of the SHOPPING CENTRE for the purpose of enforcing this provision.

9.10 The LANDLORD shall include in the leases of all other tenants in the SHOPPING CENTRE EXPANSION and shall use its best efforts to include in new or replacement leases with tenants in the balance of the SHOPPING CENTRE a covenant precluding the employees and licencees of such tenants from using any part of the PARKING AREAS other than the portions thereof designated from time to time by the LANDLORD for employee parking and the LANDLORD shall use its best efforts to enforce such covenant to the same extent and with the same effect as it has used in the enforcement of Section 9.09. The LANDLORD shall use its best efforts to have SIMPSON'S-SEARS and WOOLWORTH prohibit their respective employees and licencees from using any part of the PARKING AREAS other than the portions so designated.

9.11 The LANDLORD shall have the right to install and lease kiosks and display cases in the MALL so long as the same do not unreasonably impede or interfere with access and passage through such areas, provided however that no kiosk will be permitted within seventy-five (75) feet of the MALL entrance of the SIMPSONS BUILDING without the TENANT's prior consent. When requesting such consent the LANDLORD shall grant the TENANT the first right to lease such kiosk or display case for the purpose for which the LANDLORD proposes to lease the same. Any such kiosk or display case leased at any time to other than the TENANT shall be removed by the LANDLORD, at its cost, from any such area on the termination of the lease unless a further lease is entered into with the TENANT or unless the TENANT shall have given its consent to such kiosk or display case remaining in such area, which consent may be withheld in the sole and unfettered discretion of the TENANT. The area of kiosks together with the area encompassed within four (4) feet in any direction from the exterior walls of kiosks shall be deemed to be FLOOR AREA and to be excluded from INSIDE COMMON AREAS.

9.12 The LANDLORD shall have the right to carry on or to permit to be carried on promotional activities in the MALL and for such purposes to permit the display of merchandise in such areas, provided that such promotional activities do not unreasonably impede or interfere with access and passage and are consistent with the operation of the SHOPPING CENTRE in

accordance with first class shopping centre standards. The LANDLORD shall also have the right to permit any such promotional activities to be carried on in the PARKING AREAS forming part of the COMMON AREAS provided that such promotional activities do not unreasonably interfere with traffic or parking patterns in the SHOPPING CENTRE and are consistent with the operation of the SHOPPING CENTRE in accordance with first class shopping centre standards. However, the LANDLORD shall not have the right to carry on promotional activities in the portion of the MALL shown on the SHOPPING CENTRE PLANS or in or on the SIMPSONS IMPROVEMENTS.

9.12A No charge for parking in any part of the PARKING AREAS shall be made or, having been made, shall be altered, without the consent of the LANDLORD and the TENANT.

9.13 The COMMON AREAS forming part of the LANDLORD'S IMPROVEMENTS shall be under the exclusive control and management of the LANDLORD and the LANDLORD may establish from time to time reasonable rules and regulations (not inconsistent with the terms hereof) applicable to all tenants in the SHOPPING CENTRE governing the use of such COMMON AREAS and the TENANT shall comply with all such rules and regulations.

9.14 Subject as provided in Section 20.01 of this LEASE, the LANDLORD shall have the right, subject to the express provisions

hereof, to change the location, area and arrangement of roads, sidewalks, pedestrian walkways, PARKING AREAS (other than the SIMPSONS DECK PARKING FACILITIES) and landscaped areas forming part of the external COMMON AREAS (including those forming part of the SIMPSONS IMPROVEMENTS) with a view to the improvement of the convenience and use thereof by the tenants in the SHOPPING CENTRE and their customers, invitees, licencees and employees; provided however, that the LANDLORD shall not make any such change which is material without the prior approval of the TENANT, which approval shall not be unreasonably withheld or delayed. Such approval shall not be deemed to be unreasonably withheld by the TENANT if such change would create an improper balance of parking and access or would alter the traffic pattern or traffic flow in the SHOPPING CENTRE and/or the EXTERIOR LANDS to the material detriment of the TENANT. The LANDLORD shall give the TENANT reasonable notice of its intention to change the location, area or arrangement of roads.

A plan showing certain exterior COMMON AREAS substantially as they were at OPENING DATE forms part of the SHOPPING CENTRE PLANS.

9.15 Upon the termination of the LEASE for any reason whatsoever, the LANDLORD shall become the owner of the SIMPSONS IMPROVEMENTS, by good and marketable title, free and clear of all liens and encumbrances other than those existing prior to the

date of registration of the notice of this LEASE and those to which the LANDLORD has agreed.

9.16 If the agreement by which the LANDLORD is entitled to use the HEPC LANDS other than facilities intended for use by HEPC is terminated prior to the expiry of this LEASE, this LEASE shall not terminate and there shall be no default under this LEASE as a result of such termination. The LANDLORD shall use its best efforts to renew and keep in full force and effect the said agreement and any successor agreement.

ARTICLE XCOVENANTS OF THE LANDLORD RELATING TO THE
OPERATION OF THE LANDLORD'S IMPROVEMENTS

10.01 The LANDLORD shall, throughout the TERM, cause the LANDLORD'S IMPROVEMENTS (other than facilities on the HEPC LANDS intended for use by HEPC) to be continuously operated as a shopping centre and for no other purpose.

10.02 The LANDLORD shall operate or cause the LANDLORD'S IMPROVEMENTS to be operated as a prudent owner in accordance with first class shopping centre standards and shall use its best efforts to cause the EXTERIOR LANDS to be so operated and, without limiting the generality of the foregoing, to this end the LANDLORD shall

- (a) maintain at the SHOPPING CENTRE a management office and provide a full time shopping centre manager who shall be responsible for the day to day operation of the LANDLORD'S IMPROVEMENTS;
- (b) take all such reasonable action as shall be required to prevent (or in the case of the EXTERIOR LANDS, use its best efforts to prevent):
 - (i) the use of any premises forming part of the SHOPPING CENTRE or the EXTERIOR LANDS in such manner as to cause a nuisance or to cause annoying

- noises or vibration or offensive odours;
- (ii) the carrying on in any such premises, or the display therein of any sign with respect to any fire sale, bankruptcy sale, sale of secondhand merchandise (except returned merchandise) or goods or auction sale (except a fine art, antique, stamp or coin auction) or any other activity not in keeping with the character of the SHOPPING CENTRE and the EXTERIOR LANDS, provided that there may be carried on, and signs displayed in connection with, a fire sale in the event of a fire having taken place in the SHOPPING CENTRE or EXTERIOR LANDS, but only in connection with merchandise damaged by such fire;
- (iii) any such premises being maintained in unclean or unsanitary condition or any garbage, refuse or debris being left in or about any part of the SHOPPING CENTRE LANDS or the EXTERIOR LANDS except in suitable receptacles (which in the case of refuse and garbage of a perishable nature shall be refrigerated or suitably enclosed) at locations approved by the LANDLORD.
- (c) prohibit any display or sale of merchandise in the COMMON AREAS in the SHOPPING CENTRE or in any other place in the SHOPPING CENTRE outside the GROSS

LEASEABLE AREA of any building, and prohibit any display or sale of merchandise in the COMMON AREAS on the EXTERIOR LANDS or in any other place on the EXTERIOR LANDS outside the GROSS LEASEABLE AREA of any building, other than

- (i) displays of merchandise in display cases and display and/or sales of merchandise from kiosks installed by the LANDLORD in accordance with the provisions of Sections 9.11 and 9.12;
- (ii) display or sales by the TENANT in the SIMPSONS OUTDOOR SELLING AREA;
- (iii) subject as provided in Section 9.12, displays or sales as part of any SHOPPING CENTRE promotion approved by the LANDLORD.

10.03 The LANDLORD shall after consultation with the TENANT, establish the hours during which the LANDLORD'S IMPROVEMENTS shall be open for business, which hours shall be consistent with those of other major regional shopping centres in southern Ontario, and will use reasonable efforts to cause SIMPSONS-SEARS, WOOLWORTH and substantially all tenants in the SHOPPING CENTRE (other than the TENANT and banks, theatres, restaurants and other tenants which normally do not conform to shopping centre hours), to remain open for business during the hours so established. The LANDLORD shall use its best efforts to give the TENANT reasonable

advance notice of its intention to make any change in the hours during which the LANDLORD'S IMPROVEMENTS are open for business.

10.04 The LANDLORD shall not make any significant amendment to the MERCHANDISING PLAN without first consulting with the TENANT and the LANDLORD shall lease the SHOPPING CENTRE EXPANSION in accordance with such MERCHANDISING PLAN as it may be amended as aforesaid. However, the TENANT shall have the right of prior approval of the said MERCHANDISING PLAN or any amendment thereto insofar as it affects any premises fronting on the area shown on the SHOPPING CENTRE PLANS located near the MALL entrance to the SIMPSONS BUILDING, or within seventy-five (75) feet of the SIMPSONS BUILDING, and in such areas the LANDLORD shall consult with the TENANT on specific tenants and use all reasonable efforts to satisfy the TENANT. In addition to the foregoing, the LANDLORD shall consult with the TENANT prior to making any significant amendments to the MERCHANDISING PLAN relating to that part of the SHOPPING CENTRE other than the SHOPPING CENTRE EXPANSION. The LANDLORD shall also maintain in all material respects a fair balance of customer attraction throughout the SHOPPING CENTRE respecting tenant identities and shall advise and consult with the TENANT promptly and on a regular basis regarding changes in tenant identities.

10.05 The LANDLORD shall heat or cause to be heated the MALL

and other enclosed portions of the LANDLORD'S IMPROVEMENTS having direct access to the MALL in such manner that such areas will be kept reasonably warm when heat is required and will air condition such areas whenever air conditioning is reasonably required subject only to interruptions caused by breakdowns of the heating, ventilating or air-conditioning systems or other equipment and while repairs are being made, which breakdowns shall be remedied and repairs made with all reasonable diligence and so as to cause the least possible interference with business in the SHOPPING CENTRE. Such heating and air-conditioning will be done in such a manner that there will be no direct or indirect appropriation of the heating or air-conditioning from the SIMPSONS BUILDING.

10.06 Subject to Section 9.12, the LANDLORD covenants to operate or cause to be operated the PARKING AREAS, roads and sidewalks forming part of the LANDLORD'S IMPROVEMENTS for the purposes for which they were intended, in accordance with the provisions of this LEASE and for no other purpose whatsoever without the prior consent of the TENANT and to adequately light the said PARKING AREAS, roads and sidewalks at least when the SIMPSONS BUILDING is open for business to the public.

10.07 For the purposes of this LEASE, "parking ratio" means five and one-half (5.5) CAR SPACES for each one thousand square

feet of the total GROSS RETAIL RENTABLE FLOOR AREA of the premises in respect of which the parking ratio is being determined (but allowing such lesser figure for offices and theatres as may be established by by-law, regulation or resolution) or such number of CAR SPACES as shall be required by applicable by-laws, regulations or resolutions, whichever is the greater number. The LANDLORD shall at all times provide or cause to be provided on the SHOPPING CENTRE LANDS other than the SIMPSONS LAND not less than the number of CAR SPACES required to provide the parking ratio in respect of the LANDLORD'S IMPROVEMENTS. The LANDLORD may withhold compliance with municipal by-laws, regulations or resolutions requiring additional CAR SPACES so long as the same are being diligently contested in good faith and so long as such contestation or non-compliance therewith does not render all or any part of the SHOPPING CENTRE LANDS and/or all or any of the buildings and improvements erected thereon subject to sale or forfeiture or otherwise jeopardize the rights of the TENANT. The LANDLORD may, with the consent of the TENANT, reduce the parking ratio if such reduction is permitted under applicable by-laws, regulations, or resolutions.

- 10.08 The LANDLORD shall not
- (a) make any sale of or otherwise transfer any interest in the SHOPPING CENTRE LANDS (other than by way of leases of GROSS LEASEABLE AREA for retail, office and other

bona fide shopping centre purposes, by way of mortgage, charge or other encumbrances as security or by way of granting easements or other interests permitted by this LEASE) unless such interest extends to not less than the whole of the SHOPPING CENTRE LANDS other than the HEPC LANDS and the SIMPSONS IMPROVEMENTS and unless the proposed transferee of such interest shall have entered into an agreement with the TENANT under which such transferee covenants that, so long as it retains any interest in the SHOPPING CENTRE LANDS it will perform the obligations of the LANDLORD hereunder and be bound by all the provisions of this LEASE, including this provision as to sale or transfer, which shall apply to each and every subsequent sale or transfer of any interest in the SHOPPING CENTRE LANDS, provided that this subparagraph (a) shall not apply to transfers for the purpose of making small adjustments in boundary lines between the SHOPPING CENTRE LANDS and adjacent streets or lands or transfers to municipalities, public authorities or public utilities for slopes, poles, wires, pipes, transformers and like purposes;

- (b) mortgage, charge or otherwise encumber by way of security the SHOPPING CENTRE LANDS
 - (i) unless such mortgage, charge or other encumbrance extends to not less than the whole of the SHOPPING

CENTRE LANDS other than the HEPC LANDS, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA except with the prior consent of the TENANT, which consent shall not be withheld in any case where the rights of the TENANT under this LEASE would not be jeopardized as a result of the giving of such consent;

(ii) unless such mortgage, charge or other encumbrance whether for all or a part of the SHOPPING CENTRE LANDS contains covenants on the part of the MORTGAGEE or lender

(A) that the priority of this LEASE as set out in paragraph (c) of this Section 10.08 is recognized;

(B) not to take any step to enforce its rights against the SHOPPING CENTRE LANDS resulting from any default under such mortgage, charge or other encumbrance unless the MORTGAGEE has given notice of such default to the TENANT and the TENANT has failed to remedy such default within a period of fifteen (15) days after the receipt of such notice, or such longer period after receipt of such notice as shall be reasonably required to remedy such default with due diligence (provided that if

any such longer period shall be reasonably required to remedy such default as aforesaid the TENANT has notified such MORTGAGEE within such period of fifteen (15) days that it intends to remedy such default with due diligence), and such mortgage, charge or other encumbrance shall provide that the effect of any provision for acceleration of the payment of the principal sum or any part thereof in the event of each such default shall be nullified in the TENANT remedies such default as if no such default has occurred, provided, however, that, subject to the foregoing provision of this clause (ii), such nullification shall in no way extend to or be taken in any manner whatever to affect any subsequent default or the rights resulting therefrom; and

- (C) that in the event of the MORTGAGEE or lender taking possession of the SHOPPING CENTRE LANDS or any part thereof including the premises leased hereunder, it will observe all the rights of the TENANT hereunder and, whether or not the MORTGAGEE or lender takes possession, will require any purchaser or

acquirer from it to enter into an agreement with the TENANT containing similar covenants to those contained in this subparagraph (ii); and

- (D) that in the event that the MORTGAGEE or lender should sell or otherwise dispose of, or cause to be sold or otherwise disposed of, the SHOPPING CENTRE LANDS or any part thereof at a sheriff's sale or other judicial sale or in any other way where the effect of the intended priority of this LEASE would be impaired or nullified, it shall ensure that the said sale or other disposition shall be made expressly subject to all the provisions of this LEASE and to all the rights of the TENANT hereunder; and, in particular, without limiting the generality of the foregoing, that this LEASE shall be included among the encumbrances in all notices and advertisements of sale and in the list of encumbrances relating to such sale; and
- (iii) unless such proposed MORTGAGEE or lender enters into an agreement with the TENANT to secure to the TENANT the rights to which the TENANT is entitled to have inserted in such mortgage, charge, or

other encumbrance pursuant to subparagraph (ii)
above;

- (c) mortgage, charge or otherwise encumber by way of security the SHOPPING CENTRE LANDS except on terms that this LEASE shall have priority over such mortgage, charge or encumbrance.

ARTICLE XITENANT'S COVENANTS TO PAY TAXES

11.01 The TENANT shall pay at its own cost and for its own account when due:

- (a) each and every instalment of all REAL PROPERTY TAXES charged or levied against (or if Sections 11.03 or 11.04 are applicable, allocated to) the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA or any part of any of same and/or against any other improvements at any time standing thereon and/or machinery, accessories and equipment or other facilities therein or thereon and shall furnish the LANDLORD, within thirty (30) days after each such instalment is due, with proof of such payment;
- (b) all utility charges and rates, business taxes, licence fees and similar taxes, rates and charges which may be levied by any TAXING AUTHORITY against the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA and/or upon and/or in respect of the contents of and/or the business or activities carried on, upon and/or in connection with the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA or the leasing and/or occupancy of any of same;

- (c) all utility charges and rates, business taxes, licence fees and similar taxes, rates and charges which may be levied by any TAXING AUTHORITY against the TENANT in respect of any COMMON AREAS.

11.02 Nothing in this Article XI shall obligate the TENANT to pay any tax, rate or charge levied or charged against or in respect of the income or capital of the LANDLORD, nor any other tax other than those specified in this Article XI.

11.03 The LANDLORD and the TENANT shall use their best efforts to obtain from the TAXING AUTHORITY separate REAL PROPERTY TAX assessments, for each of the following two categories, (a) and (b):

(a) the LEASED PREMISES, improvements standing on the SIMPSONS BUILDING and taxable machinery, accessories and equipment and other facilities therein or thereon, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA; and

(b) the INSIDE COMMON AREAS and the land appropriately associated therewith.

Failing separate REAL PROPERTY TAX assessments for both categories, a portion of the REAL PROPERTY TAXES for the

SHOPPING CENTRE shall, unless the Parties agree upon an allocation, be allocated by the LANDLORD, after consultation with the TENANT, to said categories, as follows:

The LANDLORD shall cause a qualified independent quantity surveyor, selected by the LANDLORD and reasonably acceptable to the TENANT, to prepare a quantity survey of all buildings, structures and improvements on the SHOPPING CENTRE LANDS other than the HEPC LANDS, which survey shall set forth an assessable cost estimate which shall be based upon the then current reproduction cost of assessable items for the aggregate thereof and for the buildings, structures and improvements in each of said categories. The LANDLORD shall also cause a qualified independent appraiser, also selected by the LANDLORD and reasonably acceptable to the TENANT, to prepare an appraisal of all the SHOPPING CENTRE LANDS other than the HEPC LANDS. A portion of the said REAL PROPERTY TAXES shall be allocated to all buildings, structures and improvements on the SHOPPING CENTRE LANDS other than the HEPC LANDS (the "Building Allocation") in the proportion that the assessable cost estimate of the aggregate thereof bears to the sum of said assessable cost estimate and the amount of the said appraisal, and the balance of the said REAL PROPERTY TAXES shall be allocated to the SHOPPING CENTRE LANDS other than the HEPC LANDS (the "Land Allocation").

The LANDLORD shall then allocate portions of the

Building Allocation to the said categories in the proportion that the assessable cost estimate of each such category bears to the aggregate of the assessable cost estimates of all buildings, structures and improvements on the SHOPPING CENTRE LANDS other than the HEPC LANDS, and shall allocate portions of the Land Allocation to the said categories in the proportion that the relevant land area of each such category bears to the area of the SHOPPING CENTRE LANDS other than the HEPC LANDS.

The LANDLORD shall pay the cost of the quantity surveyor and the appraiser.

Where an allocation or allocations in respect of any year have been made pursuant to this Section 11.03 an appropriate portion of the cost of the quantity surveyor and the appraiser shall be allocated to the TENANT in the proportion that the aggregate of the TENANT's portions of the Building Allocation and the Land Allocation bears to the aggregate of the Building Allocation and the Land Allocation and an appropriate portion of the cost of the quantity surveyor and the appraiser shall be allocated to INSIDE COMMON AREAS. The LANDLORD shall supply the TENANT with an invoice setting forth in reasonable detail a calculation of the said cost, and the TENANT shall pay the amount allocated to it within ten (10) business days of receipt thereof.

If in a REAL PROPERTY TAX year after a tax year in which allocations are made by the LANDLORD as provided above the TAXING AUTHORITY's basis for assessment of the SHOPPING CENTRE has not changed and the SHOPPING CENTRE has not been altered or expanded, the allocations in such subsequent year shall be done in the same proportions as those done in the previous year.

11.04 Notwithstanding the foregoing in any REAL PROPERTY TAX year in respect of which the TAXING AUTHORITY confirms that the basis of assessment of the SHOPPING CENTRE is market value, the following rules shall apply:

Save as hereinafter provided, if separate assessments are not obtained for both categories mentioned in Section 11.03, there shall be no allocation to category (b), and a part of the REAL PROPERTY TAXES shall be allocated by the LANDLORD to category (a) by multiplying the amount of the REAL PROPERTY TAXES for such REAL PROPERTY TAX year applicable to the SHOPPING CENTRE other than the HEPC LANDS by a fraction the numerator of which is the assessable value of the LEASED PREMISES, taxable improvements standing on the SIMPSONS BUILDING and taxable machinery, accessories and equipment and other facilities therein or thereon, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA, determined using the basis for assessment used by the TAXING AUTHORITY, and the denominator of which is the

assessable value of the SHOPPING CENTRE other than the HEPC LANDS, determined in the same manner. If a separate assessment is obtained for category (a) which the TAXING AUTHORITY confirms is composed of an assessment for category (a) and a portion of the assessment for category (b), no further allocation shall be necessary and there shall be no specific allocation made to category (b). For these purposes the Parties shall use their best efforts to obtain from the TAXING AUTHORITY all pertinent information as to its basis of assessment.

11.05 The LANDLORD shall supply the TENANT with an invoice setting forth in reasonable detail a calculation of the amount of REAL PROPERTY TAXES required to be paid by the TENANT in connection with category (a) in Section 11.03 above, such invoice to be based upon separate REAL PROPERTY TAX assessments or allocations established pursuant to Sections 11.03 or 11.04, as the case may be. Such amount shall be payable by the TENANT to the LANDLORD within ten (10) business days after the receipt by the TENANT of such invoice or before the date on which any instalment of REAL PROPERTY TAXES is to be paid by the LANDLORD pursuant to the terms hereof, whichever is the later.

Unless the provisions of Section 11.04 apply, the LANDLORD shall also supply the TENANT with a statement setting forth a separate assessment for or, failing that, a separate calculation in reasonable detail of the amount of REAL PROPERTY

TAXES attributable to category (b) mentioned in Section 11.03, such calculation to be based upon separate REAL PROPERTY TAX allocations established pursuant to Section 11.03. The amount so allocated shall in such event be considered REAL PROPERTY TAXES for the purposes of Sections 1.14 and 9.03.

In the event that the TENANT shall dispute the manner in which any allocation by the LANDLORD is made under this Article XI, such dispute shall be settled by ARBITRATION. Upon a final determination of the dispute, any necessary adjustment shall be made and all over or under payments shall bear interest at an annual rate equal to two percent (2%) plus the annual rate from time to time charged on Canadian dollar loans to prime credit risks by The Toronto Dominion Bank or other Canadian chartered bank acceptable to both the LANDLORD and the TENANT during the period from the date the payment was due or the overpayment was made to the date of adjustment.

11.06 Should the TENANT fail to pay, when due, any taxes, rates, fees or other charges referred to herein which it is obliged to pay to a TAXING AUTHORITY, the LANDLORD shall have the right to pay the same at the expense of the TENANT and the amount so paid shall be forthwith repaid by the TENANT to the LANDLORD, the whole in addition to and without derogation from all of the LANDLORD's rights under this LEASE, unless the said taxes, rates, fees or other charges are, or any assessment relating thereto is,

being diligently contested in good faith by the TENANT, in which event the TENANT may withhold payment of the same (if permitted by law) provided the TENANT pays all costs of contestation and furnishes such security as the LANDLORD may reasonably require for the payment of such taxes, rates, fees or other charges and, provided further, that such contestation or non-payment does not render the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA subject to sale or forfeiture.

11.07 Each party shall use its best efforts to keep the other party informed of all discussions and proposed negotiations with any TAXING AUTHORITY and the TENANT shall have the right to participate in any discussions and negotiations which might affect its rights or obligations under this LEASE. The LANDLORD hereby grants to the TENANT the right to contest by proper proceedings any taxes, rates, fees or other charges, or any assessment relating thereto, which might affect its rights or obligations under this LEASE and agrees to execute such further and other documents as may be reasonably required to make such right of contestation effective. Neither the LANDLORD nor the TENANT shall institute any appeal without notice to the other and, where their interests do not conflict, each shall cooperate with the other in respect of such appeal.

11.08 Each party shall use its best efforts to keep the other party informed of notices of real property assessments relating

to the REAL PROPERTY TAXES contemplated by Section 11.01(a) hereof within the periods for appeal thereof.

11.09 Should changes be made in the method of levying or collecting any tax, rate, assessment, or other charge to be paid under the provisions of this Article by either the LANDLORD or the TENANT or should any new tax, rate, assessment or charge be levied or imposed in lieu of or in addition to those contemplated by the provisions of this Article, the LANDLORD and the TENANT hereby agree to negotiate such amendment or new provision for this LEASE as is necessary to deal with such change with fairness between them and in an equitable manner so as to obviate any injustice or inequity which shall have arisen, and should the LANDLORD and the TENANT fail to agree on such amendment or new provision the same shall be settled by reference to ARBITRATION. In negotiating such amendment or new provision the LANDLORD and the TENANT shall, to the greatest extent possible, rely on the records of the TAXING AUTHORITY.

ARTICLE XIILANDLORD'S COVENANTS TO PAY TAXES

- 12.01 The LANDLORD shall pay or cause to be paid when due:
- (a) each and every instalment of all REAL PROPERTY TAXES now or at any time charged or levied against the SHOPPING CENTRE (except the HEPC LANDS to the extent that REAL PROPERTY TAXES charged or levied against the HEPC LANDS are paid by HEPC) or any part thereof other than such as are the responsibility of the TENANT under the provisions of Article XI;
 - (b) all utility charges and rates, business taxes, licence fees and similar taxes, rates and charges which may be levied by any TAXING AUTHORITY against the SHOPPING CENTRE and/or upon and/or in respect of the contents of and/or the business or activities carried on, upon and/or in connection with the buildings and improvements therein or thereon or the leasing and/or occupancy thereof other than such as are the responsibility of the TENANT under the provisions of Article XI and such as are the responsibility of HEPC.
- 12.02 Nothing in this Article XII shall oblige the LANDLORD to pay any tax, rate or charge levied or charged against or in respect of the income or capital of the TENANT or of the other tenants in the SHOPPING CENTRE.

