

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN

**RIOCAN REAL ESTATE INVESTMENT TRUST, RIOCAN HOLDINGS  
INC., RIOCAN HOLDINGS (OAKVILLE PLACE) INC., RIOCAN  
PROPERTY SERVICES TRUST, RC HOLDINGS II LP, RC NA GP 2  
TRUST and RIOCAN FINANCIAL SERVICES LIMITED**

Applicants

- and -

**2455034 ONTARIO LIMITED PARTNERSHIP, 2455034 ONTARIO INC.,  
2491815 ONTARIO LIMITED PARTNERSHIP, 2491815 ONTARIO INC.,  
2491816 ONTARIO LIMITED PARTNERSHIP, 2491816 ONTARIO INC.,  
2681842 ONTARIO LIMITED PARTNERSHIP, 2681845 ONTARIO INC.,  
2681842 ONTARIO INC.**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF  
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS  
AMENDED, and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.  
1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF DENNIS BLASUTTI  
(sworn October 12, 2025)**

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>- 1 -</b>
<b>II.</b>	<b>OVERVIEW OF RIOCAN .....</b>	<b>- 7 -</b>
<b>III.</b>	<b>BACKGROUND TO THE FAIRWEATHER SUBLEASE TRANSACTION.....</b>	<b>- 8 -</b>
	A. The Yorkdale Property.....	- 8 -
	B. The Yorkdale RBC Financing and the RioCan Guarantee .....	- 12 -
	C. HBC's CCAA Proceedings and the JV Receivership.....	- 15 -
<b>IV.</b>	<b>STEPS LEADING TO THE FAIRWEATHER SUBLEASE TRANSACTION ..</b>	<b>- 18 -</b>
<b>V.</b>	<b>KEY ASPECTS OF THE FAIRWEATHER SUBLEASE TRANSACTION.....</b>	<b>- 21 -</b>
	A. Fairweather .....	- 22 -
	B. Fairweather's Intended Use as an Ailes Department Store .....	- 23 -
	C. Fairweather is a Desirable Replacement Tenant.....	- 25 -
	D. Leasehold Improvements and Fixturing Period.....	- 27 -
<b>VI.</b>	<b>ADDITIONAL CONSIDERATIONS .....</b>	<b>- 28 -</b>
<b>VII.</b>	<b>OXFORD'S REFUSAL TO CONSENT TO THE FAIRWEATHER TRANSACTION .....</b>	<b>- 29 -</b>
<b>VIII.</b>	<b>CONCLUSION .....</b>	<b>- 31 -</b>

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**AFFIDAVIT OF DENNIS BLASUTTI  
(sworn October 12, 2025)**

I, Dennis Blasutti, of the City of Toronto, in the Province of Ontario, MAKE OATH AND  
SAY:

**I. INTRODUCTION**

1. I am the Chief Financial Officer of RioCan Real Estate Investment Trust (the “**REIT**”).

The REIT is a limited partner, along with Hudson’s Bay Company ULC Compagnie De La Baie

D'Hudson SRI<sup>1</sup> (collectively, with its affiliates "**HBC**"), of RioCan-HBC Limited Partnership (the "**RioCan-HBC Limited Partnership**").<sup>2</sup> The REIT holds an approximately 22% limited partnership interest in the RioCan-HBC Limited Partnership. The REIT and certain of its subsidiaries (collectively, "**RioCan**") are also party to various other financial arrangements with the RioCan-HBC Limited Partnership and certain of its subsidiaries. In this affidavit, I will on occasion refer to the RioCan-HBC Limited Partnership as the "**JV**", and I will refer to the RioCan-HBC Limited Partnership together with its subsidiaries as the "**JV Entities**".

2. I have been directly involved in the management and administration of RioCan's arrangements with the JV Entities, including since HBC commenced proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") and in connection with RioCan's application to transition the JV Entities into these receivership proceedings. As such, I have personal knowledge of the matters deposed to herein, save where I have obtained information from others or public sources. Where I have obtained information from others or public sources, I believe it to be true. Nothing in this affidavit is intended to limit or waive privilege.

3. This affidavit is filed in support of the motion of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of the JV Entities, for approval of a proposed sublease transaction with Fairweather Ltd. ("**Fairweather**") in respect of the Yorkdale Property (as defined below) (the "**Fairweather Transaction**"), and certain related relief.

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<sup>1</sup> The name of HBC has been changed to 1242939 B.C. Unlimited Liability Company.

<sup>2</sup> The name of the RioCan-HBC Limited Partnership has been changed to 2455034 Ontario Limited Partnership.



4. As discussed further below, the JV leases the Yorkdale Property from Oxford Properties Group (with its affiliates, “**Oxford**”) under a head lease held by the JV in a single-purpose subsidiary entity, HBC YSS 1 Limited Partnership (“**YSS 1**”).<sup>3</sup> The Head Lease (as defined below) is a long-term lease which has a term that extends to the year 2142 at the tenant’s option at a favourable rate of rent.