12.03 Should the LANDLORD fail to pay, when due, any taxes, rates, fees or other charges required to be paid by the LANDLORD under Section 12.01, the TENANT shall have the right to pay the same at the expense of the LANDLORD and the amount so paid shall be forthwith repaid by the LANDLORD to the TENANT and the TENANT shall have the right to deduct the same from RENT and any other amounts which by Section 5.06 are payable to the LANDLORD as rent, the whole in addition to and without derogation from all of the TENANT's rights under this LEASE, unless the said taxes, rates, fees or other charges or any assessment relating thereto are being diligently contested in good faith by the LANDLORD in which event the LANDLORD may withhold payment of the same provided the LANDLORD pays all costs of contestation and furnishes such security as the TENANT may reasonably require for the payment of such taxes, rates, fees or other charges and, provided further, that such contestation or non-payment does not render any lands, buildings, improvements or facilities forming part of the SHOPPING CENTRE subject to sale or forfeiture.

ARTICLE XIIITENANT'S COVENANTS TO MAINTAIN AND REPAIR

13.01 Notwithstanding any provision of any applicable law or regulation, the TENANT shall, subject to the provisions of sections 7.04 and 17.06, maintain the SIMPSONS BUILDING, the SIMPSONS OUTDOOR SELLING AREA and the SIMPSONS IMPROVEMENTS, and other improvements from time to time therein or thereon and all equipment, machinery and other facilities therein, thereon or used in connection therewith and every part and portion thereof, in each case as a prudent owner would do, and accordingly the TENANT will at all times during the TERM, at its own cost and expense and for its own account, diligently carry out, make or cause to have carried out and made all repairs, major and minor, and maintenance, structural or otherwise, exterior or interior, including those made necessary by age or irresistible force (but not including repairs to remedy reasonable wear and tear), whether usually made by landlords or tenants, to the SIMPSONS BUILDING, the SIMPSONS OUTDOOR SELLING AREA and the SIMPSONS IMPROVEMENTS, and other improvements from time to time therein or thereon and all equipment, machinery and other facilities therein, thereon or used in connection therewith or any part or portion thereof, and will repair, replace, rebuild or reconstruct the same or any part thereof which may become worn, dilapidated or destroyed, in whole or in part, and, without limiting the

generality of the foregoing, will repair, replace, rebuild or reconstruct the SIMPSONS BUILDING and the improvements thereon or therein and the SIMPSONS IMPROVEMENTS, provided however, that nothing herein shall oblige the TENANT to repair, replace, rebuild or reconstruct any COMMON AREAS unless such repair, replacement, rebuilding or reconstruction shall be occasioned by the negligence of the TENANT or those for whom it is responsible and provided further that the TENANT shall be under no obligation to replace, rebuild or reconstruct any fixtures, whether moveable or immoveable installed in the SIMPSONS BUILDING by the TENANT after the OPENING DATE so long as such fixtures, while in or forming part of the SIMPSONS BUILDING, remain in good repair.

13.02 The LANDLORD and any employee, servant or agent of the LANDLORD shall be entitled at any reasonable time to enter and examine the state of maintenance, repair and order of the SIMPSONS OUTDOOR SELLING AREA, the SIMPSONS IMPROVEMENTS, the LEASED PREMISES, all equipment and fixtures therein or thereon and any improvements now or hereafter made therein and the LANDLORD may give notice to the TENANT requiring that the TENANT perform the maintenance required by Section 13.01 or effect the repairs or replacements required by Section 13.01 as may be found necessary from such examination. The failure of the LANDLORD to give such notice shall not, however, relieve the TENANT from its obligations to maintain, repair and keep the SIMPSONS BUILDING,

the SIMPSON\$ OUTDOOR SELLING AREA and the SIMPSON\$ IMPROVEMENTS, and appurtenances in the condition required by this LEASE.

13.03 In the event of any capital or structural repair, replacement, rebuilding or reconstruction of the SIMPSON\$ BUILDING or the SIMPSON\$ IMPROVEMENTS becoming necessary (and if a governmental body or agency of competent jurisdiction orders any such capital or structural repair, replacement, rebuilding or reconstruction, such order shall be prima facie evidence that same has become necessary) the TENANT shall perform the same but before commencing or causing to be commenced any work in that respect shall submit the plans and specifications for the exterior elevations of the SIMPSON\$ BUILDING (including the elevation fronting on the MALL) and the SIMPSON\$ IMPROVEMENTS and for the points of contact of such work with the LANDLORD'S IMPROVEMENTS to the LANDLORD for approval, which approval shall not be withheld or delayed so long as the proposed work will not result in any substantial decrease in the market value of the LEASED PREMISES and so long as after the completion of such work the SIMPSON\$ BUILDING and the SIMPSON\$ IMPROVEMENTS will comply with the provisions of Section 13.06 hereof. Notwithstanding the foregoing, the plans and specifications in respect of any repair, replacement or rebuilding required by any governmental body or agency of competent jurisdiction shall be approved by the LANDLORD unless the LANDLORD, on reasonable grounds, shall not be

satisfied with the proposed design or mode of construction and such design or mode of construction shall not be a part of the governmental requirement. Forthwith after such approval has been obtained, the TENANT shall proceed with such work with all reasonable speed.

13.04 In the event of the failure on the part of the TENANT to comply with the provisions of this Article, the LANDLORD shall have the right to take all such action as shall be reasonably required to remedy such failure on the part of the TENANT, provided that the LANDLORD shall take no action under this Section unless it has given the TENANT thirty (30) days' notice of the failure complained of and the LANDLORD's intention to remedy the same (or, in case such failure is of such a nature that it could reasonably be expected to result in serious damage or harm to the LANDLORD or to the SHOPPING CENTRE, such shorter period of notice as shall be reasonable in the circumstances) and the TENANT has not taken action in a diligent manner within the period of said notice to remedy such failure. Any costs incurred by the LANDLORD in taking any such action shall be immediately payable by the TENANT to the LANDLORD.

13.05 All repairs, maintenance and other obligations of the TENANT under this Article XIII shall be made by it in conformity with all applicable statutes, regulations and by-laws of all

competent governmental authorities and the TENANT shall, before proceeding to commence or to effect the same, obtain at its own cost and, if required, in the name of the LANDLORD, all requisite licences, permits and governmental permissions. All repairs, replacements, rebuildings and reconstructions to be made by the TENANT under this Article shall be made as expeditiously as possible and in such manner as to cause the least possible interference with the operations of the SHOPPING CENTRE or the EXTERIOR LANDS. All repairs, replacements, rebuildings and reconstructions to be made by outside contractors shall be made by contractors approved by the LANDLORD, which approval shall not be unreasonably withheld.

13.06 After the completion of any such repairs, replacements, rebuildings and reconstructions, the exterior architectural treatment of the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS shall harmonize with the architectural treatment of the SHOPPING CENTRE as a whole, the GROSS LEASEABLE AREA of the SIMPSONS BUILDING shall be no greater than it was prior to any damage or destruction (unless the TENANT shall have complied with the provisions of Article XIX hereof) and shall not be reduced by more than twenty percent (20%) from the GROSS LEASEABLE AREA thereof on the OPENING DATE or, if expanded in accordance with the provisions of Article XIX, from the GROSS LEASEABLE AREA thereof immediately prior to the time such work became necessary, and the functional utility and integration of the SIMPSONS

BUILDING and the SIMPSONS IMPROVEMENTS with the remainder of the SHOPPING CENTRE shall not have been materially reduced. Provided the foregoing requirements and the requirements of Section 13.03 are met the plan, design, form, shape and appearance of the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS after any such repair, replacement, rebuilding or reconstruction need not be the same as the plan, design, form, shape and appearance thereof prior to such repair, replacement, rebuilding or reconstruction. If any dispute shall arise as to whether the requirements of this section will be or have been met or as to the extent of any decrease in the market value of the LEASED PREMISES under Section 13.03, such dispute shall be settled by ARBITRATION.

13.07 At the termination of this LEASE, the TENANT will quit the LEASED PREMISES and the SIMPSONS IMPROVEMENTS and shall have no rights therein and will peaceably surrender, yield and deliver the same up to the LANDLORD in the condition in which the TENANT is required to maintain the same by the provisions of this LEASE and the same shall thereupon become the property of the LANDLORD and no compensation shall be paid by the LANDLORD to the TENANT therefor. Notwithstanding the foregoing, at any time prior to (but subject to the provisions of the TENANT's covenants to operate referred to in Sections 6.01 and 6.02A) or within a reasonable period following the termination of this LEASE, the TENANT may remove any equipment, fixtures, leasehold improvements and facilities now or hereafter situate in or on the LEASED

PREMISES (but not the SIMPSONS IMPROVEMENTS), such that after such removal upon the termination of this LEASE there shall remain the SIMPSONS IMPROVEMENTS and a fully-enclosed shell building (such shell building hereinafter being called the "shell building") with all its mechanical, heating, ventilating, air-conditioning, sprinkler and plumbing distribution systems, all exterior walls, doors and windows, permanent floors (including permanent mezzanine floors), washrooms, permanent stairs, elevators and escalators. Any damage caused or appearing in the course of such removal shall be repaired to the standard to which the TENANT is required to maintain and repair under this LEASE. Notwithstanding the operation of any law to the contrary, the TENANT is and shall be deemed to be the owner of the SIMPSONS IMPROVEMENTS until the expiry of the TERM through the effluxion of time or otherwise and the owner of all equipment, fixtures, leasehold improvements and facilities, now or hereafter situate in or on the LEASED PREMISES, such that if such equipment, fixtures, leasehold improvements and facilities were removed from the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and a shell building would be left standing on the SIMPSONS LAND. Disputes under this Section 13.07 shall be settled by ARBITRATION.

13.08 The LANDLORD and the TENANT agree one with the other that should any damage result from the doing of any work by one of the parties hereto to the premises of the other then the party doing the work or causing the same to be done shall be

responsible in the absence of any neglect, wilful act or act of omission or commission on the part of the party injured; the LANDLORD and the TENANT hereby further agree that they will indemnify each other and save each other harmless from and in respect of all losses, costs, damages (including damages for personal injury or death) incurred by reason of the act of the party doing such work and to give effect to the foregoing provisions the party causing such work to be done shall, in the event of any action being taken in respect of the foregoing, defend such action in the name of the other or otherwise so that the other party shall suffer no loss or harm by reason thereof.

ARTICLE XIVLANDLORD'S COVENANTS TO MAINTAIN AND REPAIR

14.01 The LANDLORD agrees to maintain or cause to be maintained the LANDLORD'S IMPROVEMENTS other than facilities on the HEPC LANDS intended for use by HEPC, in a manner consistent with the best standards of shopping centre management and as a prudent owner would do, and accordingly will at all times during the TERM, diligently carry out, make or cause to have carried out and made, all repairs, major and minor, and maintenance, structural or otherwise, interior or exterior, including those made necessary by age or irresistible force, to such LANDLORD'S IMPROVEMENTS and other improvements from time to time therein or thereon and all equipment, machinery or other facilities therein, thereon or used in connection therewith or any part or portion thereof and will repair, replace, rebuild or reconstruct the same or any part thereof which may become worn, dilapidated, or destroyed, in whole or in part, and without limiting the generality of the foregoing, will repair, replace, rebuild or reconstruct such LANDLORD'S IMPROVEMENTS. In the event of any capital or structural repair, replacement, rebuilding or reconstruction of or to the LANDLORD'S IMPROVEMENTS, the LANDLORD shall carry out the same in such manner that the building, improvement or facility so repaired, replaced, rebuilt or reconstructed, is in the same form as nearly as may be, as it was

prior to such repair, replacement, rebuilding or reconstruction unless the LANDLORD shall intend to alter the form of such building, improvement or facility in which event the LANDLORD shall submit the plans and specifications therefor to the TENANT for approval, which approval shall not be withheld or delayed if after such proposed repair, replacement, rebuilding or reconstruction:

- (a) the GROSS LEASEABLE AREA of the buildings in the LANDLORD'S IMPROVEMENTS is not reduced by more than twenty percent (20%) from the GROSS LEASEABLE AREA thereof on the OPENING DATE or, if expanded in accordance with the provisions of Article XX, from the GROSS LEASEABLE AREA thereof immediately prior to the same time such work became necessary;
- (b) the functional utility and integration of the building, improvement or facility so to be repaired, replaced, rebuilt or reconstructed with the remainder of the SHOPPING CENTRE shall not be materially reduced;
- (c) the exterior architectural treatment of the building, improvement or facility so to be repaired, replaced, rebuilt or reconstructed (including the elevations fronting on the MALL) shall harmonize with the architectural treatment of the SHOPPING CENTRE as a whole; and
- (d) the traffic or parking patterns in the SHOPPING CENTRE

and the EXTERIOR LANDS are not altered to the material detriment of the TENANT and the interests of the TENANT are not otherwise detrimentally affected to a material degree.

If any dispute shall arise as to whether the requirements of this Section have been met, such dispute shall be settled by ARBITRATION.

14.01A The LANDLORD will use its best efforts to ensure that SIMPSONS-SEARS maintains and operates the SIMPSONS-SEARS BUILDING and SIMPSONS-SEARS LAND and to ensure that WOOLWORTH and/or MARKUS maintains and operates the WOOLWORTH BUILDING and WOOLWORTH LAND in accordance with the standards set out in the agreements from time to time between the LANDLORD and SIMPSONS-SEARS and between the LANDLORD and WOOLWORTH and/or MARKUS, respectively, and in the event of any default in the performance of such obligations, the LANDLORD will at no cost to the TENANT give all necessary notices and perform such obligations to the extent it is permitted to do so under such agreements, if not to do so would be to the material detriment of the TENANT.

14.02(a) The covenant of the LANDLORD to repair and maintain, in Section 14.01 insofar as it relates to areas used from time to time for the parking of vehicles, roads and

sidewalks, shall be deemed to include a covenant to keep such areas in a condition of good repair.

(b) Insofar as such covenant relates to landscaped areas, the same shall be deemed to include covenants to cut and weed all grass when reasonably necessary, to prune and spray all trees when reasonably necessary, to maintain all planting beds, and to water, fertilize and replace grass, trees, shrubs, flowers and beds when reasonably necessary.

(c) Insofar as such covenants relate to the MALL, the same shall be deemed to include covenants to maintain the same in a clean and sanitary condition and otherwise as will permit the use at all times of the MALL for the purposes for which it is intended, subject only to such interruptions as shall be necessary to complete repairs, replacements, rebuildings and reconstructions.

14.03 Any repairs, replacements, rebuildings and reconstructions to be made by the LANDLORD under this Article shall be made as expeditiously as possible and in such manner as to cause the least possible interference with the operations of the SIMPSONS BUILDING, the SIMPSONS IMPROVEMENTS, the SIMPSONS OUTDOOR SELLING AREA and the remainder of the SHOPPING CENTRE.

14.04 In the event of the failure on the part of the LANDLORD

to comply with the provisions of this Article the TENANT shall have the right to take all such action as shall be reasonably required to remedy such failure on the part of the LANDLORD and all costs incurred by the TENANT or its agent shall immediately be payable by the LANDLORD to the TENANT and, after the expiration of the ORIGINAL TERM, the TENANT shall have the right to deduct the said amount from RENT and any other amounts which by Section 5.06 are payable to the LANDLORD as rent, provided however that the TENANT shall take no action under this Section

- (i) unless the TENANT shall have given the LANDLORD written notice of the failure complained of and of the TENANT's intention to remedy the same, which notice shall specify in reasonable detail the action proposed to be taken;
- (ii) if, within ten (10) days after its receipt of such notice, the LANDLORD shall have advised the TENANT that it disputes the existence of any such failure on its part, until the dispute shall have been settled by ARBITRATION; and
- (iii) unless the LANDLORD shall not have commenced action to remedy such failure with reasonable diligence within the period of thirty (30) days after its receipt of such notice or after the decision of such ARBITRATION, as the case may be, or, depending on the subject matter of such failure, within such longer period after the receipt of such notice or such decision as is reasonable under the

circumstances;

provided however that if the failure on the part of the LANDLORD shall be of such a nature as to adversely affect the business of the TENANT to a material degree or otherwise cause serious harm or damage to the TENANT or to the SHOPPING CENTRE, the foregoing subparagraphs (i), (ii), and (iii) shall not be applicable and the TENANT shall be entitled to take action under this Section if it shall have given the LANDLORD such notice of such failure as shall be reasonable in the circumstances and the LANDLORD shall not have taken action in a diligent manner within the period of such notice to remedy such failure.

ARTICLE XVCOVENANTS TO COMPLY AND CONFORM TO
APPLICABLE STATUTES, LAWS, ETC.

15.01 The TENANT shall comply with and conform to the requirements of every applicable statute, law, by-law, regulation, ordinance and order from time to time or at any time in force, and affecting the condition, equipment, maintenance, use or occupation of the LEASED PREMISES, all improvements, equipment, machinery and facilities therein or thereon, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA, and with every applicable requirement of any liability or other insurance company by which the LANDLORD and TENANT or either of them may be insured. The TENANT shall have the right to contest by proper proceedings the validity of any such statute, law, by-law, regulation, ordinance, requirement or order and may postpone compliance therewith until the final determination of such proceedings provided that such proceedings shall be prosecuted with due diligence and dispatch and provided further that such postponement shall not subject any part of the SHOPPING CENTRE to forfeiture or sale. In the event of the failure on the part of the TENANT to comply with the provisions of this Section 15.01, the LANDLORD shall have the right to take any necessary action at the cost of the TENANT, provided that, unless the LANDLORD shall be of the reasonable opinion that any delay would

cause serious damage or harm to the LANDLORD or the SHOPPING CENTRE or involve the probability of serious legal action against the LANDLORD, the LANDLORD has given the TENANT thirty (30) days' notice of the LANDLORD's intention to take such action and the TENANT has failed to commence such work in a diligent manner within the said thirty (30) day period and all outlays by the LANDLORD or its agent shall immediately be payable by the TENANT to the LANDLORD.

15.02 The LANDLORD shall comply with and conform to the requirements of every applicable statute, law, by-law, regulation, ordinance and order from time to time or at any time in force and affecting the condition, equipment, maintenance, use or occupation of the SHOPPING CENTRE LANDS (other than the HEPC LANDS to the extent that the LANDLORD is not liable to comply therewith or conform thereto, and other than the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA) and all equipment, machinery and facilities therein or thereon and with every applicable requirement of any liability or other insurance company by which the LANDLORD may be insured. The LANDLORD shall have the right to contest by proper proceedings the validity of any such statute, law, by-law, ordinance, regulation or order and may postpone compliance therewith until the final determination of such proceedings, provided that such proceedings shall be prosecuted with due diligence and dispatch

and provided further that such postponement shall not subject any part of the SHOPPING CENTRE LANDS to forfeiture or sale. In the event of the failure on the part of the LANDLORD to comply with the provisions of this Section 15.02, and if, in the reasonable opinion of the TENANT such failure could result in the forfeiture or sale of any part of the SHOPPING CENTRE LANDS or material damage or harm to the TENANT or to the SHOPPING CENTRE, the TENANT may, on thirty (30) days' notice to the LANDLORD (or on such shorter notice as shall be reasonable in the circumstances) take any necessary action to remedy such failure and all outlays by the TENANT or its agent for such purpose shall immediately be payable by the LANDLORD to the TENANT and the TENANT may deduct the same from RENT and any other amounts which by Section 5.06 are payable to the LANDLORD as rent.

ARTICLE XVI
COVENANTS AS TO PAYMENT OF MORTGAGES

16.01 The LANDLORD covenants and agrees that it will pay as and when the same fall due, all amounts payable under any mortgage, charge, attachment or encumbrance affecting the interest of the LANDLORD in the SHOPPING CENTRE LANDS or any part thereof and/or any improvements thereon and will perform all covenants under any such mortgage, charge or encumbrance and will not suffer to exist any default thereunder.

16.02 The TENANT covenants and agrees that it will pay as and when the same fall due all amounts payable under any mortgage, charge or encumbrance of the interest of the TENANT in the LEASED PREMISES or affecting the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA and will perform all covenants under any such mortgage, charge or encumbrance and will not suffer to exist any default thereunder.

16.03 In the event of any default by the LANDLORD or the TENANT in their obligations under this Article XVI, the other party may, but need not, take such action as is required to cure such default and any amounts expended by the other party for such purpose shall be paid forthwith by the party in default to the other party and such amounts may be deducted by the TENANT from

RENT and any other amounts which by Section 5.06 are payable to the LANDLORD as rent, or by the LANDLORD from any amounts payable to the TENANT hereunder as the case may be, provided in respect of any default under any mortgage, charge or encumbrance the party not in default shall take no action to cure such default unless and until, within the period of ten (10) days after the party not in default shall have received notice of such default from the mortgagee or other encumbrancer, the party in default shall have failed to remedy such default or to satisfy the other party on reasonable grounds that it is proceeding to remedy such default and will remedy the same within the period of delay, if any, permitted under such mortgage, charge or other encumbrance.

ARTICLE XVIITENANT'S INSURANCE AND COVENANTS CONCERNING
DESTRUCTION AND REBUILDING

17.01 During the TERM the TENANT shall at its own cost and expense, take out and keep in force public liability and property damage insurance covering the TENANT's operation, occupation, use and tenancy of the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA, naming the LANDLORD and the TENANT as insured parties, with a recognized insurance company or companies qualified to do business in the Province of Ontario and to effect such insurance. The amount of such insurance carried from time to time shall be Two million dollars (\$2,000,000) or such greater amount as a prudent tenant would maintain, for injury or damage to any one person or damage arising from any one accident, and in any event not less than the amount of such insurance required to be carried by the LANDLORD under Section 13.01. If at any time the LANDLORD shall be of the opinion that the amount of such insurance is less than the amount a prudent tenant would maintain and the TENANT disagrees, the matter may be referred to ARBITRATION. The TENANT shall on request furnish to the LANDLORD certificates of the insurance company or companies evidencing the maintenance of such insurance and the coverage effected thereby. However, no certificate of insurance on public liability and property damage for an amount in excess of One

million dollars (\$1,000,000.00) will be required. The TENANT shall advise the LANDLORD of any cancellation or change in the nature of any such policies. Should the TENANT fail to effect and to keep such insurance in force, and should the TENANT not rectify such situation within forty-eight (48) hours after written notice by the LANDLORD to the TENANT the LANDLORD shall have the right, without assuming any obligation in connection therewith, to effect such insurance at the cost of the TENANT and all outlays by the LANDLORD shall be immediately payable by the TENANT to the LANDLORD without prejudice to any other rights and recourses of the LANDLORD hereunder.

17.02 During the TERM the TENANT shall at all times insure at its own cost and expense the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA, and all improvements, equipment, machinery and other facilities therein or thereon or used in connection therewith or any portion or portions thereof, against all losses by fire and those additional perils contained in the extended perils endorsement of such insurance company or companies normally in use from time to time for buildings and improvements of a similar nature similarly situated in an amount equal at all times to not less than one hundred percent (100%) of an amount equal to the full replacement cost thereof (excluding the cost of foundations and footings, underground utilities and architects and other fees associated

with these items), less depreciation to reflect normal physical wear and tear and, in addition, permitting a reasonable deductible amount of loss approved by the LANDLORD, which approval shall be given if such amount does not exceed three percent (3%) of the amount insured. However, there shall be no such reduction for depreciation in any of the following cases:

- (a) where the LEASE is assigned to any assignee whatsoever (other than pursuant to Section 7.01(c));
- (b) during the last two years of the ORIGINAL TERM, upon request of the LANDLORD made to the TENANT during the twenty-seventh year of the ORIGINAL TERM; and
- (c) during the last two years of a renewal period, upon request of the LANDLORD made to the TENANT during the third-to-last year of such renewal period.

If reasonably required by the LANDLORD, the TENANT shall effect boiler and pressure vessel insurance up to a limit of not more than One million dollars (\$1,000,000). Such insurance shall name the LANDLORD, its MORTGAGEE or MORTGAGEES and the TENANT as insured parties with losses payable to such parties as their respective interests may appear. Save as provided in Section 17.06, the proceeds of any loss shall be applied to the repair, replacement, rebuilding or restoration of the property damaged or destroyed. The TENANT shall furnish to the LANDLORD certificates of the insurance companies evidencing the maintenance of such insurance and the coverage effected thereby, which shall at all times be carried by a recognized insurance company or companies qualified to effect such insurance and to do business in the

province of Ontario and reasonably acceptable to the LANDLORD and its said MORTGAGEES. All policies will contain an undertaking by the insurers to notify the LANDLORD and its MORTGAGEES in writing not less than ten (10) days prior to any material change, cancellation or other termination thereof. The TENANT shall furnish evidence of renewal or replacement of all policies at least ten (10) days prior to the date fixed for the expiry thereof. Should the TENANT fail to effect and keep such insurance in force or should such insurance not be reasonably acceptable to either the LANDLORD or its said MORTGAGEES, and should the TENANT not rectify such situation within forty-eight (48) hours after written notice by the LANDLORD to the TENANT (stating, if the LANDLORD does not accept such insurance, the reason therefor), the LANDLORD shall have the right to effect such insurance at the cost of the TENANT and all outlays by the LANDLORD shall be immediately payable by the TENANT to the LANDLORD without prejudice to any other rights and recourses of the LANDLORD hereunder.

17.03 Notwithstanding the provisions of any law to the contrary, if during the TERM, the LEASED PREMISES or any improvements, equipment, machinery or other facilities thereon or therein are totally or partially destroyed by any cause whatsoever, there shall be no abatement of RENT or any amount which by Section 5.06 is payable to the LANDLORD as rent hereunder.

17.04

(a) Promptly after any destruction or damage to the SIMPSONS BUILDING, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA or any improvements, equipment, machinery or facilities therein or thereon, and, in any event, prior to commencing the repair, replacement, rebuilding or restoration (in this Section 17.04 being called "repair") of the property destroyed or damaged (except for repair necessary to preserve the property, ensure the safety of the property or persons or to enable partial use to be made of any portions of the property not so destroyed or so damaged as to be incapable of use) unless the LANDLORD shall concede that the estimated cost of repair is less than fifty thousand dollars (\$50,000) the TENANT shall obtain and furnish to the LANDLORD a written estimate of an architect qualified to practice in the Province of Ontario selected by the TENANT and approved by the LANDLORD (which approval shall not be unreasonably withheld) of the total cost of repair of the property destroyed or damaged and shall use its best efforts to settle and obtain payment of, or a commitment to pay, the amount of loss pertaining to the destruction or damage recoverable under the

TENANT's insurance effected pursuant to Section 17.02.

- (b) If the estimated cost of repair of the property destroyed or damaged is not in excess of fifty thousand dollars (\$50,000), the LANDLORD shall release its interest and shall cause each MORTGAGEE of the LANDLORD, having any interest under the policies referred to, to release its interest, in the available insurance proceeds pertaining to the destruction or damage so that such proceeds may be made available to the TENANT for the sole purpose of effecting the repair or reimbursing the TENANT for moneys expended by it in connection with the repair.
- (c) If the estimated cost of repair of the property destroyed or damaged exceeds fifty thousand dollars (\$50,000) and if the provisions of Section 17.06 are not applicable:
 - (i) A trust fund (the "first trust fund") shall be constituted to receive the insurance proceeds, of which the LANDLORD, MORTGAGEES of the LANDLORD who have been nominated by the LANDLORD for the purpose, the TENANT, and MORTGAGEES of the TENANT who have been nominated by the TENANT for the purpose,

- shall be the trustees, and a second trust fund (the "second trust fund") shall be constituted, if necessary, to receive any additional funds to be payable under the provisions of subparagraph (ii) hereof, of which the LANDLORD and the TENANT shall be the trustees (the first and second trust funds being herein called the "repair fund");
- (ii) All insurance proceeds in connection with the damage or destruction of the SIMPSONS BUILDING, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA and the improvements, equipment, machinery and other facilities therein or thereon shall be paid to the first trust fund and the TENANT shall pay to the second trust fund additional funds equal to the amount, if any, by which the estimated cost of the repair exceeds the insurance proceeds which will be available to be paid to the first trust fund;
- (iii) The various trustees of the repair fund shall cause the repair fund, to the extent, if any that it is not immediately required for the purpose of paying for the repair, to be invested in securities of or guaranteed by the Government of Canada or any Province

thereof or in certificates of deposit of any Canadian Chartered Bank or of guaranteed investment certificates of any trust company in Canada approved by all of the trustees of the portion of the repair fund in question and by the TENANT. The trustees of the repair fund shall not be responsible for any loss to the repair fund occasioned by such investment. All interest and other gains realized by the investment of the repair fund shall form part of the repair fund, and all costs of investment and investment losses shall be paid by the TENANT as additional contributions to the repair fund to the extent not offset by the receipt of interest and other gains;

- (iv) Unless the provisions of Section 17.06 are applicable, the TENANT shall proceed to repair the destruction or damage and the repair fund shall be disbursed to the TENANT or to its order, drawing first from the first trust fund and, when it is exhausted, from the second trust fund, as the repair proceeds, in the following manner:

(1) upon application from time to time the

TENANT shall be entitled to require payments to be made from the repair fund provided that the aggregate of such payments shall at no time exceed any of:

- (A) eighty-five percent (85%) of the cost of the repairs completed, as certified by an architect appointed in accordance with the provisions of subparagraph (a) of this Section 17.04 at the time of each application, or
- (B) the aggregate amount which has been expended in connection with the repairs, or
- (C) an amount such that the balance remaining in the repair fund together with the insurance proceeds which will thereafter become available will at all times be sufficient to complete the repair,

and

- (2) all amounts remaining in the repair fund after the repair has been substantially

completed as certified by an architect appointed in accordance with the provisions of subparagraph (a) of this Section 17.04 and all periods for the exercise or registration of judgments, orders or liens of every nature have expired, shall be paid to the TENANT as soon as reasonably possible.

(v) If at any time during the effecting of the repair it shall appear that:

(A) the total cost of the repair will exceed the written estimate referred to in paragraph (a), or

(B) the insurance proceeds will not be available or will be otherwise reduced, the TENANT shall pay to the second trust fund the amount of the increase in cost or the reduction of the available insurance proceeds, as the case may be; and

(vi) In addition to the foregoing obligations of the LANDLORD, the LANDLORD shall take whatever action and furnish whatever directions, certificates and other documents as may be necessary to ensure that such

proceeds will become available to the TENANT, (and without limiting the generality of the foregoing, will obtain releases of the proceeds from MORTGAGEES of the LANDLORD) at the time or times provided in sub-paragraph (iv) to reimburse it for the cost of repairs and to pay any remaining balance of the repair fund over and above such cost to the TENANT.

17.05 Any repairs, replacements, rebuilding and/or restoration required to be effected by the TENANT under the provisions of this Article shall be carried out by the TENANT in accordance with the provisions of Article XIII hereof and without limiting the generality of the foregoing, the provisions of Sections 13.04, 13.05, 13.06 and 13.07 shall be applicable thereto, provided however that the TENANT may delay planning the repair, replacement, rebuilding and/or restoration for a period of up to three months (and with the consent of the LANDLORD for a longer period) pending settlement of insurance claims.

17.06 Notwithstanding anything else in this LEASE, if, in the TENANT's opinion, twenty-five percent (25%) or more of the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS shall be damaged or destroyed within the period of two (2) years immediately

before the expiration of the ORIGINAL TERM or any renewal periods, the TENANT will forthwith notify the LANDLORD of the occurrence of such damage or destruction and, within sixty (60) days of such notice, the parties hereto will determine whether the cost of repair, restoration, rebuilding, replacement or reconstruction (in this Section 17.06 being called "repair") would exceed twenty-five percent (25%) of the replacement cost (excluding foundations and excavation cost) of the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS or, failing agreement, by ARBITRATION in accordance with Article XXV. If such determination is made and is affirmative and if the TENANT shall not have then given notice of its intention not to renew this LEASE as provided in Section 4.02 and the TENANT does not wish to repair the SIMPSONS BUILDING and the SIMPSONS IMPROVEMENTS or the parts thereof so damaged or destroyed, the TENANT shall so notify the LANDLORD within fifteen (15) days of such determination and the LEASE (other than defined terms, Section 13.07, this Section 17.06 and Article XXV) will terminate upon the date of the giving of such notice to the LANDLORD, and appropriate adjustments in rent, taxes and other charges payable hereunder and in connection with amounts in respect of which the TENANT has any right of set-off, shall be made to such date, and the TENANT shall release to the LANDLORD its interest in all insurance policies and proceeds payable in respect of such damage or destruction.

17.07 No insurance taken out by the LANDLORD for the TENANT at the TENANT's expense as provided for in this Article shall relieve the TENANT of its obligation to insure hereunder and the LANDLORD shall not be liable for any loss or damage suffered by the TENANT in connection therewith.

17.08 The policies of insurance maintained pursuant to section 17.02 hereof shall provide for the release of all rights of subrogation against the LANDLORD, but only if such provision can be obtained without additional premium to the TENANT or if the LANDLORD shall reimburse the TENANT for the additional cost incurred by the TENANT in obtaining such provision.

ARTICLE XVIIILANDLORD'S INSURANCE

18.01 During the TERM, the LANDLORD shall at its own cost and expense take out and keep in force public liability and property damage insurance in the amount of at least Two million dollars (\$2,000,000.00) or such greater amount as may be required from time to time because of the nature of the LANDLORD'S business in the SHOPPING CENTRE, for injury or damage to any one person or damage arising out of any one accident, and in any event not less than the amount of such insurance required to be carried by the TENANT under Section 17.01, with a recognized insurance company or companies qualified to carry on business in the Province of Ontario and to effect such insurance. If at any time the TENANT shall be of the opinion that the amount of such insurance is less than the amount which is required because of the nature of the LANDLORD'S business in the SHOPPING CENTRE and the LANDLORD disagrees, the matter may be referred to ARBITRATION. The LANDLORD shall from time to time at the request of the TENANT supply the TENANT with evidence reasonably satisfactory to the TENANT of the insurance carried by the LANDLORD pursuant to this Section.

18.02 During the TERM, the LANDLORD shall at all times insure the LANDLORD'S IMPROVEMENTS and the COMMON AREAS forming part of the LANDLORD'S IMPROVEMENTS and all improvements, equipment,

machinery and other facilities therein or thereon or used in connection therewith or any portion or portions thereof, other than facilities on the HEPC LANDS intended for use by HEPC, against all losses by fire and all other hazards covered by policies and supplemental insurance contracts normally in use from time to time for buildings and improvements of a similar nature similarly situated in an amount equal at all times to not less than the full replacement value thereof, excluding the cost of foundations and footings and permitting a reasonable deductible amount of loss. The LANDLORD shall also effect boiler and pressure vessel insurance in such reasonable amounts as the LANDLORD shall determine, having relation to the nature of the boilers and pressure vessels utilized by the LANDLORD. Such insurance shall name the LANDLORD and its MORTGAGEES as insured parties with losses payable to such parties as their respective interests may appear. The LANDLORD shall from time to time at the request of the TENANT supply the TENANT with evidence reasonably satisfactory to the TENANT of the insurance carried by the LANDLORD pursuant to this Section.

18.03 The policies of insurance maintained pursuant to Section 18.02 hereof shall provide for the release of all rights of subrogation against the TENANT, but only if such provision can be obtained without additional premium to the LANDLORD or if the TENANT shall reimburse the LANDLORD for the additional cost incurred by the LANDLORD in obtaining such provision.

ARTICLE XIXEXPANSION OF SIMPSONS BUILDING

19.01 Subject to the provisions of this Article XIX and subject to WOOLWORTH's prior rights to expand the WOOLWORTH BUILDING if a limit on expansion of the SHOPPING CENTRE and the EXTERIOR LANDS is imposed by law, the TENANT shall have the right, at any time and from time to time following the expiration of five (5) years after the OPENING DATE, to expand the SIMPSONS BUILDING vertically such that the GROSS LEASEABLE AREA of the expanded portion of the SIMPSONS BUILDING shall not exceed seventy thousand (70,000) square feet. In connection with any such expansion, the TENANT shall be obliged to construct or have constructed additional parking facilities in or on the SIMPSONS IMPROVEMENTS or on subsequently acquired land as provided in Section 19.03(b) to maintain the parking index referred to in Section 19.04 together with such other COMMON AREAS, if any, as may be required in connection with such facilities, in accordance with good shopping centre practice. The LANDLORD shall notify the TENANT of WOOLWORTH's intention to expand its premises forthwith upon receiving knowledge of such intention.

19.02(a) The construction of any expansion of the SIMPSONS BUILDING or any additional COMMON AREAS or both shall be undertaken and carried out by the LANDLORD for the TENANT if, prior to the commencement of construction,

the LANDLORD and the TENANT shall agree on the additional rent to be paid and the manner in which it shall be paid by the TENANT to the LANDLORD by reason of such construction.

- (b) If such an agreement is not reached between the LANDLORD and the TENANT, the TENANT may, at its own cost and expense, construct such expansion to the SIMPSONS BUILDING or the additional COMMON AREAS or both.

19.03 No construction for any of the purposes set forth in Section 19.01 hereof shall, without the written approval of the LANDLORD be commenced by the TENANT unless the TENANT shall have given the LANDLORD not less than one (1) year's notice of its intention to so commence. The TENANT shall not commence any construction for such purpose without having submitted plans and specifications to the LANDLORD at least ninety (90) days prior to such commencement, including those pertaining to any required COMMON AREAS, and obtaining its approval of the same, which approval shall not be unreasonably withheld if the exterior appearance of the SIMPSONS BUILDING, as so expanded, and the additional COMMON AREAS, if any, will be architecturally consistent with the balance of the SHOPPING CENTRE and if the additional COMMON AREAS are located so as to maintain a proper balance of parking and access, so as not adversely to affect access to the PARKING AREAS or the balance or distribution of

parking facilities having regard to the distribution of the retail facilities on the SHOPPING CENTRE LANDS and the EXTERIOR LANDS or the traffic patterns and pedestrian flow in the SHOPPING CENTRE and the EXTERIOR LANDS in a material way and so as not adversely and materially to obstruct the view from the balance of the SHOPPING CENTRE. The TENANT shall have the right to provide additional parking facilities forming part of the SIMPSONS IMPROVEMENTS constructed because of the expansion of the SIMPSONS BUILDING only

- (a) by means of multiple parking decks, the location of which shall be in the area shown as the "Deck Parking Area" on the SHOPPING CENTRE PLANS and the dimensions of which shall be approved by the LANDLORD prior to commencement of construction thereof (such approval not to be unreasonably withheld), and/or
- (b) on lands which may hereafter be acquired by the TENANT and which are within the area bounded by Wilson Avenue, Fairview Road, Kingsway Drive and Highway No. 8, provided that mutually satisfactory arrangements are made for the use of said lands as part of the SHOPPING CENTRE. The LANDLORD shall have the right to negotiate for the use of any area of said lands not then required by the TENANT for its expansion and for a right of first refusal in respect of any sale of such area by the TENANT.

The application of the provisions of this Section 19.03, if in dispute, shall be settled by ARBITRATION.

For the purpose of this Article XIX, construction of an expansion shall be deemed to mean construction of any new building, any extension to an existing building, any completion of existing space which was not GROSS LEASEABLE AREA at the OPENING DATE or any other act which will result in an increased GROSS LEASEABLE AREA of the SIMPSONS BUILDING, but shall be deemed to exclude the conversion of initially constructed space into GROSS RETAIL RENTABLE FLOOR AREA where the TENANT shall have given the LANDLORD six months' notice of its intention to convert such space. Notwithstanding the foregoing, the TENANT shall be obliged in the event of such a conversion to construct or have constructed, in compliance with all applicable provisions of this Article XIX in that regard, additional parking facilities on the SIMPSONS LAND or subsequently acquired lands, to maintain the parking index referred to in Section 19.04 as though an expansion had taken place.

In no event shall the TENANT be entitled to erect any buildings, improvements or facilities of any sort whatsoever upon the SIMPSONS LAND, save as otherwise contemplated by this LEASE or as otherwise agreed by the LANDLORD.

19.04 Prior to the completion of any construction of an

expansion of the SIMPSONS BUILDING or conversion of initially constructed space into GROSS RETAIL RENTABLE FLOOR AREA, there shall be provided by the LANDLORD or the TENANT, as the case may be, pursuant to Section 19.02, in the manner set forth in Section 19.03, sufficient CAR SPACES to provide the parking ratio (as set forth in Section 10.07) in respect of the expanded or converted portion of the SIMPSONS BUILDING.

19.05 Prior to the commencement of construction of any expansion of the SIMPSONS BUILDING, the LANDLORD shall provide the TENANT with an estimate in reasonable detail of any costs or expenses of or related to construction (other than the LANDLORD's cost of construction under Section 19.02(a)) which will become payable by the LANDLORD as a direct result of the expansion of the SIMPSONS BUILDING. The LANDLORD shall give the TENANT notice of the amount of any such costs or expenses after they are incurred. If there is any dispute as to the amount of any such costs or expenses or as to whether they are a direct result of any expansion of the SIMPSONS BUILDING, the dispute shall be referred to ARBITRATION. The amount agreed or determined to be owing shall be deemed to have been due and payable thirty (30) days after the date of such notice.

19.06 If there shall be any change in the existing parking, zoning or other governmental regulations in effect at the OPENING and as a result thereof, on any proposed expansion of the

SIMPSON'S BUILDING, CAR SPACES in addition to those required in respect of the GROSS RETAIL RENTABLE FLOOR AREA of such expansion are required to be provided by the LANDLORD before such expansion can take place, the TENANT shall not proceed with such expansion or permit the same to be proceeded with unless and until either:

- (i) the TENANT shall have agreed with the LANDLORD to reimburse the LANDLORD for the cost of providing such additional CAR SPACES, or
- (ii) the TENANT and the LANDLORD shall have agreed as to the manner in which such cost is to be paid including the amount, if any, of such cost which is to be paid by the LANDLORD.

19.07 Except as otherwise specifically provided, any amounts payable as additional rent by the TENANT to the LANDLORD under this Article XIX shall be paid in advance on the first day of each month in every LEASE YEAR based on an estimate of such amounts prepared by the LANDLORD and based, except in the case of the first and second LEASE YEAR in which such amounts are payable, on the amounts payable in respect of the previous LEASE YEAR with adjustment for any anticipated increase or decrease. A detailed statement and calculation of the amounts payable by the TENANT under this Section 19.07, in respect of each LEASE YEAR shall be set forth in the statement to be provided by the LANDLORD to the TENANT under Section 9.06 hereof and any amount which the amount shown by such statement is less than or

exceeds the aggregate of the monthly payments made by the TENANT during such LEASE YEAR shall be paid by the TENANT to the LANDLORD or by the LANDLORD to the TENANT in the manner and at the times provided in Section 9.06.

ARTICLE XXEXPANSION OF LANDLORD'S IMPROVEMENTS

20.01 Subject to the provisions of this Article XX, the LANDLORD may at any time and from time to time following the expiration of five (5) years after the OPENING DATE, construct on the SHOPPING CENTRE LANDS other than the SIMPSONS LAND additional GROSS LEASEABLE AREA in the LANDLORD'S IMPROVEMENTS by expanding existing buildings, by making major structural alterations thereto and/or by constructing new buildings, for retail purposes or, with the TENANT's consent, not to be unreasonably withheld or delayed, for non-retail purposes complementary to and not detracting from the utility of the SHOPPING CENTRE, together with additional or substitute COMMON AREAS. Any dispute as to the types of non-retail purposes to which expanded facilities may be put may be referred to ARBITRATION. Subject to the provisions of this Article XX, the LANDLORD may also at any time and from time to time, whether or not in connection with any expansion contemplated by the foregoing provisions of this Section 20.01, provide other COMMON AREAS on the SHOPPING CENTRE LANDS, excluding the SIMPSONS LAND. In the event of horizontal expansion, the Shopping Centre Expansion Lands shown as such on the SHOPPING CENTRE PLANS shall be deemed to include the land under such expansion.

20.02 No construction for any of the purposes set forth in Section 20.01 hereof shall, without the written approval of the

TENANT.

- (i) be commenced by the LANDLORD unless the LANDLORD shall have given the TENANT not less than one (1) year's notice of its intention to so commence; or
- (ii) be carried out for the purpose of adding any further department store to the SHOPPING CENTRE.

20.03 Not less than ninety (90) days prior to commencement of such construction, the LANDLORD shall submit to the TENANT plans and specifications showing the location and design of such construction and such plans and specifications shall be subject to the approval of the TENANT which approval shall not be unreasonably withheld or delayed; the approval of the TENANT under this Section shall be deemed not to be unreasonably withheld or delayed if:

- (a) they do not meet the requirements of Sections 20.01 and 20.02;
- (b) after such construction the SHOPPING CENTRE would no longer be used primarily for retail purposes;
- (c) the exterior architectural treatment of such construction would not be architecturally consistent with the balance of the SHOPPING CENTRE as a whole;
- (d) such construction would create an improper balance of parking and access or adversely affect access to the PARKING AREAS or the balance or distribution of parking

- facilities having regard to the distribution of retail facilities on the SHOPPING CENTRE LANDS and the EXTERIOR LANDS or the traffic patterns and pedestrian flow in the SHOPPING CENTRE or obstruct the view of the SIMPSONS BUILDING from the balance of the SHOPPING CENTRE, to the material detriment of the TENANT; and
- (e) the location of such construction might operate to the material detriment of the SIMPSONS BUILDING.

The foregoing provisions of this Section 20.03 shall not, however, apply in respect of the provision by the LANDLORD of other COMMON AREAS on the SHOPPING CENTRE LANDS other than the SIMPSONS LAND if such provision would not constitute a material addition or alteration to the SHOPPING CENTRE.

Whether or not in connection with any such construction, the LANDLORD shall not demolish any material part of the original construction of the SHOPPING CENTRE without the approval of the TENANT, which approval shall not be withheld unless such demolition would affect the interests of the TENANT to its material detriment.

20.04 In connection with any construction to be carried out by the LANDLORD as provided in this Article XX, the LANDLORD shall provide additional and/or substitute parking facilities

consistent with the parking ratio as set forth in Section 10.07 hereof. Parking for retail premises shall, if necessary, be provided by way of multiple parking decks (which shall not be erected on the SIMPSONS LAND), the dimensions of which shall be approved by the TENANT, such approval not to be unreasonably withheld, prior to the commencement of construction thereof, or on additional lands acquired, leased or licensed by the LANDLORD. In the event that the LANDLORD acquires additional lands to complete its expansion, the TENANT will have the right to negotiate for the use of such additional lands not required by the LANDLORD for its expansion and for a right of first refusal in the event of a sale by the LANDLORD.

20.05 The TENANT shall not pay directly or indirectly for any portion of the capital cost of COMMON AREAS provided under this Article XX or under Section 9.14. The LANDLORD shall bear the burden of any increase in the annual cost of operating and maintaining the INSIDE COMMON AREAS which may result from the provision of such additional COMMON AREAS but shall receive the benefit of any decrease in such annual cost. Any increase, or decrease, as the case may be, in such annual cost in each LEASE YEAR shall be deemed to be an amount equal to the amount, if any, by which the actual cost of operating and maintaining the INSIDE COMMON AREAS in such LEASE YEAR exceeds or is less than the estimated cost which would have been incurred in such LEASE YEAR

if such additional COMMON AREAS had not been provided. Any dispute as to the estimated cost referred to in this Section 20.05 shall be settled by ARBITRATION.

20.06 If there shall be any change in the existing parking, zoning or other governmental regulations presently in effect and as a result thereof, on any proposed expansion of the LANDLORD'S IMPROVEMENTS, CAR SPACES in addition to those required in respect of the GROSS RETAIL RENTABLE FLOOR AREA of such expansion are required to be provided before such expansion can take place, the LANDLORD shall not proceed with such expansion or permit the same to be proceeded with unless and until either:

- (i) the LANDLORD shall have agreed to provide such additional CAR SPACES or to cause the same to be provided without contribution by the TENANT; or
- (ii) the TENANT and the LANDLORD shall have agreed as to the manner in which such cost is to be paid including the amount, if any, of such cost which is to be paid by the TENANT.

20.07 Prior to the commencement of construction of any expansion of the LANDLORD'S IMPROVEMENTS, the TENANT shall provide the LANDLORD with an estimate in reasonable detail of any costs and expenses of or related to construction which will become

payable by the TENANT as a direct result of the expansion of the LANDLORD'S IMPROVEMENTS. The TENANT shall give the LANDLORD notice of the amount of any such costs or expenses after they are incurred. If there is any dispute as to the amount of any such costs or expenses or as to whether they are a direct result of any expansion of the LANDLORD'S IMPROVEMENTS, the dispute shall be referred to ARBITRATION. The amount agreed or determined to be owing shall be deemed to have been due and payable thirty (30) days after the date of such notice.

ARTICLE XXISERVICES

21.01 The LANDLORD shall have the right to construct, erect, place and maintain pipes, drains, poles and wires and other similar services in, under and over the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA for the purpose of servicing the SHOPPING CENTRE or any part thereof. Any such installation shall be made only on and subject to the following terms and conditions:

- (a) such services shall be installed underground if in the LANDLORD's sole opinion it is reasonable so to do;
- (b) the LANDLORD shall give the TENANT not less than sixty (60) days' notice of its intention to install such services and shall consult with the TENANT as to the mode of such installation;
- (c) no such services shall be erected, constructed or installed in, over or under the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA without the prior consent of the TENANT, which consent shall not be unreasonably withheld;
- (d) the LANDLORD shall repair any damage to the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA caused by the erection.

construction or installation of any such services and shall indemnify the TENANT against any loss, costs and damages arising therefrom. The LANDLORD shall also repair any damage to any other part of the SHOPPING CENTRE caused by such erection, construction or installation;

- (e) any such erection, construction or installation shall be done in such manner so as to cause no more inconvenience to the TENANT than is reasonably necessary.

The LANDLORD shall repair any such services, the work of repair to be carried out in accordance with the foregoing paragraphs (d) and (e) and on reasonable notice to the TENANT.

11.02 The LANDLORD shall, at the written request of the TENANT, construct or install utilities, in addition to the COMMON AREAS, for the purpose of providing additional utility service for the exclusive benefit of the TENANT. Such utilities shall be constructed and installed by the LANDLORD in accordance with plans and specifications to be prepared and provided by the TENANT, and approved by the LANDLORD which approval shall not be reasonably withheld. All costs of such construction and installation shall be paid by the TENANT to the LANDLORD on

demand. The LANDLORD shall maintain and repair such utilities and the TENANT shall, on demand, reimburse the LANDLORD for all costs in respect thereof.

21.03 Subject to the provisions of Section 21.01(d), the LANDLORD, its agents, servants, employees or contractors shall not be liable for any damage suffered by the TENANT or its customers or employees or any damage to the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA or the contents thereof by reason of the LANDLORD, its agents, servants, employees or contractors entering upon the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA to undertake any examination or any work therein except for any such damage resulting from fault, neglect or misconduct.

ARTICLE XXIISIMPSONS OUTDOOR SELLING AREA
AND AUTOMOTIVE CENTRE

22.01 The TENANT shall have the right to erect and use the SIMPSONS OUTDOOR SELLING AREA solely and exclusively for the purpose of an area for selling and promotion, but shall not be obligated to use such AREA continuously or at all. No additional consideration in money shall be payable by the TENANT to the LANDLORD in respect of the SIMPSONS OUTDOOR SELLING AREA. The SIMPSONS OUTDOOR SELLING AREA may be used no longer than the period from April first to October thirty-first in each year.

22.02 The TENANT shall consult with the LANDLORD upon request from time to time by the LANDLORD before erecting the SIMPSONS OUTDOOR SELLING AREA and before altering, adding to or changing the same in any way. The SIMPSONS OUTDOOR SELLING AREA shall be of a first class standard, harmonious with the SHOPPING CENTRE and it shall provide for satisfactory ingress or egress and flow of traffic. The TENANT shall, no later than October thirty-first (31st) in each year, remove the SIMPSONS OUTDOOR SELLING AREA and shall necessary repair and restoration work (including paving and striping) so that the PARKING AREAS thereunder can be used as such.