5. The Head Lease is a valuable asset of the JV, with the value derived from, among other things, (i) the long-term nature of the Head Lease, (ii) the amount of rent payable, and (iii) the subject premises being within the Yorkdale Shopping Centre, which is located in Toronto. The Fairweather Transaction, which, among other terms, provides for YSS 1 to sublease the Yorkdale Property to Fairweather in accordance with and subject to the terms, covenants and conditions contained in the Head Lease for an initial term of 25 years (commencing after a fixturing period), will benefit the JV and its stakeholders by, among other things, enabling the preservation of the Head Lease as a material and significant asset and facilitating the continuation of rental income.

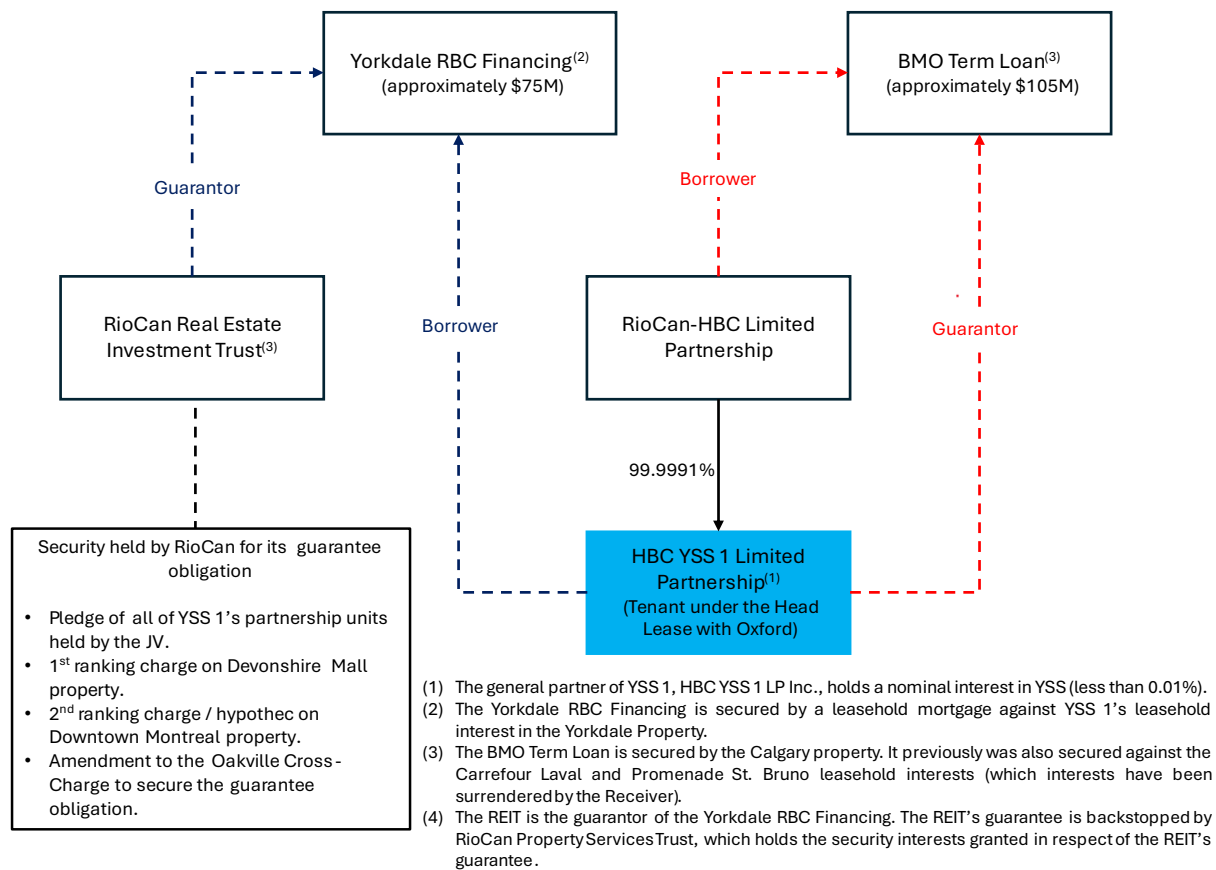
6. The Royal Bank of Canada (“**RBC**”) financed the JV’s interest in the Yorkdale Property by way of a \$75 million term loan facility advanced to YSS 1. As security for such loan, RBC holds a leasehold mortgage registered against YSS 1’s leasehold interest in the Yorkdale Property. The REIT guaranteed the obligations owed by YSS 1 to RBC in respect of such financing and, as security for such guarantee, RioCan received security interests over various other assets of the JV, including, among other things, a pledge of YSS 1’s units held by the JV.