22.03 The size of the SIMPSONS OUTDOOR SELLING AREA shall not exceed seven thousand (7,000) square feet.

22.04 The TENANT shall be entitled to construct on the SIMPSONS IMPROVEMENTS or the SIMPSONS LAND and operate an automotive centre not to exceed ten thousand (10,000) square feet in GROSS LEASEABLE AREA, but such construction may take place only upon and subject to the relevant terms and conditions of Article XIX hereof, as though such construction were an expansion within the meaning of that Article provided, however, that:

- (a) Such construction may be made at any time after the OPENING DATE, upon notice of not less than six (6) months to the LANDLORD from the TENANT of its intention to so commence;
- (b) The TENANT shall not commence any construction for such purpose without having submitted plans and specifications to the LANDLORD at least sixty (60) days prior to such commencement;
- (c) Such construction shall not operate to reduce the maximum permitted GROSS LEASEABLE AREA of the expanded portion of the SIMPSONS BUILDING set forth in Section 19.01 hereof; and
- (d) The TENANT shall not be required to provide additional CAR SPACES in respect of the construction of such automotive centre, provided, however, that it shall be

required to provide, prior to the commencement of construction of the said automotive centre, sufficient CAR SPACES to replace, in accordance with the provisions of Section 19.03 relating to the provision of parking facilities, any CAR SPACES formerly located on the portion of the SIMPSONS IMPROVEMENTS or SIMPSONS LAND on which the said automotive centre is constructed. Section 19.06 shall apply to the construction of such automotive centre as though such construction were an expansion within the meaning of that Section.

After completion of construction, the said automotive centre shall be deemed to be owned by the TENANT until the expiration of the TERM through the effluxion of time or otherwise, but for the purposes of this LEASE shall otherwise be deemed to form part of the LEASED PREMISES.

ARTICLE XXIIILIENS

23.01 The TENANT shall conduct any construction or other work so as to minimize the possibility of any claim of lien being filed or registered on the SHOPPING CENTRE or any part thereof, and if any such claim of lien is filed or registered shall forthwith take all reasonable steps to have the same discharged; provided, however, that the TENANT shall have the right to contest or review by legal proceedings or in any other manner as it may deem suitable any such claim of lien and, in such event, the TENANT may defer payment of the contested item upon the condition that before instituting or contesting such proceedings, the TENANT shall furnish to the LANDLORD a surety bond of an insurance company, in form and term reasonably satisfactory to the LANDLORD or a cash deposit or other security satisfactory to the LANDLORD sufficient to cover the amount of such contested item or items with interest and penalty for the period for which such proceedings are expected to take and estimated costs in connection with such proceedings.

23.02 The LANDLORD shall conduct any construction or other work so as to minimize the possibility of any claim of lien being filed or registered on the SHOPPING CENTRE or any part thereof, and if any such claim of lien is filed or registered shall

forthwith take all reasonable steps to have the same discharged, provided, however, that the LANDLORD shall have the right to contest or review by legal proceedings or in any other manner as it may deem suitable any such claim of lien and in such event the LANDLORD may defer payment of the contested item during the currency of such contestation provided the same is diligently prosecuted and provided further that such non-payment does not render the SHOPPING CENTRE or any part thereof liable to forfeiture or sale.

ARTICLE XXIVGENERAL PROVISIONS

24.01 The LANDLORD shall not be liable for any damages, injury or death in, upon or to the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA or to the property of the TENANT or any person at any time on or within the LEASED PREMISES, the SIMPSONS IMPROVEMENTS or the SIMPSONS OUTDOOR SELLING AREA arising for any reason or cause whatsoever (save for damages, injury or death resulting from the negligence of the LANDLORD or its agents, employees, officers and contractors or the failure by the LANDLORD to perform any of its covenants hereunder). The TENANT will indemnify and save harmless the LANDLORD of and from all fines, suits, claims, demands and actions of any kind or nature to which the LANDLORD shall or may become liable or suffer by reason of any breach, violation or non-performance by the TENANT of any covenant, term or provision hereof or by reason of any damage, injury or death occasioned to or suffered by any person or persons including the LANDLORD or by any property by reason of any wrongful act, neglect or default on the part of the TENANT or any of its agents, employees, officers or contractors.

24.02 The TENANT shall not be liable for any damages, injury or death upon, in or to the LANDLORD'S IMPROVEMENTS or to any

other property of the LANDLORD or any person at any time on or within the LANDLORD'S IMPROVEMENTS arising for any reason or cause whatever (save for damages, injury or death resulting from negligence of the TENANT or its agents, employees, officers and contractors or the failure of the TENANT to perform any of its covenants hereunder). The LANDLORD will indemnify and save harmless the TENANT of and from all fines, suits, claims, demands and actions of any kind or nature to which the TENANT shall or may become liable for or suffer by reason of any breach, violation or non-performance by the LANDLORD of any covenant, term or provision hereof or by reason of any damage, injury or death occasioned to or suffered by any person or persons including the TENANT or by any property by reason of any wrongful act, neglect or default on the part of the LANDLORD or any of its agents, employees, officers or contractors.

24.03 Any condoning, excusing or overlooking by the LANDLORD or the TENANT of any default, breach or non-performance by the other at any time or times in respect of any payment, covenant, agreement, proviso or condition contained in this LEASE shall not operate as a waiver of or so as to defeat or affect in any way any rights in respect of any subsequent and/or continuing default, breach or non-performance. Time shall be of and continue to be of the essence of this LEASE and of all covenants, agreements, provisos or conditions contained herein.

24.04 If the TENANT shall be in default hereunder in the payment of RENT or any other amounts payable by it to the LANDLORD hereunder, before the LANDLORD takes action, the LANDLORD shall give notice of such default to the TENANT and the TENANT shall have fifteen (15) days after receipt of such notice within which to remedy such default. If the TENANT shall be in default of any of its covenants and obligations hereunder, other than its covenant to pay RENT or other amounts payable to the LANDLORD hereunder, before the LANDLORD takes action, the LANDLORD shall give notice to the TENANT forthwith upon such default coming to the attention of the LANDLORD and in such notice the LANDLORD shall with reasonable particularity state the nature of the default and require the same to be remedied and the TENANT shall have from the receipt of such notice sixty (60) days (or such longer period as may reasonably be necessary having regard to the nature of such default) within which to remedy such default. If after the expiration of the times above limited the TENANT remains in default, an EVENT OF DEFAULT shall be deemed to have occurred and the LANDLORD may thereupon, at its option, either by itself or by its lawfully authorized agent enter and re-enter into and upon the LEASED PREMISES and at its option terminate this LEASE.

24.05 If the term hereby granted shall at any time be seized

or taken in execution by any creditor of the TENANT or if the TENANT shall make a general assignment for the benefit of creditors, or if it shall institute proceedings to subject itself to the Winding Up Act or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file an application or petition or answer or consent seeking reorganization or re-adjustment of its indebtedness under the Bankruptcy Act or the Companies Creditors' Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency, or shall consent to the filing of any such application or petition, or shall consent to the appointment of a receiver, or if the TENANT or its directors shall pass any resolution authorizing the dissolution or winding up of the company, or if a receiver, interim receiver, trustee or liquidator of all or substantially all of its property shall be appointed or applied for by it, or if a judgment, decree or order shall be entered by a Court of competent jurisdiction adjudging it a bankrupt or insolvent, or subject to the provisions of the Winding Up Act or Bankruptcy Act, or determining that proceedings for reorganization, arrangement, adjustment, composition, liquidation, dissolution or winding up, or any similar relief under the Bankruptcy Act or the Companies Creditors' Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted otherwise than by the TENANT, then an EVENT

OF DEFAULT shall be deemed to have occurred and RENT for the three (3) months next ensuing after the then current month and all other amounts which by Section 5.06 will be payable to the LANDLORD as rent for the said three (3) month period shall immediately become due and payable and this LEASE shall, at the option of the LANDLORD, immediately become terminated, subject to the rights of any MORTGAGEE pursuant to Section 10.08 hereof and the LANDLORD may without notice or any form of legal process forthwith re-enter upon and take possession of the LEASED PREMISES and remove the TENANT's effects therefrom, any law or statute to the contrary notwithstanding.

24.06 Wherever in this LEASE a consent or approval is called for, it may be withheld at the discretion of the party in question unless otherwise specified.

24.07 The TENANT agrees that it will at any time and from time to time (but not more often than once in any calendar month) upon not less than ten (10) days' prior notice, execute and deliver to the LANDLORD, or as the LANDLORD may direct, a statement in writing certifying that this LEASE is unmodified and in full force and effect (or if modified, stating the modification and stating that the same is in full force and effect as modified), the amount of the RENT and any other amounts being paid hereunder, the dates to which by instalment or

otherwise such RENT and amounts and other charges payable hereunder have been paid and whether or not there is any existing default on the part of the LANDLORD of which the TENANT has notice. The LANDLORD agrees that it will at any time and from time to time (but not more often than once in any calendar month) upon not less than ten (10) days' prior notice execute and deliver to the TENANT or as the TENANT may direct, a similar statement stating, in addition, whether or not there is existing default on the part of the TENANT of which the LANDLORD has notice, whether or not it has approved any plans and specifications for any structural repair, replacement or rebuilding and if the same have been completed in a manner satisfactory to it, the particulars and amounts of insurance policies on the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA in which its interest is noted, the amount of the RENT and other amounts then being paid hereunder, the dates to which by instalment or otherwise such amounts and other charges payable hereunder by the TENANT have been paid and the amounts of any arrears of RENT and any other amounts, if any. It is agreed that any such statement delivered pursuant to the provisions of this Section may be conclusively relied upon by any prospective purchaser or purchasers or any MORTGAGEE or prospective MORTGAGEE save as to any default on the part of the LANDLORD or the TENANT, of which the party giving such statement does not have knowledge at the date thereof.

24.08 The LANDLORD may at any time within one (1) year before the end of the ORIGINAL TERM or any subsequent renewal period hereof and provided that the TENANT has not been deemed to have exercised its current option of renewal, enter into the LEASED PREMISES and bring others at all reasonable hours for the purpose of offering the same for rent, provided, however, that no such entry by the LANDLORD shall unreasonably interfere with the business of the TENANT.

24.09 The TENANT acknowledges to the LANDLORD that the SHOPPING CENTRE may be managed by The Cadillac Fairview Corporation Limited (or such other party as the LANDLORD may in writing designate) and for all intents and purposes, the manager of the SHOPPING CENTRE shall be authorized to deal with the TENANT provided, however, that such manager shall have no right to alter, amend or vary any of the terms or conditions of this LEASE.

24.10 Any notice, demand, request, consent or approval required to and contemplated by any provision of this LEASE to be given or made shall be given or made in writing and delivered, in the case of the LANDLORD, to The Cadillac Fairview Corporation Limited, 1200 Sheppard Avenue East, Toronto, Ontario, or if mailed then by prepaid registered mail addressed to The Cadillac

Fairview Corporation Limited, P.O. Box 22,000, Station A, Toronto M5W 1W2, Ontario, and delivered or mailed as aforesaid in the case of the TENANT to Simpsons Limited, 401 Bay Street, Toronto, Ontario. Any such notice, demand, request or consent shall be mailed in Toronto and be conclusively deemed to have been given or made on the date on which such notice, demand, request or consent is delivered or, if mailed, then on the second (2nd) next business day following the date of the mailing, as the case may be except in the event of interruption of regular postal service. Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.

All payments required to be made by this LEASE shall be delivered or mailed by first class prepaid mail to the above addresses of the LANDLORD or the TENANT, as the case may be, unless otherwise directed by the LANDLORD or the TENANT, as the case may be.

24.11 Upon the commencement and the termination of this LEASE or effluxion of time, by operation of Section 17.06 or by surrender under Section 7.03 but not otherwise, the LANDLORD shall pay to the TENANT the value of any unearned insurance

premiums upon the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA and the parties shall adjust, apportion and allow between themselves all items of taxes, water rates and other matters of a similar nature to the intent and purpose that the TENANT shall bear the burden thereof from the commencement date of the LEASE until it shall deliver up possession of the LEASED PREMISES, the SIMPSONS IMPROVEMENTS and the SIMPSONS OUTDOOR SELLING AREA on the termination of the LEASE or at the expiry of any holding over but not afterwards, and the parties shall also adjust amounts in respect of which the TENANT has any right of set-off.

24.12 Whenever in this LEASE it is provided that anything be done or performed such provisions are subject to UNAVOIDABLE DELAYS. Neither the LANDLORD nor the TENANT shall be deemed to be in default in the performance of any obligation hereunder during the period of any UNAVOIDABLE DELAY relating thereto and any period for the performance of such obligation shall be extended accordingly. The LANDLORD and the TENANT shall immediately notify the other as to the commencement, duration and consequence (so far as the same is within the knowledge of the party in question) of any UNAVOIDABLE DELAY.

24.13 The TENANT shall not have the right to terminate this LEASE in the event that the LANDLORD shall be in default

hereunder.

24.14 This LEASE shall be construed under and governed by the laws of the Province of Ontario. Should any provision or provisions of this LEASE and/or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the remaining provisions and conditions of this LEASE which shall remain in force and be binding upon the parties hereto as though the said illegal or unenforceable provision or provisions or conditions had never been included.

24.15 Subject to the provisions of this LEASE respecting assignment by the TENANT, this indenture shall enure to the benefit of and be binding upon the LANDLORD and the TENANT and their respective successors and assigns.

24.16 The LANDLORD and the TENANT agree that in performing any of the obligations of the other pursuant to this LEASE, they will do so in a reasonable manner and so as to interfere as little as possible with the activities and operations of the other.

24.17 Unless otherwise provided, if either the TENANT or the LANDLORD fails to pay to the other any amount which shall be due hereunder, such amount shall bear interest at a rate per annum of

four percent (4%) in excess of the annual rate of interest charged from time to time on Canadian dollar loans to prime credit risks by The Toronto-Dominion Bank or other Canadian chartered bank acceptable to both Parties, until paid, without derogation from any other rights of the parties under this LEASE.

24.18 Subject to Section 24.14, this LEASE is entered into by the TENANT on the understanding that all of the obligations of the LANDLORD and the TENANT contained herein are of the essence hereof and form an integral part hereof, that each of such obligations has been entered into in consideration of the obligation of the TENANT to pay rent and its other obligations herein and that all of the rights of the TENANT contained in this LEASE can be enforced against any subsequent owner of the LEASED PREMISES whether such owner has acquired the same from the previous owner thereof, under a mortgage or charge, from the trustee in bankruptcy of a previous owner of the LEASED PREMISES or otherwise howsoever.

24.19 The proviso extending the ORIGINAL TERM as set out in Section 1.26 of this LEASE and the TENANT's options to renew as set out in Section 4.02 of this LEASE are all subject to the express condition that the provisions thereof are to be effective only if, with respect thereto, the provisions of Section 29 of The Planning Act, Revised Statutes of Ontario 1970,

as amended or any legislation in substitution therefor or in addition thereto, are or will be complied with (but this shall not limit the effectiveness and full operation of this LEASE as to all other provisions hereof or prevent this LEASE having effect and operation as a lease for an ORIGINAL TERM of twenty-one (21) years less a day as provided in Section 1.26 hereof (as if such provisions as to extension of the ORIGINAL TERM had never been included), if the provisions of Section 29 of The Planning Act are not complied with prior to the expiration of the above-mentioned ORIGINAL TERM of twenty-one (21) years less a day). . Either Party shall, on demand by the other Party, cooperate in making such applications or representations to the appropriate authority or authorities, and shall do all such other acts and things as may appear necessary or desirable from time to time to make effective the provisions of this LEASE which are conditional upon compliance with Section 29 of The Planning Act.

24.20 The expressions "this LEASE", "hereof", "herein", "hereunder" and similar expressions refer to this LEASE as a whole and not only to a particular Article, Section or portion of this LEASE.

24.21 The table of contents and index annexed hereto are provided for convenience of reference only and do not form part hereof.

ARTICLE XXVARBITRATION

25.01 If the LANDLORD and the TENANT do not agree as to any matters which, if no agreement is reached upon them, shall or may by the provisions of this LEASE be determined by arbitration, or if there is disagreement as to the reasonableness, appropriateness or materiality of any action or matter which by this LEASE must be reasonable, appropriate, or material, any such disagreement shall be referred to three (3) arbitrators one of whom shall be chosen by the LANDLORD, one by the TENANT and the third by the two so chosen. If within a reasonable time the party who has been notified of a dispute fails to appoint an arbitrator or the two arbitrators appointed by the parties do not agree upon a third arbitrator, then the party or parties not in default may apply to a Judge of the Supreme Court of Ontario for the appointment of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators.

25.02 The arbitration shall be conducted upon the terms and conditions and subject to the provisions of The Arbitrations Act of the Province of Ontario. Unless the parties to any arbitration otherwise agree in writing prior to the appointment

X

of the arbitrators, an appeal shall lie from the decision of the arbitrators or the majority of them to the Supreme Court of Ontario in accordance with the provisions of the said Arbitrations Act.

IN WITNESS WHEREOF the parties hereto have executed this agreement as follows:

By the LANDLORD, on the 23rd day of April, 1976.

THE CADILLAC FAIRVIEW CORPORATION LIMITED

By: 

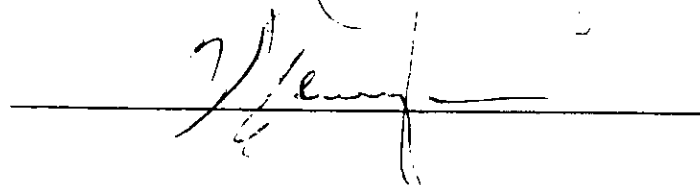
SENIOR VICE-PRESIDENT



By the TENANT, on the 28th day of April, 1976.

SIMPSONS, LIMITED

By: 



I N D E X

	<u>PAGE</u>	<u>SECTION</u>
JUSTED FLOOR AREA		
Definition	2	1.01
Factor in calculation of TENANT'S		
Dues to MERCHANTS' ASSOCIATION	56	8.05
Share of INSIDE COMMON AREA OPERATING COSTS	59	9.03
TERMINATION		
Definition	2	1.02
Disputes referable to		
Assignment (after ORIGINAL TERM)	51,53	7.02,7.04
Capital replacements, TENANT'S approval	12	1.14 (iv)
CONSUMER PRICE INDEX		
Agreement on index used in lieu of	3	1.05
Cost of changing PARKING AREAS or SIMPSON'S		
IMPROVEMENTS	38	6.02A
Damage and destruction		
SIMPSON'S BUILDING - 2 years before		
expiration of ORIGINAL TERM	121	17.06
Expansion		
Cost to LANDLORD as a result of expansion		
of SIMPSON'S BUILDING	129	19.05
Cost to TENANT as a result of expansion		
of LANDLORD'S IMPROVEMENTS	137	20.07
Increased INSIDE COMMON AREA OPERATING		
COSTS, due to	136	20.05
LANDLORD'S non-approval	128	19.03
Purposes of LANDLORD'S expanded facilities	132	20.01
INSIDE COMMON AREAS		
Determination of ratio in respect of TENANT'S		
share of maintenance costs	60	9.03
LANDLORD'S financial statement	61	9.06
Insurance, amount of liability		
LANDLORD'S	123	18.01
TENANT'S	110	17.01
Maintenance and repairs		
After repairs - alterations to		
LANDLORD'S IMPROVEMENTS	101	14.01
SIMPSON'S BUILDING	96	13.06
At termination of LEASE	97	13.07
Manner of allocation by LANDLORD		
Future	86	11.05
	153-159	25.01-25.02
Term		
Expiration of ORIGINAL TERM	50	7.02
Share of TENANT	52	7.04
As assignee	51	7.03

X

	<u>PAGE</u>	<u>SECTION</u>
Assignment (Continued)		
Liability of TENANT during	49	7.01
Not generally permitted	46	7.01
Notice by TENANT	49	7.01
On merger, consolidation or amalgamation	47	7.01(b)
Restrictions (food supermarket)	44	6.13
IMPROVEMENTS		
Assignment of subject to all terms of LEASE	53	7.05
OUTDOOR SELLING AREA, selling or leasing of	54	7.06
Parent, affiliate or subsidiary	49	7.01(a)
Recreative Centre		
TENANT'S right to construct	142	22.04
SPACE		
Definition	2	1.03
LANDLORD'S expansion	136	20.06
Parking ratio, in	73	10.07
IMPROVEMENTS, on	38	6.02A
TENANT'S expansion		
Cost of additional	130	19.06
Maintenance of parking ratio	129	19.04
COMMON AREAS (see SHOPPING CENTRE PLANS)		
Additional COMMON AREAS	125	19.01, 19.02
Leasing of	66	9.14
Control and management	66	9.13
Use of		
Changes in due to expansion assumed by LANDLORD	135	20.05
Definition	2	1.04
Expansion		
LANDLORD'S	132	20.01
TENANT'S	125	19.01
Lease	123	18.02
Restrictions in	65	9.12
TENANT'S right to use	57	9.01
Compliance with Laws		
LANDLORD'S	106	15.02
TENANT'S	105	15.01
Permits and Approvals	150	24.06
Renovation		
Definition		
RENOVATION BUILDING	128	19.03
PRICE INDEX	26	3.01
Definition	3	1.05

X

	<u>PAGE</u>	<u>SECTION</u>
Tenants		
LANDLORD'S		
To maintain and repair	99,101	14.01,14.02
To observe and perform all covenants	34	5.08
To operate the LANDLORD'S IMPROVEMENTS and EXTERIOR LANDS	69	10.01,10.02
To pay mortgages	108	16.01
To pay taxes	89	12.01
TENANT'S		
To maintain and repair	91	13.01
To observe and perform all covenants	34	5.07
To operate SIMPSON'S BUILDING and OUTDOOR SELLING AREA	35	6.01,6.02
To operate SIMPSON'S IMPROVEMENTS	36	6.02A
To pay mortgages	108	16.02
To pay rent and other sums	30,34	5.01,5.07
To pay taxes	80	11.01
Suits		
Bankruptcy	149	24.05
By TENANT	148	24.04
Reasoning	147	24.03
Remedies by LANDLORD	148-149	24.04,24.05
TENANT not entitled to terminate	154	24.13
Conditions	2-24	1.01-1.43
Liabilities		
TENANT'S responsibilities	41	6.08
Plans, Restrictions on	70	10.02 (c)
ESTIMATE COST OF LONG TERM PERMANENT REPAIRING (see Schedule B)		
Definition	3	1.06
Variations in	31	5.01
Final Certificate	150	24.07
RIGHT OF DEFAULT Definition	4	1.07
Sign		
Construction - definition	128	19.03
RETAIL RENTABLE FLOOR AREA in LANDLORD'S	128	19.03
Cost of additional CAR SPACES due to loading ratio in	136	20.06
Costs to	135	20.04
LANDLORD'S cost	132	20.01
LANDLORD'S right of approval	136	20.07
	132	20.02
	133	20.03

x

	<u>PAGE</u>	<u>SECTION</u>
Expansion (Continued)		
TENANT'S		
Construction of	125	19.02
Cost of additional CAR SPACES due to	129	19.06
LANDLORD'S right of approval	126	19.03
LANDLORD'S cost	129	19.05
Parking facilities, additional due to	126	19.03
Parking ratio in	129	19.04
Rent, schedule of payments	130	19.07
Restrictions	126, 128	19.03
Rights to	124	19.01
PRIOR LANDS (see SHOPPING CENTRE PLANS)		
Definition	4	1.08
Free access to	62	9.07
LANDLORD'S covenant to operate	63	10.02
TENANT'S right to use COMMON AREAS on	57	9.01
FLOOR AREA (see SHOPPING CENTRE PLANS)		
Definition	4	1.09
Factor in calculating ADJUSTED FLOOR AREA	2	1.01
Measuring	6	1.09
Sales		
TENANT'S restrictions and rights	45	6.14
Lease		
LANDLORD'S obligations	70	10.02 (iii)
TENANT'S obligations	40	6.06
LEASEABLE AREA (see SHOPPING CENTRE PLANS)		
Installments in	33	5.03
Definition	7	1.10
Factor in calculating		
Area under license or concession	48	7.01 (d)
Rent	30	5.01
Measuring	7	1.10
Reduction in case of alterations	100	14.01 (a)
TENANT'S expansion, in	125	19.01
RETAIL RENTABLE FLOOR AREA		
Definition	7	1.11
Factor in calculating parking ratio	38, 73	6.02A, 10.07
Measuring	8	1.11
Heat and Air-Conditioning		
LANDLORD'S obligation to heat, etc.	72	10.05
TENANT'S obligation to heat, etc.	42	6.09
HEPC LANDS (see SHOPPING CENTRE PLANS)		
Definition	9	1.12
Definition of agreement to use	68	9.16

	<u>PAGE</u>	<u>SECTION</u>
Number		
Other tenants	71	10.03
LANDLORD'S IMPROVEMENTS	71	10.03
TENANT	39	6.03
Identification		
LANDLORD'S	146	24.02
Maintenance and repairs	97	13.08
TENANT'S	146	24.01
INSIDE COMMON AREAS		
Cost of		
LANDLORD'S statement	61	9.06
TENANT'S contribution	58	9.03
TENANT'S payment schedule	61	9.05
Definition	9	1.13
Taxes	12	1.14 (v)
INSIDE COMMON AREA OPERATING COSTS		
Reduction from of certain amounts	61	9.04
Definition	9	1.14
TENANT'S share	58	9.03
Insurance		
Boiler and pressure vessel		
LANDLORD'S	124	18.02
TENANT'S	112	17.02
Compliance with insurer's requirements		
LANDLORD'S	106	15.02
TENANT'S	105	15.01
Damage and destruction		
Reconstruction	114,120	17.04,17.05
SIMPSONS BUILDING - 2 years before expiration of ORIGINAL TERM		
Disbursement of funds	120	17.06
Explosives, storage of	114,120	17.04
Fire and other perils	42	6.10
LANDLORD'S		
TENANT'S	124	18.02
INSIDE COMMON AREA OPERATING COSTS, as part of	111	17.02
LANDLORD'S right to effect at TENANT'S cost	13	1.14 (vi)
With no relief of TENANT'S responsibilities	111	17.01
Liability	122	17.07
LANDLORD'S		
TENANT'S	123	18.01
Occupation rights	110	17.01
LANDLORD'S obligation	124	18.03
TENANT'S obligation	122	17.08
Amounts owing to either party	155	24.17

X

	<u>PAGE</u>	<u>SECTION</u>
asks FLOOR AREA, as LANDLORD'S right to install	6,65 65	1.09,9. 9.11
LANDLORD Definition	16	1.15
LANDLORD'S IMPROVEMENTS Definition	16	1.16
Insurance of	123	18.02
LANDLORD'S covenant to operate	69	10.01,1
Maintenance and repair	99	14.01
SEE Definition	16	1.17
SEE YEAR Definition	16	1.18
USED PREMISES Definition	17	1.19
LANDLORD'S right to show portions of	152	24.08
LANDLORD TENANT	144 144	23.02 23.01
Selling SIDE COMMON AREAS, cost of	10	1.14(i)
Display and other windows	40	6.04
PARKING AREAS	73	10.06
PARKING AREAS, roads and sidewalks forming		
part of SIMPSON'S IMPROVEMENTS	38	6.02A
Signs	43	6.11
Maintenance and Repair Compliance with laws	94	13.05
SIDE COMMON AREAS, cost of	58	9.03
LANDLORD'S IMPROVEMENTS		
LANDLORD'S responsibilities	99	14.01
TENANT'S remedies	103	14.04
TENANT'S right of approval	100	14.01
Unoccupied areas	102	14.02(b)
	102	14.02(c)
	101	14.02(a)
Selling areas SEARS BUILDING, OUTDOOR SELLING AREA and IMPROVEMENTS		
Conformity with SHOPPING CENTRE	95	13.06
Examination of by LANDLORD	92	13.02
LANDLORD'S remedies	94	13.04
LANDLORD'S right of approval	93	13.03
TENANT'S responsibilities	91	13.01
SEARS BUILDING	101	14.01A
SEARS BUILDING	101	14.01A

	<u>PAGE</u>	<u>SECTION</u>
ALL (see SHOPPING CENTRE PLANS)		
Access to SIMPSONS BUILDING	63	9.08
Calculation of ADJUSTED FLOOR AREA, in	2	1.01
COMMON AREAS, in	3	1.04
Definition	17	1.20
Maintenance and repair	102	14.02 (c)
Non-obstruction by TENANT	42	6.08
Promotions in	65	9.12
TENANT'S right to use	57	9.01 (b)
Market Court		
Exclusion from COMMON AREAS	3	1.04
MERCHUS		
Definition	17	1.21
Merchandising		
Area of, TENANT'S rights and obligations	41	6.07
MERCHANDISING PLAN (see Schedule C)		
Consultation with TENANT	72	10.04
Definition	17	1.22
TENANTS' ASSOCIATION		
Definition	18	1.23
Fees		
LANDLORD	56	8.04
TENANT	56	8.05
Membership		
Other tenants	55	8.02
TENANT	55	8.03
Wage		
LEASED PREMISES, SIMPSONS IMPROVEMENTS		
and OUTDOOR SELLING AREA		
TENANT'S covenant to pay	106	16.02
TENANT'S default	106	16.03
SHOPPING CENTRE LANDS		
LANDLORD'S covenant to pay	106	16.01
LANDLORD'S default	106	16.03
Restrictions - LANDLORD'S right to encumber	74	10.08
TENANT		
Definition	18	1.24
Permitted name		
Fees	35	6.01
Wage	152	24.10
LANDLORD'S		
TENANT'S	69	10.02 (i)
	40	6.05

X

	<u>PAGE</u>	<u>SECTION</u>
OPENING DATE		
Definition	18	1.25
LEASE YEAR, in	16	1.18
ORIGINAL TERM		
Definition	18	1.26
Planning Act, effect on duration	18	1.26
Renewal	28	4.02
PARKING AREAS (see SHOPPING CENTRE PLANS)		
Access to SIMPSONS BUILDING	63	9.08
Charges for parking	66	9.12A
COMMON AREAS, in	3	1.04
Definition	18	1.27
Employee parking		
Other tenants'		
TENANT'S	64	9.10
LANDLORD'S option to change	63	9.09
Lighting	66	9.14
Maintenance and repair by LANDLORD	73	10.06
Multiple parking decks	101	14.02(a)
LANDLORD'S option		
TENANT'S option	135	20.04
Promotions in	127	19.03
Parking ratio	65	9.12
Definition		
TENANT'S expansion	73	10.07
TENANT'S right to use	129	19.04
	57	9.01(a)
Planning Act		
Effect on ORIGINAL TERM duration	156	24.19
	18	1.26
Promotions		
IN COMMON AREAS	65	9.12
PROPERTY TAXES (see also Taxes)		
Definition	19	1.28
Renewal, Options of	28	4.02
RENT		
Definition	30	5.01
Cost	19	1.29
Period of overholding	32	5.02
Abatement	29	4.03
Set-offs	26	3.02
Payment schedule	113	17.03
Payable by TENANT	27	3.03
	33	5.04
Written confirmation of amounts due	33	5.06
	33	5.05

	<u>PAGE</u>	<u>SECTION</u> ^x
Repairs (see Maintenance and Repairs)		
Services through LEASED PREMISES, SIMPSON'S		
IMPROVEMENTS and OUTDOOR SELLING AREA	138	21.01
Additional utility service	139	21.02
Liability for damages as a result of	140	21.03
Set-offs Against RENT		
LANDLORD'S compliance with laws	107	15.02
LANDLORD'S failure to pay TENANT for overpayment of		
estimated INSIDE COMMON AREA OPERATING COSTS	61	9.06
LANDLORD'S maintenance and repair	103	14.04
LANDLORD'S obligation to pay mortgages	109	16.03
LANDLORD'S taxes	90	12.03
Severability	155	24.14
SHOPPING CENTRE		
Definition	19	1.30
Management of	152	24.09
SHOPPING CENTRE EXPANSION (see SHOPPING CENTRE PLANS)		
Definition	19	1.31
SHOPPING CENTRE LANDS (see SHOPPING CENTRE PLANS)		
Definition	20	1.32
Free access to	62	9.07
REAL PROPERTY TAXES on	89	12.01
Restrictions on sale or mortgaging of	74	10.08
SHOPPING CENTRE PLANS (see Schedule A)		
Definition	20	1.33
Restrictions		
LANDLORD	70	10.02(ii)
TENANT	43,44	6.11,6.12
STREET BUILDING		
Construction of	26	3.01
Definition	20	1.34
Operation of	35	6.01,6.02
STREET DECK PARKING FACILITIES		
Access to	63	9.08
Definition	21	1.35
STREET AREAS, as	19	1.27
STREET IMPROVEMENTS, as	21	1.36

SIMPSON'S IMPROVEMENTS

	<u>PAGE</u>	<u>SECTION</u>
Definition	21	1.36
Operation of	36	6.02A
Ownership of at termination	67	9.15
Right of LANDLORD and tenants to use COMMON AREAS thereon	58	9.02

SIMPSON'S LAND (see SHOPPING CENTRE PLANS)

Definition	21	1.37
------------	----	------

SIMPSON'S OUTDOOR SELLING AREA (see SHOPPING CENTRE PLANS)

Definition	21	1.38
Erection of structures on	141	22.02
Operation of	35	6.01
Selling or leasing of	54	7.06
Size	141	22.03
TENANT'S right to use and erect	141	22.01

SIMPSON'S-SEARS

Definition	22	1.39
------------	----	------

SIMPSON'S-SEARS BUILDING

Definition	22	1.40
------------	----	------

SIMPSON'S-SEARS LAND (see SHOPPING CENTRE PLANS)

Definition	22	1.41
------------	----	------

Taxes

Billing		
Non-separate		
LANDLORD'S estimate	81	11.03
Separate	85	11.05
When market value is basis of assessment	81	11.03
Changes in methods of levying	84	11.04
INSIDE COMMON AREAS	88	11.09
Notices of	12	1.14 (v)
Payments	87	11.08
LANDLORD'S responsibilities		
LANDLORD'S failure	89	12.01
TENANT'S responsibilities	90	12.03
TENANT'S failure	80	11.01
TENANT'S right to contest	86	11.06
	87	11.07

SHOPPING AUTHORITY

Definition	22	1.42
------------	----	------

SHOP

Definition	22	1.43
------------	----	------

X

	<u>PAGE</u>	<u>SECTION</u>
Definition	23	1.44
Options to renew	28	4.02
ORIGINAL TERM	28	4.01
Overholding	29	4.03
Termination		
Adjustments	153	24.11
Ownership of SIMPSONS IMPROVEMENTS at	67	9.15
Surrender	96	13.07
TENANT not entitled to terminate	154	24.13
Termination of HEPC LANDS agreement	68	9.16
AVOIDABLE DELAY		
Definition	23	1.45
Obligations subject to	154	24.12
Utilities		
INSIDE COMMON AREA OPERATING COSTS, as	10	1.14 (i)
TENANT'S	42	6.09
Additional services	139	21.02
WORTH		
Definition	23	1.46
WORTH BUILDING		
Definition	23	1.47
WORTH LAND (see SHOPPING CENTRE PLANS)		
Definition	24	1.48

SCHEDULE B

This is Schedule B to the Lease by
The Cadillac Fairview Corporation Limited
to Simpsons, Limited of Leased Premises
in Kitchener, Ontario executed as of August 20, 1975.

SAMPLE CALCULATION OF EFFECTIVE COST OF
LONG TERM PERMANENT FINANCING

Assumptions:

1. Loan amount - \$1,000,000
2. Amortization period and term - 10 years
3. Coupon rate - 9.0%
4. Monthly payments; semi-annual compounding
5. Brokerage commission, legal fees, etc., of 1.0% of the Loan Amount payable on the date the loan is issued.
6. Monthly payments of principal and interest equal to \$12,579. (from Publication No. 69 of the Financial Publishing Company).

Then, the EFFECTIVE COST OF LONG TERM PERMANENT FINANCING is determined by calculating that rate of interest which equates the present value of the debt service to the net proceeds of the loan.

Net proceeds of loan:

Loan amount	\$1,000,000
less cost of creation	10,000
net proceeds at date of issue	\$ 990,000

Therefore:

$$\$990,000 = \frac{a}{120i} = 12,579$$

$$\$990,000 = 12,579$$

$$\text{and } i = .007559207$$

$$\left[\frac{1 - 1/(1+i)^{120}}{i} \right] = 78.702600042$$

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Note that "i" above is the monthly compound interest rate which equates the future debt service to \$990,000 present value. This monthly compound interest rate is equivalent to the following annual effective rate: x

$$S = (1.0 + i)^n$$

$$S = (1.0 + .007559207)^{12}$$

$$S = 1.094578$$

Therefore, the EFFECTIVE COST OF LONG TERM PERMANENT FINANCING stated on the basis of annual compounding is 9.4578%.

S C H E D U L E C

This is Schedule C to the Lease by
The Cadillac Fairview Corporation Limited
to Simpsons, Limited of Leased Premises in
Kitchener, Ontario executed as of August 20, 1975.

STORE #	USE
A1 (kiosk)	florist
A3 (kiosk)	keys
C1	ladies wear
C2	shoes
C3	jewellery
C5	ladies wear
C8	bank
C9	toys
C10	restaurant
C11	drug store
C12	hairstylist
C13	tobacco/magazines
C14	men's hairstylist
C15	delicatessen
C17	green grocer
E1	books
E2	ladies wear
E3	shoes
E4	ladies wear
E5	shoes
E6	fabrics
E7	liquors
E9	gifts/china
E10	ladies wear
E11	luggage
E12	ladies wear
E13	men's wear
E14	men's wear
F1	ladies wear
F2	men's wear
F3	family apparel
G1	candies
G2	baked goods
G3	donuts
G4	wools
G5	winemaking supplies
G6	cameras/film
G7	gifts
G8	paint & wallpaper



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G.	LEGAL NAME OF TENANT OR PARTIES		
H.	DATE OF DOCUMENT:	Jan. 4, 1974	
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J.	EXPIRATION DATE:		
K.	BRING FORWARD DATE: (if required for renewal)		
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VOLUME I

Cadillac Fairview lease of premises at Fairview Park Mall Shopping Centre, Kitchener, Ontario, to Simpsons, Limited

INDEX TO CLOSING BINDER

Index to Closing Binder, Volume II.

1. Proposals dated (a) January 7, 1974 and (b) January 22, 1974.
2. Letter of Intent of February 18, 1975 (index attached thereto). See Volume II for Schedules A, E and E-1.
3. (a) Short-term lease of land dated February 19, 1975.
(b) Notice of lease relating thereto.
4. Lease dated as of August 20, 1975, executed by Cadillac Fairview on April 23, 1976 and by Simpsons on April 28, 1976; two copies of lease were stamped to evidence consent of the Land Division Committee of the Regional Municipality of Waterloo on April 29, 1976 (submission no. B-373-75); copy of the title page of the lease showing said stamp is included in binders not containing the original thereof. See Volume II for Schedule A.
5. Landlord's authorities.
6. Tenant's authorities.
7. Lien clearance certificate, given as of May 17, 1976 (file no. 33-02080).
8. Title opinion of Gardiner, Roberts, dated April 29, 1976.
9. Lease opinion of Smith, Lyons, Torrance, Stevenson & Mayer dated April 29, 1976.
10. Indemnity agreement.
11. 7.02B agreement.
12. Registration agreement.
13. Acknowledgement re letter of intent.
14. Easement letter agreement.
15. Letter re ownership of Simpsons Building.
16. Rental confirmation letter.
17. Insurance certificate.
18. Subordination agreements:
 - (a) Bank of Montreal,
 - (b) The Mutual Life Assurance Company of Canada.

- 2 -

19. Certificate of compliance with Section 10.08 of Lease.
20. Estoppel Certificate.
21. Development agreement.
22. Ontario Hydro agreement.
23. Closing Agenda.

VOLUME II

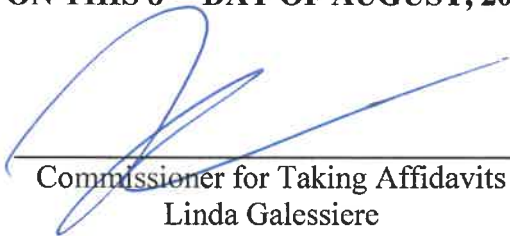
Cadillac Fairview lease of premises at Fairview Park Mall
Shopping Centre, Kitchener, Ontario, to Simpsons, Limited

INDEX TO CLOSING BINDER

Index to Closing Binder, Volume I.

1. Lease less sensitive provisions (filed with the Land Division Committee of the Regional Municipality of Waterloo on April 29, 1976).
2. Notice of Lease dated April 28, 1976 (including plans) registered in the Registry Division of Waterloo (no. 58) on April 29, 1976 at 4:22 P.M. as Instrument no. 568038.
3. Schedules A, E and E-1 referred to in Letter of Intent of February 18, 1975.
4. Schedule A referred to in Lease of August 20, 1975.
5. Plan of Survey.

**THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**



Commissioner for Taking Affidavits
Linda Galessiere

The Bay Store Kitchener

Preliminary budget deficiencies

Project	Cost of work estimated
Roof	• \$2,000,000.00
Chiller, water tour	• \$2,500,000.00
Escalator, elevator	• \$2,500,000.00
Vestibules and entrances	• \$1,000,000.00
Exterior building envelopes	• \$2,000,000.00
Electrical rooms	• \$ 600,000.00
Loading docks	• \$ 400,000.00
Adm. & Profit (5%)	• \$ 550,000.00
Professional fees and permits (10%)	• \$1,155,000.00
Contingencies (10%)	• \$1,120,500.00
Coordination fees (10%)	• \$1,382,500.00
Total	• \$15,208,000.00

These works do not include rental improvements inside the premises.

**THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**



Commissioner for Taking Affidavits
Linda Galessiere



MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 6600
P.O. BOX 1011
TORONTO, ON M5H 3S1
CANADA

T 416.595.8500
F 416.595.8695

MILLERTHOMSON.COM

June 6, 2025

Private and Confidential

Westcliff Group
439 University Ave
Toronto, ON
M5G 1Y8

Attention: Alan Marcovitz & Adam Marcovitz

Larry Ellis
Direct Line: +1 416.595.8639
lellis@millerthomson.com

File No. 0292565.0001

Dear Mr. Marcovitz & Mr. Marcovitz:

Re: Lease Assignment Consents – CCAA Sale Process – Hudson’s Bay

We write on behalf of our clients, Weihong Liu (“**Ms. Liu**”) and Ruby Liu Commercial Investment Corp. (the “**Purchaser**”), the successful bidder in the court-supervised lease monetization process under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) in respect of certain leaseholds and assets of Hudson’s Bay Company and certain affiliates (“**HBC**”).

As you may be aware, the Honourable Mr. Justice Osborne of the Ontario Superior Court of Justice (Commercial List) approved the Lease Monetization Process by order dated March 21, 2025 (the “**Lease Monetization Process Order**”). Attached to this letter as **Appendix “A”** is a copy of the Lease Monetization Process Order.

Pursuant to the Lease Monetization Process Order, the Purchaser’s bid was selected as a Successful Bid (as defined in the Lease Monetization Process Order), subject to certain conditions. Foremost among these is obtaining the necessary consents from landlords for the assignment of twenty-eight commercial leases.

We write to you in your capacity as counsel to Westcliff Group (the “**Landlord**”). More specifically, we write to you to request the Landlord’s consent to the assignment of the lease for Fairview Park, Kitchener, ON. To assist your client’s assessment of Ms. Liu, and the Purchaser, as the proposed assignee, this letter provides information in the following five sections:

1. Ms. Liu’s qualifications and operational experience;
2. The strategic Canadian retail business plan;
3. Financial readiness to perform lease obligations;
4. Benefits to key CCAA stakeholders; and
5. The path forward and landlord engagement strategy.

1. Ms. Liu's Business Experience

a) Ms. Liu's Chinese Business Experience

Ms. Liu is an accomplished entrepreneur with decades of experience operating multi-location retail platforms in competitive global markets. Her ventures have demonstrated success in concept development, brand scaling, and supply chain execution, supporting profitable and resilient operations.

Ms. Liu's career began in Harbin, China, where she worked in multiple small businesses throughout high school. In 1988, Ms. Liu moved to the rapidly-growing city of Shenzhen to pursue her entrepreneurial dreams. Leveraging her early business experience, Ms. Liu opened and managed six restaurants across Shenzhen, with locations including Sungang Warehouse, Shangbu Road, Nigang Village, and Meilin. In 1994, she founded Yijing Investment & Development Co., Ltd., marking her entry into real estate development with the construction and management of Meilin Yijing Tower, a high-rise urban project. Ms. Liu gained further national recognition when she partnered with Vanke Real Estate Co., Ltd. to co-develop Phase V of the Vanke Four Seasons Flower City in 2001, a project subsequently honored as China's top residential development.

Most notably, in 2002, Ms. Liu co-developed Central Walk Shopping Center with Excellence Group, a landmark commercial project that proved pivotal in her career. Located in the heart of Shenzhen's Central Business District, Central Walk Shopping Center spans 140,000 square meters and is one of the largest and most advanced shopping centers in China, with approximately 50,000 to 100,000 visitors per day. Ms. Liu pioneered the concept of an eco-leisure shopping mall—an integration of retail, dining, entertainment, wellness and tourism to create a comprehensive “one-stop” consumer experience. As a mother of two, Ms. Liu was frustrated by Shenzhen's lack of indoor recreational spaces and envisioned Central Walk Shopping Center to have a large family-oriented space. Under her management, Central Walk Shopping Center developed one of Shenzhen's largest family entertainment parks. Central Walk Shopping Center addressed a critical gap in Shenzhen's commercial landscape and helped redefine the model for urban mixed-use developments across China.

Ms. Liu's success in developing Central Walk Shopping Center is supported by her selection of a strong team of experts and the integration of stakeholder feedback. At a time when international collaboration in commercial projects was still uncommon in China, Ms. Liu engaged several globally renowned firms, including: Callison Architecture (USA) for architectural design; Japan Design Corporation for landscaping; DTZ (Hong Kong) as construction advisor; and Pacific Group (Taiwan) for strategic planning.

During this time, Ms. Liu also owned and managed another mall, Central Walk Shenzhen, a five-story retail complex spanning 83,900 square meters. As of December 2018, the mall had a 100% occupancy rate and generated a gross monthly income of \$4.5 million (RMB 23.8 million). The mall features a diverse tenant mix, including fashion retailers, restaurants, a cinema, and a supermarket.



In February 2019, Ms. Liu sold Central Walk Shenzhen to Hong Kong's Link Real Estate Investment Trust for \$1.25 billion (RMB 6.6 billion). Following this sale, Ms. Liu moved to Vancouver, Canada and founded Central Walk, which has since become a leading commercial real estate firm.

b) Ms. Liu's Canadian Landlord Operations

Ms. Liu has been actively involved as owner and investor in substantial Canadian business operations for more than a decade. Ms. Liu owns and actively manages more than 2.5 million square feet of Canadian shopping centre assets, including:

- i) Woodgrove Centre (Nanaimo, BC): Acquired in 2020. Vancouver Island's largest shopping centre with 748,000 sq. ft., over 140 stores, and annual foot traffic of 5.6 million visitors.
- ii) Mayfair Shopping Centre (Victoria, BC): Acquired in 2021. A 518,000 sq. ft. retail centre hosting over 120 stores and welcoming approximately 4.1 million visitors per year.
- iii) Tsawwassen Mills (Delta, BC): Acquired in 2022. A regional shopping centre with 1.2 million sq. ft. and more than 200 stores and services. Attached to this letter as **Appendix "B"** is a summary of Ms. Liu's shopping centre holdings.

Ms. Liu's considerable experience operating as a landlord in Canada provides her considerable insight into landlord sensitivities. Landlord issues, including the critical importance of protecting mall related exclusivities and operational restrictions are well understood and respected. Attached to this letter as **Appendix "C"** is a listing of current retail stores across Ms. Liu's three shopping centres.

In addition to retail and landlord operations, Ms. Liu owns the Arbutus Ridge Golf Club (Vancouver Island, BC), an 18-hole championship golf course acquired in 2019. Rated four stars by Golf Digest and awarded Best Destination Golf Course in British Columbia, the property illustrates her ability to manage regulated service operations in Canada.

2. Strategic Business Plan for Canadian Retail Operations

HBC's business, while in distress, possessed strong operational fundamentals – a deep supplier network, prime locations, loyal customers, and experienced staff. Ms. Liu intends to preserve and modernize those foundational elements, using them as the framework for launching a refreshed Canadian retail platform (the "**Retail Business**"). The value chain already exists. Ms. Liu and her team's focus will be to reactivate and enhance it.



HBC's Value Chain Reactivation

To maintain and reengage the existing HBC value chain, Ms. Liu has taken the following steps:

1. Working from her existing contacts and team members, Ms. Liu has already established an executive organizational chart to fill the roles of CEO, CFO, CMO, COO, CMO (Merchandising) and CHRO. Attached to this letter as **Appendix "D"** is a list of the people that have agreed to take on these critical roles and responsibilities, together with a brief overview of their experience and expertise.
2. Working from the HBC's current and former org chart, Ms. Liu has met with twelve store level managers and has secured commitments from ten to stay on and assist with the reactivation. Ms. Liu intends to continue meetings with key managers in an effort to return as many as possible. Ms. Liu believes that returning store managers is the best path to preserving institutional knowledge of the entire Hudson's Bay value chain, which in turn is the most effective strategy to open stores as quickly as possible. It is worth noting that the ten store managers that have committed each have more than ten years of HBC operational experience and in many cases more than twenty years of HBC operational experience.
3. Ms. Liu has engaged Wayne Drummond, the former President of Hudson's Bay, for the purpose of assisting with everything from securing suppliers and inventory to reviewing product mix. Mr. Drummond's intimate knowledge of Hudson's Bay's operations will be critical in ensuring that stores open quickly and effectively. Attached to this letter as **Appendix "E"** is a copy of Mr. Drummond's bio.
4. Ms. Liu and her team have already reviewed more than 500 resumes from current and former Hudson's Bay employees that would like to return to work as store employees. As Ms. Liu progresses to general support from the landlords her intent is to work with Alvarez & Marsal Canada Inc. in its capacity as monitor of HBC (in such capacity, the **"Monitor"**) and HBC's counsel to establish a formal communication and process whereby all prior store level employees will be offered the opportunity to apply for employment with Ms. Liu's stores. The projected expectation for total employees required to open the stores is between 2,500 and 3,000.
5. Ms. Liu has already met with more than fifty of HBC's suppliers to assess their ability and willingness to supply her 28 stores. Each of the suppliers have indicated interest and excitement in the opportunity to continue a supplier relationship with Ms. Liu. As Ms. Liu progresses to general support from the landlords, her intent is to work with the Monitor and HBC's counsel to establish a formal communication and process whereby all prior suppliers will be offered the opportunity to work with Ms. Liu to establish go-forward supply terms and timelines.
6. Ms. Liu has already met with several landlords in an effort to understand critical pain points, including necessary refurbishments/renovations, Ms. Liu's ability to fund the operation and various other concerns. Ms. Liu intends to schedule meetings with each



landlord for early next week to continue those conversations and move pain points into a more detailed and specific dialogue so that detailed solutions can begin to formulate.

Timelines and Milestones

Ms. Liu and her team have detailed a working operational and store opening timeline with critical milestones. The timeline commences on the day the lease assignment transaction closes. The critical condition precedent to closing the assignment transaction is court approval. Ms. Liu intends to close the transaction immediately after the lease assignment transaction is approved by the Court.