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<sup>3</sup> The name of YSS 1 has been changed to 2491815 Ontario Limited Partnership.

7. In addition, the Bank of Montreal, as agent for itself and a syndicate of other lenders, advanced a \$105 million term credit facility to the RioCan-HBC Limited Partnership and holds an unsecured guarantee claim against YSS 1.

8. The foregoing is summarized in the chart below:



9. At present, the Yorkdale Property is vacant, and the Receiver is funding continued rent payments to Oxford under the Head Lease through priority secured borrowings made available by RioCan. The Receiver needs to address and protect the Head Lease asset for the benefit of the JV and its stakeholders, and has conducted a marketing process within these receivership proceedings with a view to identifying a commercial opportunity that would preserve and maximize the value of this asset. This process has resulted in the Fairweather Transaction.

10. As discussed further in this affidavit, Fairweather, its affiliates and principals have extensive retail operational experience and expertise. I am advised by members of RioCan who have been involved in matters relating to the Fairweather Transaction that Fairweather currently operates over 100 retail stores across Canada under various banners, and that it currently operates, and has in the past operated, certain of its brands under a department store model.

11. The Fairweather Sublease Agreement (as defined below) provides that Fairweather will comply with the terms of the Head Lease going forward, including, without limitation, with respect to tenant obligations in respect of use and operation. In this regard, Fairweather has advised that it will operate a department store from the Yorkdale Property under the 'Ailes' brand, which will feature multiple departments – apparel, footwear, accessories, housewares, and home décor – consistent with the operation of a modern department store.

12. I am advised by counsel to RioCan that Fairweather's counsel has confirmed that Fairweather, which is the corporate entity that is party to the Fairweather Sublease Agreement, is the main corporate entity through which the Fairweather group conducts its business, and that Fairweather is currently party as tenant to leases for three other Oxford-owned and/or operated properties.

13. Oxford, as the landlord under the Head Lease through an affiliate, has a consent right to any sublease by YSS 1 to a subtenant. Section 21.00 of the Head Lease provides that the landlord's consent to a proposed sublease is "not to be unreasonably withheld so long as the transferee is creditworthy and a suitable replacement tenant and one who is sufficiently experienced and competent in operating a business of the type required to be operated in the Tenant Department Store."

14. Oxford has not consented to the Fairweather Transaction, which has required the Receiver to bring this motion.

15. RioCan supports the Receiver's determination to enter into the Fairweather Transaction as the best available alternative to preserve the value of the Head Lease for the benefit of the JV Entities and their stakeholders. RioCan also supports the related relief requested by the Receiver as being necessary and appropriate to facilitate the Fairweather Transaction.

16. As discussed further in this affidavit, RioCan, as long as it is a secured creditor of the JV Entities or has a material economic interest in the Head Lease as a result of its guarantee of the Yorkdale RBC Financing (as defined below), will take all available steps to preserve and maximize the value of the Head Lease asset, including by ensuring that rent continues to be paid pursuant to the terms of the Head Lease.

17. In this affidavit, I will describe, among other things, (i) RioCan, (ii) certain background information relating to the Yorkdale Property, HBC's CCAA proceedings, these receivership proceedings, and RioCan's guarantee obligation in respect of the Yorkdale RBC Financing, (iii) the process leading to the Fairweather Transaction and RioCan's support for the Receiver's determination that the Fairweather Transaction represents the best available transaction to maximize value in the circumstances, (iv) why RioCan believes that Fairweather is a creditworthy and suitable replacement tenant that has the necessary experience and competencies to operate a department store in the premises.

18. All monetary amounts in this affidavit are expressed in Canadian dollars unless stated otherwise. My understanding of Fairweather and Fairweather's intentions for the Yorkdale

Property, as described in this affidavit, is based primarily on my discussions with, and information provided by, members of RioCan who have been involved in matters relating to Fairweather and the Fairweather Transaction, including members of RioCan's leasing and operations team who have been extensively involved in the negotiation of the Fairweather Transaction, as well as Goodmans LLP, counsel to RioCan.

## **II. OVERVIEW OF RIOCAN**

19. Founded in 1993 as one of Canada's first real estate investment trusts, the REIT has grown into one of the largest and most successful real estate investment trusts in Canada. The REIT's trust units are listed on the Toronto Stock Exchange, with a current market capitalization of approximately \$5.5 billion. The REIT has an investment-grade credit rating of BBB by DBRS Morningstar, an independent credit rating agency, and over \$1 billion of available liquidity to meet its financial obligations. Attached to this affidavit as Exhibit "A" is a copy of the REIT's report to its unitholders for the second quarter of financial year 2025.

20. RioCan has an extensive and high-quality property portfolio. As of December 31, 2024, RioCan's property portfolio consisted of over 32 million square feet of real estate under management (comprised of 135 wholly-owned properties and 43 co-owned properties), of which approximately 90% is retail-focused real estate.