Milestone	Target (From Lease Assignment Close)
Hire Key Executives	30 days
Hire Key Managers	30 days
Hire Store Level Staff	90 days
Store Design Mock-Ups to Landlords	30 days
Inventory Ordering	90 days
Permit Applications	As soon as possible. Will require Landlord input.
Renovations Begin (Permit-Dependent)	As soon as possible. Permit dependent.
Store-Level Financial Forecasts	Updated and delivered to applicable landlord every 30 days with a view to finalizing for day 90.
Marketing Campaign Launch	120 days
Completion of Renovations	Target 150 days, but as previously noted dependent on applicable permits.
Inventory Delivery & Merchandising	150 days
Grand Opening	180 days

The overall goal is to open at least twenty stores within 180 days. Permitting related to necessary renovations is the most significant unknown factor as it relates to adhering to the timeline.



Financial Forecasting

Given the business plan to reactivate HBC's value chain and given the above timeline, Ms. Liu and her team have prepared an integrated financial forecast for the Retail Business. Attached to this letter as **Appendix "F"** is an Excel file that sets out certain aspects of the forecasting, together with store specific P&L analysis as it relates to your client's specific lease(s).

The forecasting sets out the key assumptions at the "Inputs" tab. The assumptions were driven by actual historical data related to HBC's business. Key highlights as it relates to the forecasting, include:

As it relates to the three-year forecasted P&L:

- The Retail Business is forecasted to lose \$32.5 million for the balance of 2025.
- The Retail Business is forecasted to profit \$31 million during the 2026 calendar year.
- The Retail Business is forecasted to profit \$35.5 million during the 2027 calendar year.
- Total sales for the balance of 2025, 2026 and 2027, respectively, are forecasted to be \$867 million.
- The Retail Business is expected to contribute \$9.5 million in income taxes during the forecasted period.

As it relates to the three-year forecasted cash flow:

- In reviewing the total expected cash needs to ramp the business up and launch within the targeted timeframe, Ms. Liu has committed to making an initial advance of \$325 million, which is reflected as the initial equity investment to open the cash balance.
- The inventory ramp up cost is estimated at approximately \$96 million over the course of eight months.
- Ms. Liu has allocated \$84 million for leasehold improvements, over the course of six months.
- With the initial equity injection of \$325 million, the Purchaser's cash position never drops below \$36 million, which amount reflects a very healthy cash buffer to deal with contingencies.
- In addition to the \$36 million contingency buffer, the cash flow forecast reflects a line item for \$80 million to account for transaction costs and other contingencies. It is noteworthy that the estimated contingency would cover more than ten months of estimated total rent cost.



As it relates to the three-year forecasted Store P&L:

- Total aggregated sales in the first twelve months is \$438.5 million.
- Total aggregated store payroll cost in the first twelve months of stores being opened is \$51.7 million.
- Total aggregated store rent cost, plus property taxes and CAM in the first twelve months is \$43.7 million.
- Total aggregated store remodel expense cost in the first twelve months is \$84 million.
- Landlord store specifics noted in a separate tab.

As a general comment, Ms. Liu expects that the financial forecasting will continuously evolve to reflect real time information received during the period where the broader team is working through the store opening operations. As noted in the timeline, Ms. Liu doesn't expect to have final forecasting until 90 days from the close of the lease assignment transaction. However, to ensure that Ms. Liu is able to work through issues that arise, Ms. Liu has intentionally built tens of millions of dollars of contingency funding into the Retail Business forecasting.

Ms. Liu fully appreciates that specific sites may require refurbishment/renovation. Ms. Liu intends to work through those expectations with each landlord and ultimately reflect the cash outlay required as part of the forecasting.

All in all, the total Retail Business, including costs of refurbishment/renovation, store launch and contingency, will require a cash investment of approximately \$325 million. Ms. Liu has these funds available and as part of the lease assignment transaction intends to invest these funds, in the form of equity, into the Retail Business, in accordance with the cash flow forecast.

Critical Mass/Economies of Scale

Based upon support already expressed from certain landlords, Ms. Liu believes that she has achieved her critical mass targets to ensure overall business viability.

Improving Operations and Marketing

While secondary to the obvious need to establish fundamental operations, Ms. Liu has a strong vision for an approach to improve HBC's strategies. At a very high level the vision and approach are as follows:

- Expanded demographic targeting, adding younger consumer segments.
- Modernization of stores, including upgrades to interiors, signage, and technology.
- Experience-focused brand development to drive traffic and loyalty.

Ms. Liu looks forward to discussing her vision to improve on the HBC business model and drive her vision for retail sales in accordance with the three stated guiding principles.



3. Financial Capacity and Commitment

Ms. Liu provided HBC and its advisors with proof of funding in connection with the Lease Monetization Process. The proof of funding provided to HBC and its advisors establishes cash sufficient to support the Retail Business.

To the extent the Landlord wishes to have proof of funding confirmed, we are prepared to establish terms of a non-disclosure agreement and provide directly, or, alternatively Ms. Liu is prepared to have our firm share proof of funding directly to legal counsel on the undertaking that counsel can review for the purpose of providing their client a summary of the funding proof.

Funds will be invested directly by Ms. Liu into the Purchaser. To the extent Landlords require, Ms. Liu is prepared to provide covenants to ensure exclusive application to the retail operations. Annual financial and operational reporting will be provided to landlords upon request and/or in accordance with Lease terms.

4. Benefits to CCAA Stakeholders

The lease assignment transaction provides the Landlord with a material improvement to the covenant that HBC offered over these past few years. The Landlord will receive an experienced tenant that is incredibly well capitalized and motivated to build a dominant Canadian retail brand. As noted above, tens of millions in rent is well supported by the Retail Business, together with tens of millions in store improvements.

Additionally, many other impacted stakeholders will receive tremendous and meaningful benefits:

1. Employees – Ms. Liu will offer store manager and senior positions to dozens of Canadians and store level employment to thousands of Canadians.
2. Suppliers – renewed contracts and minimal disruption to supply chains will provide much needed relief to many Canadian suppliers.
3. Creditors – creditors of HBC stand to benefit from the proceeds of sale from the lease assignment transaction.
4. Canadian Economy – in the first year alone total sales of \$438.5 million are projected. These sales represent a meaningful economic boost to local Canadian economies, not to mention the approximate \$9.5 million of income tax to be paid to the CRA resulting from projected profit over the next thirty months.

Simply put, while the landlords receive the most significant improvement to overall position, there are thousands of employees, hundreds of suppliers and millions of dollars of benefit to the overall Canadian stakeholders and Canadian economy.



5. Path Forward

This letter serves as a general communication to all landlords. We recognize that each landlord and location has unique circumstances. Accordingly:

1. Ms. Liu looks forward to individualized discussions to understand site-specific concerns and co-develop customized launch plans.
2. All leases will be assumed on an "as is, where is" basis. Ms. Liu is not asking for lease related concessions and will comply with lease terms.
3. Ms. Liu will engage with each landlord to identify capital requirements, marketing opportunities, and modernization strategies.
4. Beyond obtaining consent, Ms. Liu is committed to earning landlord trust and collaboratively revitalizing the Canadian retail landscape.

We would be pleased to meet with you and your client to review our plans in more detail and address any specific concerns. Please contact the undersigned at your convenience.

Yours truly,

MILLER THOMSON LLP

Per: *Larry Ellis*

Larry Ellis

LE/lp

cc. Greg Karpel, Alvarez & Marsal Canada Inc.
Alan J. Hutchens, Alvarez & Marsal Canada Inc.
Sean Zweig, Bennett Jones LLP
Michael Shakra, Bennett Jones LLP
Ashley Taylor, Stikeman Elliott LLP
Jonah Mann, Stikeman Elliott LLP



Appendix “A” – Lease Monetization Process Order

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

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

THE HONOURABLE MR.

)

FRIDAY, THE 21ST DAY

JUSTICE OSBORNE

)

OF MARCH, 2025

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

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

**ORDER
(Lease Monetization Process)**

THIS MOTION, made by Hudson's Bay Company ULC Compagnie de la Baie D'Hudson SRI ("**Hudson's Bay**"), HBC Canada Parent Holdings Inc., HBC Canada Parent Holdings 2 Inc., HBC Bay Holdings I Inc., HBC Bay Holdings II ULC, The Bay Holdings ULC, HBC Centerpoint GP Inc., HBC YSS 1 LP Inc., HBC YSS 2 LP Inc., HBC Holdings GP Inc., Snospmis Limited, 2472596 Ontario Inc., and 2472598 Ontario Inc. (collectively, the "**Applicants**") for an order approving the Lease Monetization Process (defined below) was heard this day at 330 University Avenue, Toronto, Ontario and via videoconference.

ON READING the affidavits of Jennifer Bewley sworn March 7, 2025, March 14, 2025, and March 21, 2025, and the Exhibits thereto, the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants dated March 7, 2025 (the "**Pre-Filing Report**"), the first report of A&M, in its capacity as monitor of the Applicants, (in such capacity, the "**Monitor**"), dated March 16, 2025, and the Supplement to the First Report of the Monitor dated March 21, 2025, and on hearing the submissions of counsel to the Applicants, counsel to the Monitor, and such other parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the Affidavits of Service of Brittney Ketwaroo sworn March 17, 2025 and March 21, 2025.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not otherwise defined herein have the meanings ascribed in the Lease Monetization Process attached hereto as Schedule “A” (the “**Lease Monetization Process**”) or the Amended and Restated Initial Order, dated March 21, 2025 (the “**ARIO**”), as applicable.

APPROVAL OF THE LEASE MONETIZATION PROCESS

3. **THIS COURT ORDERS** that the Lease Monetization Process is hereby approved. The Applicants, the Monitor and the Broker are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Lease Monetization Process.
4. **THIS COURT ORDERS** that the agreement dated March 20, 2025, engaging Oberfeld Snowcap Inc. (“**Oberfeld**”) as Broker to Hudson’s Bay in the form attached as Exhibit “B” to the Affidavit of Jennifer Bewley sworn March 21, 2025, and the retention of Oberfeld under the terms thereof, is hereby approved.
5. **THIS COURT ORDERS** that each of the Applicants, the Monitor, the Broker and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Lease Monetization Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor, or the Broker, as applicable, in performing their obligations under the Lease Monetization Process, as determined by this Court.
6. **THIS COURT ORDERS** that notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit or participate in a Sale Proposal must declare such intention to the Monitor and the Broker in writing by April 7, 2025. If the Applicant or any Related Person makes such declaration, the Monitor and the Broker shall design and implement additional procedures for the Lease Monetization Process in respect

of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.

7. **THIS COURT ORDERS** that notwithstanding any other term contained herein and paragraph 11 of the ARIO, on or before July 15, 2025, the Applicants shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or the Lease Monetization Order that has not been terminated in accordance with terms thereof.

8. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Applicants, the Monitor and the Broker are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Lease Monetization Process in these proceedings.

9. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

10. **THE COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

Schedule "A"

LEASE MONETIZATION PROCESS

Introduction

On March 7, 2025, Hudson's Bay Company ULC Compagnie De La Baie D'Hudson SRI (the "**Company**") and those parties listed in Schedule "**A**" hereto (collectively, the "**Applicants**") sought and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order (as amended, restated or varied from time to time, the "**Initial Order**") granted by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Parties listed in Schedule "**B**" were also granted protection as "Non-Applicant Stay Parties". Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the "**Monitor**").

On March 14, 2025, the Applicants served a motion seeking, among other things, an order for the approval of a sale process (as same may be amended from time to time, the "**Lease Monetization Process**") pursuant to, and in accordance with, the Lease Monetization Order (as defined below) to be conducted under the supervision of the Court and the Monitor.

The purpose of this Lease Monetization Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases, which implementation may include sales, dispositions, assignments, surrender (if accepted by the applicable landlord), or other transaction forms. The Applicants, in their reasonable business judgment, and in consultation with the Broker, the Monitor and Agents, may, from time to time, withdraw any Lease from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease.

On March 21, 2025, the Court entered an order approving the Lease Monetization Process (the "**Lease Monetization Order**").

This Lease Monetization Process describes, among other things: (a) the Leases available for sale (which, for greater certainty, is without prejudice to the position of a Landlord as to whether a Non-Applicant Stay Party's interest in a Lease can be subject to such sale) (the "**Landlord Reservation of Rights**"); (b) the manner in which Interested Bidders may gain access to due diligence materials concerning the Leases; (c) the manner in which bidders and bids become Qualified LOI Bidders or Qualified Bidders and Qualified LOI Bids or Qualified Bids, respectively; (d) the ultimate selection of one or more Successful Bidders; and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Lease Monetization Process:
 - (a) "**Agents**" means collectively: (a) Bank of America, N.A. (including acting through branches and affiliates) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement; (b) Restore Capital, LLC in its capacity as agent for the FILO Credit Facility lenders under the ABL Credit Agreement; and (c) Pathlight Capital LP, in its capacity as administrative agent under the Pathlight Credit Agreement (each as defined in the Affidavit of Jennifer Bewley sworn March 7, 2025).

- (b) **"Applicants"** is defined in the introduction hereto.
- (c) **"Approval Motion"** is defined in paragraph 23.
- (d) **"ARIO"** means the Amended and Restated Initial Order dated March 21, 2025
- (e) **"Broker"** means Oberfeld Snowcap Inc.
- (f) **"Business Day"** means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (g) **"CA"** means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor. For greater certainty, there is no requirement for Landlords to enter into CA's in respect of their own Leases.
- (h) **"CCAA"** is defined in the introduction hereto.
- (i) **"Company"** is defined in the introduction hereto.
- (j) **"Court"** is defined in the introduction hereto.
- (k) **"Deposit"** is defined in paragraph 20(k).
- (l) **"Form of Purchase Agreement"** means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Broker, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (m) **"Initial Order"** is defined in the introduction hereto.
- (n) **"Interested Bidder"** is defined in paragraph 8.
- (o) **"Landlord LOI"** means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (p) **"Landlord Qualified Bid"** means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 20(a), 20(c), 20(d), 20(e), 20(g), 20(h), 20(i), 20(j), 20(k) and 20(l)
- (q) **"Lease Monetization Order"** is defined in the introduction hereto.
- (r) **"Leases"** means the Applicants' and the Non-Applicant Stay Parties' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto, subject in all respects to the Landlord's Reservation of Rights, as defined herein.
- (s) **"LOI"** is defined in paragraph 7.
- (t) **"Monitor"** is defined in the introduction hereto.

- (u) **“Non-Applicant Stay Parties”** are the entities listed in Schedule **“B”** hereto.
- (v) **“Outside Date”** means June 17, 2025.
- (w) **“Phase 1”** is defined in paragraph 7.
- (x) **“Phase 1 Bid Deadline”** is defined in paragraph 9.
- (y) **“Phase 2”** means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (z) **“Qualified Bid”** means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 20.
- (aa) **“Qualified Bid Deadline”** is defined in paragraph 18.
- (bb) **“Qualified Bidder”** means a bidder that submits a Qualified Bid.
- (cc) **“Qualified LOI”** is defined in paragraph 10.
- (dd) **“Qualified LOI Bid”** is defined in paragraph 16.
- (ee) **“Qualified LOI Bidder”** is defined in paragraph 16.
- (ff) **“Related Person”** has the same meaning as in the *Bankruptcy and Insolvency Act* (Canada).
- (gg) **“Sale Proposal”** means an offer to acquire or otherwise assume of all or some of the Leases. A “Sale Proposal” may include a transaction involving the assignment and assumption, and/or surrender of a Lease or Leases (in the case of a surrender, such proposal may only form part of a Landlord Qualified Bid, or otherwise require the Landlord’s consent to a surrender of the Lease).
- (hh) **“SISP”** means the Sale and Investment Solicitation Process approved by the Court on March 21, 2025.
- (ii) **“Successful Bid”** is defined in paragraph 22(b).
- (jj) **“Successful Bidder”** is defined in paragraph 22(b).
- (kk) **“Targeted Outside Date”** means June 3, 2025, or such later date as may be determined by the Applicants, on consent of the Monitor, in consultation with the Broker and the Agents, provided that in no event shall such date be after June 17, 2025.
- (ll) **“Teaser Letter”** is defined in paragraph 4.

Supervision of the Lease Monetization Process

2. The Monitor will supervise, in all respects, the Lease Monetization Process, any attendant sales and, without limitation, will supervise the Broker’s performance under its

engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Broker as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Lease Monetization Process or the responsibilities of the Monitor, the Broker or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded to the Monitor under the CCAA, the Initial Order and the Lease Monetization Order, the terms of the Initial Order and the Lease Monetization Order shall govern the Monitor's role as it relates to the Lease Monetization Process.

"As Is, Where Is"

3. The sale of the Leases will be on an **"as is, where is"** basis and without representations or warranties of any kind, nature, or description by the Monitor, the Broker, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.

Solicitation of Interest

4. As soon as reasonably practicable, but in any event no later than three (3) Business Days after the issuance of the Lease Monetization Order, the Broker shall distribute an initial offering summary of the Leases in form acceptable to the Applicants and the Monitor (the **"Teaser Letter"**) notifying those potentially interested parties that are identified by the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Lease Monetization Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases.

Participation Requirements

5. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Lease Monetization Process other than a Landlord in respect of any of its own Leases must deliver to the Broker at the address specified in Schedule **"D"** hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.
6. All secured creditors of the Applicants shall have the right to bid in the Lease Monetization Process, including by way of credit bid, provided however that until a secured creditor, including the Agents, declare that they will not submit a bid in the Lease Monetization Process, all consultation and consent rights herein shall be paused and the Monitor and the Applicants may place such limitations on the consultation and consent rights contained herein as they consider appropriate, so as to ensure and preserve the fairness of the Lease Monetization Process.

LEASE MONETIZATION PROCESS - PHASE 1

Phase 1 Initial Timing

7. For a period from the date of the Lease Monetization Order until the Phase 1 Bid Deadline (“**Phase 1**”), the Broker (with the assistance of the Monitor and the Applicants) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases (each, an “**LOI**”).

Due Diligence

8. Subject to the provisions of paragraph 28, the Broker will provide each party who executes a CA (an “**Interested Bidder**”) with access to an electronic data room. The Monitor, the Broker and the Applicants, and each of their representatives, make no representation or warranty as to the information: (a) contained in the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

9. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Broker at the address specified in Schedule “**D**” hereto (including by email transmission), so as to be received by the Broker not later than 5:00 PM (Toronto time) on or before April 15, 2025, or such later date or time as may be determined by the Applicants, with the consent of the Monitor, in consultation with the Broker and the Agents (the “**Phase 1 Bid Deadline**”). Notwithstanding anything else contained herein, the Applicants and any Related Person that wishes to submit an LOI or participate in Lease Monetization Process must declare such intention to the Broker and the Monitor in writing by April 7, 2025. If the Applicant or any Related Party makes such declaration, the Broker and the Monitor shall design and implement additional procedures for the Lease Monetization Process in respect of the sharing of information with the Applicants so as to ensure and preserve the fairness of the Lease Monetization Process and shall advise the parties on the service list for these proceedings of these additional procedures.
10. An LOI so submitted will be considered a qualified LOI for the purposes hereof (each a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases or Lease subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease;

- (d) it provides a general description of any likely financing associated with the proposed transaction, subject to any restrictions that may exist in the applicable Leases;
 - (e) it provides a general description as to whether the Interested Bidder anticipates its bid containing any provisions that do not conform to the restrictions surrounding the “permitted use” of the property as defined in each of the Leases;
 - (f) it describes any additional due diligence required to be conducted during Phase 2;
 - (g) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (h) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Broker.
11. Notwithstanding anything to the contrary contained herein, a Landlord LOI shall be deemed to be a Qualified LOI.
 12. The Applicants, with the consent of the Monitor and in consultation with the Broker, may waive compliance with any one or more of the requirements specified in paragraph 10 (other than those in 10(c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Lease Monetization Process

13. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be reasonably determined by the Applicants with the consent of the Monitor, in consultation with the Broker and the Agents, the Applicants will, in consultation with the Broker, the Monitor, and the Agents, assess the Qualified LOIs received during Phase 1, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Monitor or the Broker may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.
14. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor, the Broker and the Agents, will consider, among other things, the following:
 - (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;

- (d) the financial and other capabilities of the Interested Bidder to perform, observe and comply with the terms (including payment, use provisions and other obligations) of the applicable Lease(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Broker, determine.
15. If one or more Qualified LOIs are received and the Applicants, in consultation with the Broker, the Monitor, and the Agents, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Lease Monetization Process as set forth herein.

PHASE 2

Due Diligence

16. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Lease Monetization Process by the Applicants, following consultation with the Broker and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 14 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **"Qualified LOI Bidder"**).
17. Subject to the provisions of paragraph 28, to the extent that a Qualified LOI Bidder requested due diligence within their Qualified LOI as per paragraph 10(f) herein, the Broker will provide the Qualified LOI Bidder with access to due diligence materials and information relating to the Leases as the Applicants, in their reasonable business judgment and in consultation with the Broker and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Qualified LOI Bidders.

Qualified Bids

18. The Phase 2 deadline for submission of binding bids to be considered for the sales of Lease(s) (the **"Qualified Bids"**) shall be May 1, 2025, or such later date or time as may be determined by the Applicants with the consent of the Monitor and in consultation with the Broker and the Agents (the **"Qualified Bid Deadline"**).
19. Notwithstanding anything to the contrary herein, a Landlord Qualified Bid shall be deemed to be a Qualified Bid.

20. Any Qualified LOI Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s):
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up to the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified LOI Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as a Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Applicants, in consultation with the Broker and the Monitor, to make a reasonable determination as to the Qualified LOI Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;
 - (e) it lists the Lease(s) proposed to be subject to the bid and an allocation of the purchase price on a Lease by Lease basis;
 - (f) it includes details of any amendments which such Qualified LOI Bidder seeks in respect of any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Qualified LOI Bidder, provided that, for greater certainty, nothing in this Lease Monetization Process shall be construed to: (i) permit or require any amendments to the terms of any Lease(s) without the prior written consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Qualified LOI Bidder regarding any such amendments;
 - (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified LOI Bidder; or
 - (ii) obtaining financing;
 - (h) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
 - (i) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;

- (j) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Broker, that the requisite authorization(s) and/or approval(s) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid have been obtained by the bidder;
 - (k) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Lease(s) proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Lease Monetization Process.
 - (l) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Leases to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and
 - (m) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Broker.
21. The Applicants with the consent of the Monitor, in consultation with the Broker, the Monitor and the Agents, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
22. The Applicants, in consultation with the Broker, the Monitor, and the Agents:
- (a) may engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion;
 - (b) shall determine which is the most favourable bid with respect to such Lease(s) (the “**Successful Bid**” and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”), taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction and capability of performing the obligations of the tenant under the applicable Lease(s);
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals and any lease amendments);

- (v) the terms and provisions of any proposed transaction documentation;
- (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Broker, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date and in any event, no later than the Outside Date; and
- (vii) such other criteria as the Applicants may in consultation with the Monitor and the Broker determine.

Approval Motion for Definitive Agreements

23. The Applicants will apply to the Court (the “**Approval Motion**”) for an order, among other things, approving the Successful Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the Agents, without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Lease Monetization Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a Landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

24. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, or Qualified Bid, as applicable.

Amendment

25. If there is any proposed material modification to the Lease Monetization Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and in consultation with the Broker and the Agents, to modify the Lease Monetization Process from time to time.

Disclaimers

26. Notwithstanding any other term contained herein and paragraph 12 of the ARIO, on or before July 15, 2025, the Applicant shall send a notice of disclaimer with respect to any Lease that is not subject to a Successful Bid pursuant to the SISP or this Lease Monetization Process that has not been terminated in accordance with terms thereof.

Monitor Updates

27. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Lease Monetization Process, including an update to be delivered to the Court at the conclusion of Phase 1.

Reservation of Rights

28. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Broker, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Lease Monetization Process at any time after entry of the Lease Monetization Order.
29. Notwithstanding anything else contained herein, at any time after entry of the Lease Monetization Order, the Applicants, in their reasonable business judgment and in consultation with the Broker, the Monitor, and the Agents, may, from time to time, withdraw any Lease(s) from this Lease Monetization Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
30. The Applicants, after consultation with the Broker, the Monitor, and the Agents, may reject any or all bids. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law, or any other Order of the Court in order to implement a Successful Bid or Qualified Bid, as applicable.
31. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/HudsonsBay> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
32. This Lease Monetization Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the Broker or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Lease Monetization Process, the Applicants or the Monitor may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.
33. Nothing in the Lease Monetization Process or the Lease Monetization Order acknowledges or declares that the interests in the Leases being marketed within this Lease Monetization Process are capable of being transferred by the Applicants or the Non-Applicant Stay Parties. For clarity, all parties' ability to challenge the Applicants' and Non-Applicant Stay Parties' ability to transfer any Leases are expressly preserved and not derogated from (the "**Reservation of Rights**").
34. All consent and consultation rights provided to the Agents in this Lease Monetization in respect of any JV Head Lease shall instead be provided to RioCan Real Estate Investment

Trust and the relevant Non-Applicant Secured Creditor(s) (as defined in the ARIO) of the Non-Applicant Stay Party in respect of such Business or Property, to the exclusion of the Agents.

35. In respect of any JV Head Lease (as defined in the Initial Order) and without detracting from the Reservation of Rights and any rights RioCan Real Estate Investment Trust and/or its affiliates may have in relation to such JV Head Lease, no bid shall be considered a Successful Bid or Landlord Qualified Bid: (a) in respect of any JV Head Lease without the prior written consent of the relevant Non-Applicant Secured Creditor in respect of such JV Head Lease; and (b) in respect of RioCan Real Estate Investment Trust's interest in any JV Head Lease without the prior written consent of RioCan Real Estate Investment Trust. All references to the consent of any party in this paragraph relating to any JV Head Lease with a Non-Applicant Stay Party and RioCan Real Estate Investment Trust is in addition to any consent right that may exist in favour of the landlord under the applicable JV Head Lease.

Agents Consultation

36. The Applicants, the Monitor and the Broker will communicate and consult with all Agents through the Lease Monetization Process and will provide information to the Agents in connection with such communications, including copies of all bids within one day of receipt of same. The Applicants, the Monitor and the Broker shall provide the Agents with any and all information reasonably requested with respect to the Lease Monetization Process.

Landlord Communications

37. The Applicants, the Monitor and the Broker will communicate with the landlord party to the Leases from time to time, as appropriate, in connection with their respective interests in the Lease Monetization Process.

SCHEDULE A**Applicants**

HBC Canada Parent Holdings Inc.

HBC Canada Parent Holdings 2 Inc.

The Bay Holdings ULC

HBC Bay Holdings I Inc.

HBC Bay Holdings II ULC

HBC Centerpoint GP Inc.

HBC YSS 1 LP Inc.

HBC YSS 2 LP Inc.

HBC Holdings GP Inc.

Snospmis Limited

2472596 Ontario Inc.

2472598 Ontario Inc.

SCHEDULE B**Non-Applicant Stay Parties**

RioCan-HBC General Partner Inc.

HBC Holdings LP

RioCan-HBC Limited Partnership

RioCan-HBC (Ottawa) Holdings Inc.

RioCan-HBC (Ottawa) GP, Inc.

RioCan-HBC (Ottawa) Limited Partnership

HBC YSS 1 Limited Partnership

HBC YSS 2 Limited Partnership

HBC Centerpoint LP

The Bay Limited Partnership

EXHIBIT 'C'**LEASES****Hudson's Bay**

Center	City	Prov.	GLA	Landlord
The Bay Centre	Victoria	BC	229,275	Manulife - Jones Lang LaSalle
Polo Park Shopping Centre	Winnipeg	MB	212,086	Cadillac Fairview
Midtown Plaza	Saskatoon	SK	174,306	Cushman & Wakefield
Market Mall	Calgary	AB	200,000	Cadillac Fairview
Cambridge Centre	Cambridge	ON	131,453	Morguard
Fairview Park	Kitchener	ON	184,714	Westcliff
Sherway Gardens	Toronto	ON	223,477	Cadillac Fairview
Champlain Mall	Brossard	QC	143,786	Cominar
Woodbine Centre	Toronto	ON	139,953	Woodbine Mall Holdings Inc.
Fairview Pointe Claire	Pointe Claire	QC	179,578	Cadillac Fairview
St. Laurent Shopping Centre	Ottawa	ON	145,074	Morguard
Markville Shopping Centre	Markham	ON	140,094	Cadillac Fairview
Erin Mills Town Centre	Mississauga	ON	140,526	Cushman & Wakefield
Aberdeen Mall	Kamloops	BC	123,289	Cushman & Wakefield
Willowbrook Shopping Centre	Langley	BC	131,146	Quadreal Property Group
Kingsway Garden Mall	Edmonton	AB	153,264	Oxford
Fairview Mall	Toronto	ON	152,420	Cadillac Fairview
Carrefour De L'Estrie	Sherbrooke	QC	116,265	Group Mach Inc
Sunridge Mall	Calgary	AB	161,330	Primaris
Centerpoint Mall	Toronto	ON	122,502	Morguard
Parkwood Mall	Prince George	BC	111,500	BentalGreen Oak

Center	City	Prov.	GLA	Landlord
Pickering Town Centre	Pickering	ON	121,730	PTC Ownership LP c/o Salthill Property Management Inc.
Mapleview Centre	Burlington	ON	129,066	Ivanhoe Cambridge
Upper Canada Mall	Newmarket	ON	142,780	Oxford
Coquitlam Centre	Coquitlam	BC	120,086	Morguard
Whiteoaks Mall	London	ON	165,759	Westdell Development
St. Vital Shopping Centre	Winnipeg	MB	122,002	BentallGreen Oak
Limeridge Mall	Hamilton	ON	125,307	Cadillac Fairview
Hillcrest Mall	Richmond Hill	ON	136,915	Oxford
Masonville	London	ON	84,928	Cadillac Fairview
Les Promenades Gatineau	Gatineau	QC	140,364	Westcliff
Les Galeries De La Capitale	Quebec City	QC	163,034	Primaris
Mayflower Mall	Sydney	NS	82,944	Mccor
Richmond Centre	Richmond	BC	169,692	Cadillac Fairview
Oakville Place	Oakville	ON	119,428	Riocan
Londonderry Mall	Edmonton	AB	60,838	Cushman & Wakefield
Medicine Hat Mall	Medicine Hat	AB	93,217	Primaris
St. Albert Centre	St. Albert	AB	93,313	Primaris
Orchard Park Shopping Centre	Kelowna	BC	127,290	Primaris
Village Green Mall	Vernon	BC	83,036	BentallGreen Oak
Mic Mac Mall	Dartmouth	NS	151,303	Cushman & Wakefield
Bramalea City Centre	Brampton	ON	131,438	Morguard
Cataraqui Town Centre	Kingston	ON	113,054	Primaris
Conestoga Mall	Waterloo	ON	130,580	Primaris

Center	City	Prov.	GLA	Landlord
Centre Commercial Rockland	Montreal	QC	147,594	Cominar
Place Rosemere Shopping Centre	Rosemere	QC	132,483	Morguard
Woodgrove Centre	Nanaimo	BC	146,452	Central Walk Woodgrove
Mayfair Shopping Centre	Victoria	BC	166,073	Central Walk Mayfair
Oshawa Centre	Oshawa	ON	122,624	Primaris
Carrefour Angrignon	LaSalle	QC	128,888	Westcliff
Yorkdale Shopping Centre	Toronto	ON	303,438	Oxford
Guildford Shopping Centre	Surrey	BC	174,462	Ivanhoe Cambridge
Centre Laval	Laval	QC	134,377	Cominar
Southgate Shopping Centre	Edmonton	AB	236,551	Primaris
Sevenoaks Shopping Centre	Abbotsford	BC	128,739	Morguard
Cherry Lane Shopping Centre	Penticton	BC	94,643	Manulife- Jones Lang LaSalle
Chinook Centre	Calgary	AB	206,514	Cadillac Fairview
Bower Place	Red Deer	AB	110,672	Quadreal Property Group
West Edmonton Mall	Edmonton	AB	164,250	Triple Five
Southcentre Mall	Calgary	AB	164,514	Oxford
Lethbridge Centre	Lethbridge	AB	133,243	Melcor
Georgian Mall	Barrie	ON	90,748	Riocan
Place d'Orleans Shopping Centre	Ottawa	ON	115,501	Primaris
Bayshore Shopping Centre	Ottawa	ON	180,696	Cushman & Wakefield
Pen Centre	St. Catharines	ON	150,110	BentallGreen Oak
Downtown	Vancouver	BC	636,828	RioCan-HBC Limited Partnership
Downtown	Calgary	AB	448,834	RioCan-HBC

Center	City	Prov.	GLA	Landlord
				Limited Partnership
Downtown	Montreal	QC	655,396	RioCan-HBC Limited Partnership
Downtown	Ottawa	ON	305,305	RioCan-HBC Limited Partnership
Square One	Mississauga	ON	204,174	Oxford
Devonshire Mall	Windsor	ON	165,584	RioCan-HBC Limited Partnership
Scarborough Town Centre	Toronto	ON	231,759	Oxford
Les Promenades St Bruno	St-Bruno	QC	131,808	Cadillac Fairview
Carrefour Laval	Laval	QC	177,022	Cadillac Fairview
Metrotown Centre	Burnaby	BC	140,545	Ivanhoe Cambridge II Inc. and Ivanhoe Cambridge Inc.
Park Royal Shopping Centre	Vancouver	BC	161,647	Park Royal Shopping Centre Holdings Ltd
Eglinton Square	Toronto	ON	115,205	KS Eglinton Square Inc.
176 Yonge St.	Toronto	ON	675,722	Ontrea Inc.
Les Galeries d'Anjou	Montreal	QC	176,474	Ivanhoe Cambridge Inc. – Anjou

Saks Fifth Avenue

Center	City	Prov.	GLA	Landlord
Sherway Gardens	Toronto	ON	132,256	Cadillac Fairview
Chinook Centre	Calgary	AB	115,586	Ontrea Inc.
Toronto Eaton Centre	Toronto	ON	175,000	Ontrea Inc.

Saks Fifth Avenue Off Fifth

Center	City	Prov.	GLA	Landlord
Tanger Outlets	Ottawa	ON	28,357	Riocan Holdings (TJV) Inc. and 1633272 Alberta ULC
Outlet Collection at Niagara	Niagara	ON	32,387	The Outlet Collection (Niagara) Limited
Vaughan Mills	Vaughan	ON	34,992	Ivanhoe Cambridge II Inc. and TRE2 Non-US Bigfoot Corp.
Toronto Premium Outlets	Halton Hills	ON	24,887	Halton Hills Shopping Centre Partnership
Crossiron Mills	Rockey View	AB	30,009	Crossiron Mills Holdings Inc.
Queensway	Toronto	ON	27,042	Horner Developments Ltd. and Mantella & Sons Investments Ltd.
Downtown Ottawa	Ottawa	ON	34,887	RioCan-HBC Limited Partnership
Tsawwassen Mills	Tsawwassen	BC	32,733	Central Walk Tsawwassen Mills Inc.
Outlet Collection Winnipeg	Winnipeg	MB	32,204	The Outlet Collection at Winnipeg Limited and Seasons Retail Corp
Place Ste-Foy	Quebec	QC	33,254	Ivanhoe Ste-Foy Inc.
Pickering Town Centre	Pickering	ON	30,033	PTC Ownership LP
Skyview Power Centre	Edmonton	AB	30,026	Skyview Equities Inc. and SP Green Properties LP
Park Royal Shopping Centre	Vancouver	BC	33,300	Park Royal Shopping Centre Holdings Inc.

Distribution Centres

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

SCHEDULE D*To the Company:*

Hudson Bay Company ULC
 401 Bay Street
 Toronto, ON M5H 2Y4

Attn: Jennifer Bewley
 Email: jennifer.bewley@hbc.com

With a copy to:

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

Attn: Ashley Taylor / Maria Konyukhova
 Email: ataylor@stikeman.com / mkonyukhova@stikeman.com

To the Monitor :

Alvarez & Marsal Canada Inc. Court appointed Monitor of Hudson's Bay Company ULC et al.
 Royal Bank Plaza, South Tower 200 Bay Street, Suite 29000
 P.O. Box 22
 Toronto, ON M5J 2J1

Attn: Alan Hutchens / Greg Karpel
 Email: ahutchens@alvarezandmarsal.com / gkarpel@alvarezandmarsal.com

With a Copy to:

Bennett Jones LLP
 3400 One First Canadian Place
 P.O. Box 130
 Toronto, ON M5X 1A4

Attn: Michael Shakra / Sean Zweig
 Email: ShakraM@bennettjones.com / ZweigS@bennettjones.com

To the Broker:

Oberfeld Snowcap Inc.
121 King Street West, Suite 1800
Toronto, ON M5H 3T9

Attn: Jay Freedman
Email: jay@oberfeldsnowcap.com

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

Proceeding commenced at Toronto

**ORDER
(Lease Monetization Order)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Ashley Taylor LSO#: 39932E
Email: ataylor@stikeman.com
Tel: +1 416-869-5236

Elizabeth Pillon LSO#: 35638M
Email: lpillon@stikeman.com
Tel: +1 416-869-5230

Maria Konyukhova LSO#: 52880V
Email: mkonyukhova@stikeman.com
Tel: +1 416-869-5230

Philip Yang LSO#: 82084O
Email: PYang@stikeman.com
Tel: +1 416-869-5593

Brittney Ketwaroo LSO#: 89781K
Email: bketwaroo@stikeman.com
Tel: +1 416-869-5524

Lawyers for the Applicants

Appendix “B” – Summary of Ms. Liu’s Shopping Centre Holdings

Central Walk's Portfolio

Over the past decade, Central Walk has invested more than \$750 million in British Columbia recreational and commercial real estate assets. Central Walk employs over 120 employees, contributing to the growth of local economies. This investment was financed through the sale of Central Walk Shenzhen in 2019 for approximately C\$1.25 billion.

Arbutus Ridge Golf Club (Vancouver, BC)



Acquired 2019

6,152 yards



by Golf
Digest

Award
Winning

- Located in Cobble Hill, a 25-minute drive from the outskirts of Victoria and 15 minutes from Duncan
- 18-hole golf course rated Four Stars by Gold Digest, Best Destination Golf Course in British Columbia by Golf Nerve Magazine, and One of Canada's Ten Best Courses for Your Money by WestJet
- Achieved a Sustainability Award from Tourism Vancouver Island

Woodgrove Centre (Nanaimo, BC)



Acquired Sept. 2020

748k sq.ft.
(Island's largest
shopping
centre)

140+
stores &
services

5.6mm
visitors
annually

- Home to a purposefully designed play space, Fly O'Land (9,925 sq.ft), and an arcadium (5,400 sq.ft)

Redevelopment Plans:

- Short-Term: Development of 100,000 sq.ft. outdoor park featuring performance stage & recreational areas
- Medium- to Long-Term: Addition of residential towers (incl. affordable housing) & potential retail expansion

* Location of HBC store #1118

Mayfair Shopping Centre (Victoria, BC)



Acquired June 2021

~518k sq.ft.
4.1mm
visitors
annually

120+
stores &
services

Highest
sales /
sq.ft. In
Victoria

- Home to two children's playlands: Dreamland (4,676 sq.ft.) and Deerland (27,269 sq.ft.) (by Fly O'Land)

Redevelopment Plans:

- Long-Term: transforming the centre into a mixed-use destination with housing, retail, recreation, and educational components

* Location of HBC store #1108

Tsawwassen Mills (Delta, BC)



Acquired May 2022

1.2mm
sq.ft.

200+
stores &
services

Largest
indoor outlet
shopping centre
in BC

Redevelopment Plans:

- Expansion of food services and enhancement of entertainment offerings
- Development of Asian-inspired cultural lane featuring restaurants, artificial sky ceiling and a performance stage

* Location of Saks Fifth Avenue store

Appendix “C” – List of Current Retail Stores

Woodgrove Tenant

- A
- A & W
- A Step Ahead Footwear
- Ardene
- Avalon Cinema Centre
- B
- B.C. Lottery Corporation
- B.C. Lottery Corporation (Walmart)
- Bath & Body Works
- Bell
- Below the Belt
- Bentley
- Best Buy Mobile
- Blenz Coffee
- Bluenotes
- Boathouse
- Bobatime
- Booster Juice
- Bootlegger
- C
- Cali Nails
- Caposhie
- CellNxt
- Chachi's
- Chapters
- Chatters Salon
- Chevron
- Claire's
- Cleo
- Culture Craze
- Cultured Coast
- D
- Dairy Queen / Orange Julius
- E
- Eclipse
- Eddie Bauer
- Edo Japan
- F
- Flip Flop Shops
- FlyO'Land
- Freshly Squeezed Bubble Tea
- G
- GameStop
- Garage
- George Richards Big & Tall
- H
- Happy Styling
- Hearing Life
- Hohoemi
- House of Knives
- I
- Icing

- Island Savings
- ISPA Lounge
- J
- K
- Kachvi Crystals
- Kamikaze Sushi
- KFC
- Koodo
- KPK Goldsmith
- Kurves Brow Bar
- L
- La Senza
- La Vie En Rose
- LensCrafters
- Lids
- Lululemon
- Lush
- M
- Manchu Wok
- Manhattan Home
- Maritime Travel
- McDonald's
- Michael Hill
- Miniso
- Mobile Klinik
- Mobile Snap
- Mobiling
- Mobiling Kiosk
- Mountain Warehouse
- N
- Nevada Bob's Golf
- New Look Eyewear
- New York Fries
- Northern Reflections
- O
- Ocean Star
- Old Navy
- Opa! of Greece
- P
- Paris Jewellers
- Peoples Jewellers
- Pho 11 Noodle Bar
- Polished Perfect
- Purdys Chocolatier
- Purple Cactus Lingerie
- Q
- QE Home
- Quarks
- Queen Bee Beauty
- R
- Reitmans
- Ricki's
- Rocky Mtn Chocolate
- Rogers
- Royal Bank
- RW & Co.
- S

- Save On Foods
- Sephora
- Showcase
- SoftMoc
- Specsavers
- Spencer Gifts
- Sport Chek
- Starbucks (Chapters)
- STOXX Vintage
- Subway
- Sunglass Hut
- Sunrise Records
- Sweet Dreams Boutique
- Sweet Hohoemi
- T
- Taco Time
- Tea Desire
- TELUS
- The Body Shop
- The Gift Source
- The Health Shop
- The Shoe Company
- Tim Hortons
- Tiny Hoppers
- Tip Top Tailors
- Tommy Gun's Original Barbershop
- Totes By Design
- Toys R Us
- Two Sparrows Cupcakes
- U
- Urban Planet
- V
- W
- Walmart
- Warehouse One
- West 49
- White Spot
- Winners
- WIRELESSWAVE
- Wolf Pack Apparel
- Woodgrove Optometry
- WOW! mobile boutique
- X
- Y
- Z
- Zumiez

Mayfair Tenant

- A
- A & W
- Aerie
- Aldo
- American Eagle Outfitters
- Ann-Louise Jewellers
- Aritzia
- Aveda
- Avologi Eneo
- B
- B.C. Lottery Corporation
- Bath & Body Works
- Bell/Virgin Plus
- Bellissima
- Ben+Moss
- Best Buy Mobile
- Big Orange Juice Bar. The
- Bikini Village
- Bluenotes
- C
- Call It Spring
- Champs Sports
- Chatters Hair & Beauty Salon
- CIBC
- Claire's
- Cofe+ Robo Cafe
- Culture Craze
- D
- Dreamland
- Dynamite
- E
- E-Bike Canada
- Eddie Bauer
- Epic Menswear
- F
- Flux & Stone
- Freedom Mobile
- Freshly Squeezed
- G
- GameStop
- Gap
- Garage
- Grill Master
- H
- H-Mart
- House of Knives
- Hudson's Bay
- I
- Indigo
- Island Savings
- J
- JD Sports
- Journeys

- K
- Kernels
- KFC
- KH Silver Nails
- Kurves Brow Bar
- L
- L.L. Bean
- L'Occitane En Provence
- La Vie En Rose
- LensCrafters
- Levi's
- Lids
- Lindt Chocolate Shop
- Local Pizza
- Lululemon
- Lush
- M
- MAC
- Maie
- Manchu Wok
- Mayfair Dental Centre
- Melanie Lyne
- Menbow Ramen
- Michael Hill
- Mind Games
- Miniso
- Mobiling
- Mobiling (Kiosk)
- Mountain Warehouse
- Mr. Pretzel's
- N
- Nail Art 360
- Nespresso
- New York Fries
- O
- OAK + FORT
- Olsen Europe
- Ono Poké
- OPA! Of Greece
- OSO Cookies
- P
- Pandora
- Peoples Jewellers
- Perpetual Insurance
- Pho Tru
- PhoneCare+
- Polished Perfect
- Primrose Collective
- Purdys Chocolatier
- Q
- R
- Reitmans
- Rogers Wireless
- Roots
- RW & Co
- S
- Saje Natural Wellness

- Sephora
- Soft Moc
- Specsavers
- SportChek
- Starbucks
- Stitch It, Canada's Tailor
- Subway
- Sunglass Hut
- Sunrise Records (Temporarily closed)
- Swarovski
- Sweet Dreams Boutique
- T
- Taco Time
- Talbots
- TBooth Wireless
- TELUS
- The Body Shop
- The Latest Scoop
- U
- Umi Sushi Express
- V
- W
- Walk In Comfort
- WirelessWave
- X
- Y
- Z
- Zumiez

Tsawwassen Mill

- Clarks
- Samsonite Outlet
- Epic Menswear
- PUMA Outlet Store
- Elements
- Slipslide
- Little Mountain Vancouver
- Levi's
- VACANT
- JD SPORT
- Under Armour Factory House
- Bath & Body Works
- JD SPORT
- SEPHORA
- Lindt Outlet
- Roots
- Swarovski Canada
- MAC Cosmetics
- Aldo Outlet
- La Senza
- Eddie Bauer
- Banana Republic Factory Store
- Guess? Outlet
- Aritzia
- Peoples
- Lee's Donuts
- Dihsan
- Mind Games
- L'Occitane
- Michael Kors Outlet
- Storage (Dihsan)
- Melanie Lyne
- Kate Spade
- Browns Outlet
- Lululemon Outlet
- Sheer Room
- Coach
- Herman Menswear
- Canada Cousin
- Laura
- After Five
- Royal Roland
- Deconeko
- La Vie En Rose
- Say Cheese
- Storage (leasing)
- First Light Café
- Ecco
- Ispe
- Nature's Design Dental
- HC Eyewear Professionals
- Shoppers Drug Mart
- New Stitch Tailoring
- Chatters Salon & Beauty Supply Outlet
- Mannacan Health
- Trishna
- Saje Natural Wellness

- [Lindt Outlet](#)
- [Woody Bakery](#)
- [Xpress Engravers](#)
- [VACANT](#)
- [Blue Heron Pizza](#)
- [Emoji Planet](#)
- [Big Orange](#)
- [Customer Service](#)
- [Lotto!](#)
- [Miniso](#)
- [Showcase](#)
- [VACANT](#)
- [West Coast Leathers](#)
- [Michael Hill](#)
- [Ardenes](#)
- [Espot2](#)
- [Stuffy Riders](#)
- [Elite Kids](#)
- [Just Cozy](#)
- [QE Home](#)
- [RW&CO](#)
- [Classic Home](#)
- [Claire's](#)
- [Classic Designs](#)
- [Famous Footwear Outlet](#)
- [STORAGE \(The Rack by After Five\)](#)
- [Carter's Osh Kosh babies and kids](#)
- [Skechers](#)
- [Fairweather](#)
- [Smart Frames and Accent](#)
- [Thinka](#)
- [The Children's Place Outlet](#)
- [Mastermind Toys](#)
- [Art box](#)
- [Limeberri](#)
- [Dihsan](#)
- [Soft-Moc Shoe Rack](#)
- [Polo Ralph Lauren Factory Store](#)
- [RW & Co.](#)
- [Bikini Village](#)
- [Calvin Klein](#)
- [OK Boot Corral](#)
- [Gap Factory Store](#)
- [LOVISA](#)
- [Zwilling](#)
- [Presotea](#)
- [Danier](#)
- [Aeropostale](#)
- [Purdy's Chocolates](#)
- [Magikchest](#)
- [Menbow Ramen Bar](#)
- [Call It Spring Outlet](#)
- [American Eagle Outfitters/Aerie](#)
- [Storage \(Classic\)](#)
- [Dynamite/Garage](#)
- [REITMANS](#)
- [Flyoland](#)
- [Suzy Shier](#)
- [Adidas Outlet](#)
- [Columbia](#)
- [Fly-O-Land](#)

- Men's Club
- Espot2
- Hot Topic
- Anastasia Jewel
- Foot Locker
- Urban Kids
- Champs Sports
- Boathouse
- Spencers Gifts
- Beaver
- Telus
- Zumiez
- Tim Hortons
- International Clothiers
- South St. Burger Co.
- DARUMA
- Bell
- Pepper Palace
- Lids Outlet
- Chai Samosa
- InchArt
- Kernels Popcorn/Baskin Robbins
- Jugo Juice
- Starbucks
- Mr.Pretzels
- Unit 649 no longer in existence
- Gateway Newstands
- Togo Sushi
- Flyoland 5D
- Tommy Gun's
- Unit 657 no longer in existence
- Running Room
- Dollarama
- Rogers/Fido
- CoCo Fresh Tea
- Mountain Warehouse
- Bentley
- Sunrise Records
- Blackwell
- Tip Top Tailors
- The Lounge
- Macabaka
- Bluenotes
- Weshop Cotton Candy
- Bass Pro Shops Outdoor World
- DSW - Designer Shoe WareHOUSE
- Nike Factory Store
- Tommy Hilfiger
- Saks OFF 5th
- Accents @ Home
- Atsuta Formerly : Umi Teriyaki & Sushi
- Vina Vietnamese
- Chachi's
- Bourbon Street Grill
- Hula Poke
- A&W
- K&S BarBeQue
- Edo Japan
- Shanghai 360
- KFC
- OPA! Souvlaki

- California Thai
- New York Fries
- Freshly Squeezed
- Crepe De Licious
- Fly O'Land
- Miaojie Market
- Winners
- Marshalls
- Old Navy
- Cellicon
- Weshop Cotton Candy
- VACANT
- CellNxt
- Yogen Früz
- Mobiling
- H&M
- Designer Depot
- Urban Planet/West 49/Skatepark
- Pro Hockey Life
- Sport Chek
- Montana's BBQ & Bar
- VACANT
- Boston Pizza
- Milestone's Grill & Bar

Appendix “D” – Organizational Chart

Central Walk’s dedicated execution team for The New Bay

A dedicated execution team with decades of experience and proven expertise in managing and owning retail-focused properties in the Canadian and Chinese markets.

Execution team for The New Bay

The Purchaser will dedicate significant management resources to the acquisition and launch of the stores through an experienced team of experts within the retail properties sector under the strategic direction of Ms. Liu.

Remaining C-Suite Executive Team		Ruby Liu <i>Founder</i>	<ul style="list-style-type: none">Over 30 years of experience in the commercial real estate industry, including but not limited to large-scale urban commercial development, development of mixed-use shopping centres, etc.Since transitioning to Canada, Ruby has successfully led Central Walk in acquiring three major shopping centres in BC in 2020, overcoming the challenges posed by the global pandemic.Will be responsible for overseeing critical investment decisions and strategic direction of The New Bay.
		Linda Qin <i>CEO</i>	<ul style="list-style-type: none">15 years of Canadian real estate sales experience; extensive business management experience gained from working for UPS, ExxonMobil, and Macdonald Realty (one of the largest real estate corporations in Western Canada).A proven author with two published books on business transitions and technology implementation.Will be responsible for the overall strategic direction and management of The New Bay.
		Karen Liu <i>CFO</i>	<ul style="list-style-type: none">Finance and people management background, including diverse experience at a major Canadian bank and a wealth management company. Will be responsible for the financial direction of The New Bay.
		Andrew Grimley <i>CMO (Marketing)</i>	<ul style="list-style-type: none">Over a decade of leadership experience in manufacturing and international supply chain sectors; currently manages enterprise-level operational planning, team coordination, and performance improvement across Central Walk’s flagship assets. Will be responsible for overseeing the planning, development, and execution of all marketing and advertising initiatives at The New Bay.
		Charles Thurlow <i>COO</i>	<ul style="list-style-type: none">Over 20 years of leadership experience in operations management across various sectors (e.g., consulting, financial services). Will be responsible for overseeing the day-to-day operations of The New Bay, ensuring efficiency, effectiveness and alignment with the company’s strategic goals.
		Michael Zhang <i>CMO (Merchandising)</i>	<ul style="list-style-type: none">Decades of experience driving revenue growth through specialty leasing, strategic brand partnerships, and community initiatives; extensive senior leadership experience in launching and managing major commercial projects. Will be responsible for overseeing and driving the strategic direction of The New Bay’s retail offerings.
		Mae Wang <i>CHRO</i>	<ul style="list-style-type: none">Decades of human resources experience including as CHRO at Central Walk; oversees all HR functions at Central Walk across the portfolio. Will be responsible for overseeing all aspects of HR management and industrial relations policies at The New Bay.

Appendix “E” – Wayne Drummond’s Biography



Wayne Drummond

President | Visionary Leader | Omni-Merchant

About Me

Results-driven retail executive with a strong focus on execution, delivering sustained top- and bottom-line performance across international markets. Experienced in solving complex business challenges—including start-ups, scalable expansion, turnarounds, and transformations—through strategic thinking, analytical insight, and operational discipline. Proven ability to drive business growth and efficiency across department stores, off-price, mass discount, and specialty retail formats. Skilled in multi-unit expansion, unified commerce, and operational reinvention. A strong communicator and active listener who fosters collaboration, builds high-performing teams, and leads with clarity, purpose, and an unwavering commitment to outcomes.

Selected Areas of Expertise and Board Membership

Expertise

- Strategy Development & Execution
- Multi-Unit Expansion
- Business Restructuring/ Turnaround
- Multi-Category Retailing
- People Coach and Mentor
- Format & Market Differentiation

Board Membership

- Executive Member- Program Advisory Committee (PAC) Humber College

Recent Experience

2016 - 2025

Founder/President, BBE Advisors Inc. March 2025- Present
Chief Executive Officer, Thriftys Family of Brands, 2022 - 2024
President, Hudson's Bay Company, 2021 – 2022
Co-President, & Chief Merchant HBC 2018 – 2021
President – Saks Off 5th European Division, 2016 - 2018
 Hudson's Bay Company, Toronto/Cologne, Germany

Founder/President: BBE Advisors Inc. is a growth-focused advisory firm supporting founders, executives, and Boards in unlocking business potential through strategic planning, innovation, and operational excellence—built on 40 years of retail leadership.

Chief Executive Officer: Lead a Canadian Omnichannel specialty retailer of apparel and accessories for Men's, Women's, and Kids. Guided company to its best year in sales and operating profit in first year of appointment.

President: Stabilized the organization following an unprecedented turbulent business climate and into post-pandemic recovery. -developed a three-year strategic roadmap to re-imagine and re-invigorate the omni-experience.

Chief Merchant & Interim Co-President: Returned HBC to profitable growth through new customer acquisition - Revitalized the merchandising strategy and asserted style authority, through targeted digital and print marketing programs.

Notable Accomplishments:

- ✓ Led Thriftys Family of Brands to its highest operating profit in seven years, with a **+30% improvement in the first year.**
- ✓ Transformed the merchandise strategy **increasing market share by +12%.**
- ✓ Re-engineered marketing, improving all KPI's, **Increasing gross profit by 400bps.** 1989 - 2016
- ✓ Engineered cost-cutting initiatives of \$100million **while invigorating staff engagement and growing Net Promoter Scores.**
- ✓ Led transformational assortment shifts across all categories of the business, focused on the acquisition of a style-seeking consumer.

Prior Hudson's Bay Experience

- **Senior Vice President Apparel,** Hudson's Bay/Lord & Taylor – 4 years
- **General Merchandise Manager,** Hudson's Bay & Zellers – 10 years
- **Marketing Manager** – 3 years
- **Buyer and Store Management** – 10 years

Appendix “F” – Financial Forecast

(See attached)



Ruby Liu Commercial Investment Corp.

Income Statement

DRAFT - FOR DISCUSSION PURPOSES ONLY

Income Statement			
	5 Months		
	Ended Dec-		
\$'000	25	2026	2027
Sales	-	416,250	446,835
Other Revenue	-	1,960	2,145
Total Sales	-	418,209	448,980
Cost of Goods Sold	-	(248,400)	(262,692)
Gross Profit	-	169,810	186,288
<i>Gross Margin</i>	<i>0.0%</i>	<i>40.6%</i>	<i>41.5%</i>
Store Payroll	(5,443)	(50,955)	(52,670)
Occupancy	(19,951)	(55,150)	(56,351)
Credit Card Processing	-	(5,258)	(5,631)
Other Costs	-	(9,497)	(10,516)
Total Store Costs	(25,393)	(120,860)	(125,167)
Store Contribution	(25,393)	48,950	61,121
Corporate SG&A	(7,083)	(18,000)	(16,160)
Income Taxes	-	-	(9,501)
Net Income	(32,477)	30,950	35,460

Ruby Liu Commercial Investment Corp.

Balance Sheet

DRAFT - FOR DISCUSSION PURPOSES ONLY

Balance Sheet			
\$'000	Dec-25	Dec-26	Dec-27
Assets			
Cash	93,808	147,508	193,448
Inventory	55,835	69,794	69,794
PP&E	70,000	84,000	84,000
Goodwill	80,000	80,000	80,000
Total Assets	299,642	381,301	427,241
Liabilities			
Accounts Payable	(7,119)	(57,828)	(58,807)
Income Tax Liability	-	-	(9,501)
Total Liabilities	(7,119)	(57,828)	(68,308)
Retained Earnings	(292,523)	(323,473)	(358,933)
Total Equity & Liabilities	(299,642)	(381,301)	(427,241)

Ruby Liu Commercial Investment Corp.

Cash Flow

DRAFT - FOR DISCUSSION PURPOSES ONLY

Cash Flow			
	5 Months Ended Dec-		
\$'000	25	2026	2027
Cash from Operations			
Net Income	(32,477)	30,950	35,460
Change in Working Capital	(81,192)	67,700	36,439
Change in Income Tax Liability	-	-	9,501
Cash from Operations	(113,669)	98,650	81,400
Cash from Investing			
PP&E Additions/(Disposals)	(70,000)	(14,000)	-
Cash from Investing	(70,000)	(14,000)	-
Cash from Financing			
Equity Investment	325,000	-	-
Transaction Costs and Other Contingencies	(80,000)	-	-
Cash from Financing	245,000	-	-
Opening Cash	-	93,808	147,508
Net Cash Flow	93,808	53,700	45,940
Ending Cash	93,808	147,508	193,448

Ruby Liu Commercial Investment Corp.

Forecast Model Assumptions

DRAFT - FOR DISCUSSION PURPOSES ONLY

Forecast Model Assumptions	
Input	Assumption
Inflation	2%
Income Tax Rate	28%
DPO (Days)	30
Preliminary Equity Investment	325,000
Transaction Costs and Other Contingencies	(80,000)
Leases Assigned	28
Ronavation Costs/Store	(3,000)
Renovation Period Utilities	50%
Renovation Store Payroll	
Month 1	10%
Month 2	10%
Month 3	20%
Month 4	20%
Month 5	50%
Month 6	80%
Corporate Payroll	(2,000)
Marketing Year 1	(10,000)
Marketing Year 2	(8,000)
IT	(2,000)
Professional Fees	(2,000)
Insurance	(2,000)
Corporate Payroll Ramp Up	
Month 1	20%
Month 2	40%
Month 3	50%
Month 4	60%
Month 5	80%
Month 6	100%
Average Inventory per Store	3,000
Inventory Ramp Up	
Month 1	20%
Month 2	40%
Month 3	50%
Month 4	60%
Month 5	80%
Month 6	100%

Ruby Liu Commercial Investment Corp.
4-Wall P&L Forecast
DRAFT - FOR DUSCUSSION PURPOSES ONLY

Ruby Liu Commercial Investment Corp. 4-Wall P&L Forecast													
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	Full Year
Total Store P&Ls													
External Sales	16,752,425	25,968,127	31,308,343	27,993,178	34,842,802	24,932,197	27,466,355	38,633,059	41,217,734	56,367,931	90,767,374	22,260,722	438,510,247
COGS	(10,180,378)	(14,763,485)	(17,958,645)	(16,486,046)	(20,555,307)	(14,937,298)	(15,977,666)	(22,105,544)	(23,124,828)	(35,936,106)	(56,374,295)	(9,324,543)	(257,724,142)
Gross Margin	6,572,047	11,204,642	13,349,698	11,507,131	14,287,495	9,994,899	11,488,690	16,527,514	18,092,906	20,431,824	34,393,080	12,936,179	180,786,105
Gross Margin %	39.2%	43.1%	42.6%	41.1%	41.0%	40.1%	41.8%	42.8%	43.9%	36.2%	37.9%	58.1%	41.2%
Selling Payroll (Store)	(3,575,223)	(4,043,113)	(4,050,802)	(3,459,590)	(4,317,834)	(3,193,121)	(3,262,754)	(4,304,319)	(4,187,290)	(3,589,778)	(5,615,566)	(3,438,378)	(47,037,768)
Other Payroll (Store)	22,098	41,244	62,269	47,587	59,713	36,597	44,332	107,711	108,111	210,818	454,453	93,322	1,288,255
Benefit Allocation (Store)	(462,149)	(520,697)	(519,194)	(444,084)	(554,213)	(410,751)	(418,883)	(546,744)	(531,483)	(441,584)	(675,944)	(435,884)	(5,961,608)
Supplies (Store)	(119,312)	(144,577)	(168,174)	(102,189)	(129,257)	(164,600)	(215,881)	(155,663)	(239,578)	(204,617)	(177,805)	(153,941)	(1,975,595)
Credit/Cash Trans Costs (Store)	(210,752)	(337,378)	(422,942)	(359,748)	(465,608)	(322,082)	(352,512)	(480,709)	(541,462)	(676,372)	(1,088,115)	(267,896)	(5,525,578)
Services (Store)	(577,431)	(654,319)	(512,280)	(522,931)	(515,739)	(586,396)	(560,441)	(582,622)	(641,497)	(802,930)	(787,808)	(606,720)	(7,351,115)
Unclassified (Store)	(43,886)	(55,945)	(87,947)	(66,583)	(70,435)	(66,945)	(55,941)	(70,001)	(99,839)	(111,588)	(139,355)	(62,097)	(930,562)
Travel (Store)	(2,801)	(3,396)	(3,792)	(3,499)	(3,994)	(3,322)	(3,464)	(4,120)	(4,410)	(5,059)	(7,036)	(3,101)	(47,995)
Rent	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(1,792,423)	(21,509,073)
Property Tax	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(758,711)	(9,104,534)
CAM	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(1,094,335)	(13,132,018)
Utilities (Store)	(685,253)	(748,519)	(631,322)	(586,919)	(860,576)	(615,094)	(674,510)	(793,220)	(621,778)	(602,014)	(754,905)	(591,746)	(8,165,855)
Repair/Mtce (Store)	(279,987)	(396,192)	(252,368)	(286,873)	(381,021)	(283,539)	(300,426)	(343,953)	(275,163)	(275,163)	(343,953)	(275,152)	(3,693,790)
Exp Trans (Store)	(100)	(100)	479	(100)	(100)	479	(100)	(100)	479	(100)	(100)	479	1,115
Outside Rev (Store)	137,746	202,911	171,973	135,048	150,150	126,847	144,267	161,458	223,081	263,744	242,728	146,058	2,106,011
Other Non-Payroll Exp (Store)	729	748	748	(976)	(995)	(995)	(3,581)	(3,581)	(3,581)	(3,581)	(3,581)	(3,581)	(22,229)
Remodel Exp (Store)	-	(46,042)	(40,165)	(4,310)	-	(4,506)	(12,343)	(8,229)	-	-	-	-	(115,596)
Total SG&A	(9,441,790)	(10,350,845)	(10,098,989)	(9,300,635)	(10,735,376)	(9,132,897)	(9,317,705)	(10,669,561)	(10,459,879)	(9,883,692)	(12,542,455)	(9,244,107)	(121,177,933)
EBITDA	(2,869,743)	853,797	3,250,709	2,206,496	3,552,118	862,002	2,170,985	5,857,953	7,633,027	10,548,132	21,850,624	3,692,072	59,608,173

Ruby Liu Commercial Investment Corp.
Store Level P&L
DRAFT - FOR DUSCUSSION PURPOSES ONLY

Ruby Liu Commercial Investment Corp. 4-Wall P&L Forecast													
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	Full Year
x Fairview Park													
External Sales	325,938	453,419	509,010	456,091	632,657	390,619	529,522	657,110	660,325	1,065,616	1,664,155	405,225	4,981,954
COGS	(203,114)	(282,035)	(307,467)	(282,110)	(390,749)	(251,854)	(328,864)	(381,721)	(412,455)	(767,821)	(1,031,491)	(222,380)	(3,144,733)
Gross Margin	122,824	171,384	201,543	173,980	241,907	138,765	200,658	275,390	247,870	297,795	632,664	182,845	1,837,222
Gross Margin %	37.7%	37.8%	39.6%	38.1%	38.2%	35.5%	37.9%	41.9%	37.5%	27.9%	38.0%	45.1%	36.9%
Selling Payroll (Store)	(63,184)	(71,453)	(71,589)	(61,141)	(76,308)	(56,431)	(57,662)	(76,069)	(74,001)	(63,441)	(99,243)	(60,766)	(431,182)
Other Payroll (Store)	391	729	1,100	841	1,055	647	783	1,904	1,911	3,726	8,031	1,649	18,004
Benefit Allocation (Store)	(8,167)	(9,202)	(9,176)	(7,848)	(9,794)	(7,259)	(7,403)	(9,662)	(9,393)	(7,804)	(11,946)	(7,703)	(53,911)
Supplies (Store)	(2,332)	(2,719)	(3,647)	(1,985)	(2,640)	(3,378)	(4,154)	(3,015)	(4,930)	(4,324)	(4,036)	(3,408)	(23,867)
Credit/Cash Trans Costs (Store)	(4,064)	(5,900)	(6,972)	(5,920)	(8,421)	(5,124)	(6,731)	(8,205)	(8,797)	(12,741)	(19,911)	(4,869)	(61,253)
Services (Store)	(22,629)	(23,572)	(21,832)	(22,231)	(21,690)	(21,667)	(22,060)	(23,163)	(27,029)	(31,619)	(33,158)	(22,708)	(159,737)
Unclassified (Store)	(298)	(587)	(1,183)	(1,003)	(958)	(837)	(607)	(782)	(1,382)	(1,737)	(2,034)	(653)	(7,194)
Travel (Store)	(614)	(623)	(628)	(623)	(635)	(619)	(626)	(635)	(638)	(656)	(690)	(618)	(3,864)
Rent	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(19,087)	(114,523)
Property Tax	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(42,559)	(255,357)
CAM	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(33,554)	(201,321)
Utilities (Store)	(18,949)	(20,522)	(18,224)	(11,219)	(28,622)	(17,951)	(15,533)	(30,109)	(17,369)	(19,580)	(20,798)	(17,068)	(120,457)
Repair/Mtce (Store)	(4,948)	(7,002)	(4,460)	(5,070)	(6,734)	(5,011)	(5,309)	(6,079)	(4,863)	(4,863)	(6,079)	(4,863)	(32,055)
Exp Trans (Store)	(2)	(2)	8	(2)	(2)	8	(2)	(2)	8	(2)	(2)	8	10
Outside Rev (Store)	2,762	3,940	3,355	2,704	3,053	2,633	2,952	3,196	4,463	5,217	4,886	3,088	23,802
Other Non-Payroll Exp (Store)	66	66	66	36	36	36	(10)	(10)	(10)	(10)	(10)	(10)	(61)
Remodel Exp (Store)	-	(814)	(710)	(76)	-	(80)	(218)	(145)	-	-	-	-	(364)
Total SG&A	(217,169)	(232,860)	(229,092)	(208,736)	(246,859)	(210,234)	(211,778)	(247,976)	(237,229)	(233,035)	(280,189)	(213,120)	(1,423,327)
EBITDA	(94,345)	(61,475)	(27,548)	(34,756)	(4,952)	(71,469)	(11,121)	27,413	10,641	64,760	352,476	(30,275)	413,894
	-	-	(0)	-	(0)	-	0	0	0	-	-	-	0

Ruby Liu Commercial Investment Corp.
Inventory Roll
DRAFT - FOR DUSCUSSION PURPOSES ONLY

Inventory Roll																													
\$'000	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27
Opening Inventory	-	16,129	35,258	43,796	48,716	55,835	68,873	91,129	95,984	92,556	88,638	84,205	79,246	80,645	88,145	87,593	81,193	69,794	68,873	91,129	95,984	92,556	88,638	84,205	79,246	80,645	88,145	87,593	81,193
Purchases	16,129	19,129	8,538	4,919	7,119	13,038	32,437	19,618	14,531	12,567	16,123	9,978	17,377	29,605	22,573	29,536	44,975	8,404	32,640	19,914	14,890	12,897	16,534	10,277	17,696	30,047	23,035	30,255	46,103
COGS	-	-	-	-	-	-	(10,180)	(14,763)	(17,959)	(16,486)	(20,555)	(14,937)	(15,978)	(22,106)	(23,125)	(35,936)	(56,374)	(9,325)	(10,384)	(15,059)	(18,318)	(16,816)	(20,966)	(15,236)	(16,297)	(22,548)	(23,587)	(36,655)	(57,502)
Ending Inventory	16,129	35,258	43,796	48,716	55,835	68,873	91,129	95,984	92,556	88,638	84,205	79,246	80,645	88,145	87,593	81,193	69,794	68,873	91,129	95,984	92,556	88,638	84,205	79,246	80,645	88,145	87,593	81,193	69,794

HBC Inventory Analysis												
\$'000	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Inventory	735,357	774,532	746,873	715,252	679,483	639,467	650,758	711,273	706,818	655,177	563,192	555,763
# Stores	97	97	97	97	97	97	97	97	97	97	97	97
Inventory per Store	7,581	7,985	7,700	7,374	7,005	6,592	6,709	7,333	7,287	6,754	5,806	5,730
% of Average	108.5%	114.3%	110.2%	105.5%	100.2%	94.3%	96.0%	104.9%	104.3%	96.7%	83.1%	82.0%

Ruby Liu Commercial Investment Corp.
Income Tax Analysis
DRAFT - FOR DUSCUSSION PURPOSES ONLY

Income Tax Analysis																													
\$'000	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27
Net Income	(5,713)	(5,916)	(6,295)	(6,144)	(8,408)	(8,466)	(4,370)	(646)	1,751	706	2,052	(638)	671	4,358	6,133	9,048	20,351	2,166	(4,238)	(440)	2,005	940	2,186	(432)	800	3,644	5,058	7,381	16,388
Income Tax Rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Income Taxes	(1,600)	(1,657)	(1,763)	(1,720)	(2,354)	(2,371)	(1,224)	(181)	490	198	575	(179)	188	1,220	1,717	2,533	5,698	607	(1,187)	(123)	561	263	612	(121)	224	1,020	1,416	2,067	4,589
Opening Loss Carryforward	-	(1,600)	(3,256)	(5,019)	(6,739)	(9,093)	(11,464)	(12,688)	(12,868)	(12,378)	(12,180)	(11,606)	(11,784)	(11,597)	(10,376)	(8,659)	(6,126)	(427)	-	(1,187)	(1,310)	(748)	(485)	-	(121)	-	-	-	-
Income Taxes	(1,600)	(1,657)	(1,763)	(1,720)	(2,354)	(2,371)	(1,224)	(181)	490	198	575	(179)	188	1,220	1,717	2,533	5,698	607	(1,187)	(123)	561	263	612	(121)	224	1,020	1,416	2,067	4,589
Ending Loss Carryforward	(1,600)	(3,256)	(5,019)	(6,739)	(9,093)	(11,464)	(12,688)	(12,868)	(12,378)	(12,180)	(11,606)	(11,784)	(11,597)	(10,376)	(8,659)	(6,126)	(427)	-	(1,187)	(1,310)	(748)	(485)	-	(121)	-	-	-	-	-
Net Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(179)	-	-	-	-	(127)	-	(103)	(1,020)	(1,416)	(2,067)	(4,589)

**THIS IS EXHIBIT "E" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**



Commissioner for Taking Affidavits
Linda Galessiere



Camelino Galessiere LLP
Barristers and Solicitors
65 Queen Street West
Suite 440
Toronto, ON M5H 2M5
cglegal.ca

Linda Galessiere
416.306.3827
Fax: 416.306.3820
lgalessiere@cglegal.ca

June 13, 2025

By Email: lellis@millertthomson.com

File No. 250331

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 6600
P.O. Box 1011
Toronto, ON M5H 3S1

Attention: Larry Ellis

Dear Mr. Ellis:

Re: Lease Assignment Consents – CCAA Sale Process – Hudson's Bay

I am writing in response to your letter dated June 6, 2025 wherein you request that Fairview Park (Kitchener) Limited Partnership (the "**Landlord**") consent to the assignment of its lease to Ruby Liu Commercial Investment Corp (the "**Purchaser**"). After considering the information referenced in your letter and the various discussions/meetings between our clients, the Landlord has determined that it is premature at this time to make a decision as to whether it grants or refuses its consent to the requested assignment based on the information presented to date.

As you are aware, our clients met on a few occasions during which time the Purchaser presented certain conceptual ideas that Landlord considered interesting, but amongst other information, our client would require a comprehensive business plan along with finalized commitments from subtenants who were suggested to be occupants of the HBC premises.

Should your client have additional information to provide, my client would be interested in continuing discussions with her to determine whether it is in a position to support her proposal and provide its consent to a requested assignment.

Yours truly,

A handwritten signature in blue ink, appearing to be 'Linda', written over a horizontal line.

Linda Galessiere
Partner LG/ac

copy via email:

Ashley Taylor; Sean Zweig
Mike Shakra; Al Hutchens
Greg Karpel; Jeff Ross; Jay Freedman

**THIS IS EXHIBIT "F" TO THE
AFFIDAVIT OF ALAN MARCOVITZ
SWORN REMOTELY BEFORE ME AT
THE CITY OF TORONTO,
ON THIS 8TH DAY OF AUGUST, 2025**



Commissioner for Taking Affidavits
Linda Galessiere

From: Linda Qin <Linda.Qin@centralwalk.com>
Sent: Wednesday, June 25, 2025 4:46 PM
To: Linda Galessiere
Cc: Mae Wang; Valen Tam
Subject: Ruby Liu's Intended Purchase and Revitalization Plan for HBC Stores

June 25, 2025

Dear All,

Ruby Liu intends to acquire the leases for 25 Hudson's Bay Company stores located across Ontario, Alberta, and British Columbia. We respectfully request that the Court schedule a hearing at its earliest convenience to approve the application.

Ruby plans to assume the lease obligations and continue the permitted use of the premises under the terms of the existing leases.

As part of the revitalization strategy, Ruby proposes the following three-tiered approach:

1. Flagship Stores

Ruby intends to select up to eight locations to develop into flagship stores in collaboration with the respective landlords. With the support and approval of landlords, for each of these flagship locations, she plans to invest approximately \$30 million in renovation and redevelopment.

2. Operational Continuity Stores

Ten stores will undergo essential repairs to ensure they are functional and customer-ready. These locations are expected to reopen to the public within three months and will operate in a format similar to the original HBC stores.

3. Enhanced Retail Experience Stores

The remaining stores will undergo interior renovation and visual merchandising upgrades to offer an enhanced retail experience. The estimated investment for each of these locations ranges from \$5 million to \$10 million, with a targeted reopening timeline of six months.

Ruby had hoped to communicate these plans with you sooner but was delayed due to specific circumstances. We appreciate your understanding and thank you for your attention.

Please do not hesitate to contact us at the emails below:

Linda Qin: linda.qin@centralwalk.com
Mae Wang: mae.wang@centralwalk.com
Valen Tam: valen.tam@centralwalk.com

Sincerely,

Ruby Liu
Founder and Chairwoman

Centralk Walk Canada



CENTRAL WALK

Linda Qin MBA
CEO
Central Walk Canada

5000 Canoe Pass Way,
Tsawwassen, British Columbia V4M 0B3

Ph: 604-260-4971
Cell: 604-782-6160
E: linda.qin@centralwalk.com

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HUDSON'S BAY COMPANY ULC
COMPAGNIE et. al.**

APPLICANTS

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

AFFIDAVIT OF ALAN MARCOVITZ
(SWORN AUGUST 8, 2025)

CAMELINO GALESSIERE LLP
Barristers and Solicitors
65 Queen Street West, Suite 440
Toronto, ON M5H 2M5

Linda Galessiere
Law Society No. 34678A
Tel: 416-306-3827
Email: lgalessiere@clegal.ca

Gustavo F. Camelino
Law Society No. 45607S
Tel: 416-306-3834
Email: gcamelino@clegal.ca

Lawyers for Westcliff Management Ltd., as landlord and/or
authorized agent and manager for the landlords of its retail stores
leased to one or more of the Applicants

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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HUDSON'S BAY COMPANY ULC
COMPAGNIE et. al.
APPLICANTS

ONTARIO

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

Proceeding commenced at TORONTO

**RESPONDING MOTION RECORD OF
WESTCLIFF MANAGEMENT LTD.,**
the authorized agent and manager for
various landlords wherein the Applicants
operated retail stores
(Returnable August 28, 2025)

CAMELINO GALESSIERE LLP

Barristers and Solicitors
65 Queen Street West, Suite 440
Toronto, ON M5H 2M5

Linda Galessiere

Law Society No. 34678A

Tel: 416-306-3827

Email: lgalessiere@cglegal.ca

Gustavo F. Camelino

Law Society No. 45607S

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Lawyers for Westcliff Management Ltd., as landlord and/or
authorized agent and manager for the landlords of its retail stores
leased to one or more of the Applicants