21. In addition, RioCan has an extensive in-house team of real estate professionals who have expertise in all aspects of commercial real estate activity, including, without limitation, assessing prospective tenants, property operations and site maintenance.

22. As referenced above, the REIT and HBC are the limited partners of the RioCan-HBC Limited Partnership. Prior to the HBC CCAA proceedings and the commencement of these receivership proceedings, the RioCan-HBC Limited Partnership, together with the other JV Entities, owned or co-owned interests in 12 properties (the “**JV Properties**”), consisting of seven freehold interests and five leasehold interests (the “**Leasehold Properties**”). HBC was, and in some cases still is, party to lease or sublease agreements with the applicable JV Entity and/or its nominee or bare trustee in respect of former HBC store locations at each of the JV Properties (collectively, the “**JV Leases**”).

### **III. BACKGROUND TO THE FAIRWEATHER SUBLEASE TRANSACTION**

#### **A. The Yorkdale Property**

23. Pursuant to a lease agreement dated September 26, 2002 (as amended, the “**Head Lease**”), YSS 1 leases from Yorkdale Shopping Centre Holdings Inc., as landlord (the “**Landlord**”), certain premises located in Yorkdale Shopping Centre (the “**Yorkdale Property**”). OMERS Realty Holdings (Yorkdale) Inc. and 1331430 Ontario Inc., as owners, are also party to the Head Lease. A copy of the Head Lease is attached as Exhibit “B” hereto. A copy of an amending agreement with respect to the Head Lease is attached as Exhibit “C” hereto.

24. I understand that the Landlord and the owners of the Yorkdale Property are affiliates of Oxford.

25. HBC was the original tenant under the Head Lease. HBC transferred its interest in the Head Lease to YSS 1 in connection with the joint venture transaction between RioCan and HBC on November 25, 2015. As part of such transaction, YSS 1 and HBC entered into a sublease

agreement on November 25, 2015 (the “**HBC Sublease Agreement**”), pursuant to which YSS 1 subleased the Yorkdale Property to HBC.

26. HBC continues to hold legal title to the Head Lease as bare trustee and nominee for and on behalf of YSS 1, as the sole beneficial owner.

27. HBC has not been occupying or operating from the Yorkdale Property since it completed its liquidation sale on or about June 15, 2025. At present, the Receiver is funding continued post-receivership rent payments under the Head Lease through priority secured borrowings made available by RioCan in accordance with and pursuant to the Appointment Order (as defined below).

28. The Head Lease is a long-term lease agreement. The Head Lease includes the following key terms, among others:

- (a) Clause 3.00 provides: “The original term shall be for five (5) years commencing on the Opening Date and ending on the 25<sup>th</sup> day of September, 2007.”
- (b) Clause 3.01 provides: “The Tenant shall have the option to extend the original term of this Lease for twenty-seven (27) consecutive periods of five (5) years each.”
- (c) Clause 4.00 provides: “During the Term the Tenant covenants to pay annual basic rent of Five Hundred Thousand dollars (\$500,000).”
- (d) Clause 6.00 provides: “The Tenant shall continuously operate in all or substantially all of the Tenant Department Store throughout the Term as a single integrated traditional retail department store, subject to Unavoidable Delay and provided that

the Landlord is operating the balance of the Shopping Centre as a first class regional shopping centre. The parties acknowledge that the type of store presently operated by the Tenant under its Bay banner and the type of store presently operated under the Sears, Bloomingdale's, Macey's or Nordstrom's banners are single integrated traditional retail department stores. The parties further acknowledge the fluid and dynamic nature of a department store operation and agree that the departments and types of merchandise and services typically featured in such an operation are subject to changes over time to better accommodate the operator's perception of its target market."

- (e) Clause 6.01 provides: "Should the Tenant Department Store cease to be operated for a period of six months (excluding any period during which the inability to operate results from Unavoidable Delay and excluding any period during the first 37 years of the Term in which the remainder of the Shopping Centre is not being operated as a first class regional shopping centre), the Landlord may give the Tenant notice that unless the Tenant reopens the Tenant Department Store for business within six (6) months after receipt of such notice this Lease will terminate upon the expiry of such six month period. Should the Tenant within 30 days of receiving such notice not advise the Landlord in writing that it intends to reopen for business, or should the Tenant not reopen for business within six (6) months of receiving the Landlord's notice, this Lease shall terminate at the end of the six (6) month period."



- (f) Clause 21.00 provides: “Tenant covenants that no Transfer affecting Tenant, this Lease, the Tenant Department Store or the business of Tenant at the Tenant Department Store shall be permitted or effective unless and until Landlord’s written consent to the Transfer is delivered to Tenant with such consent not to be unreasonably withheld so long as the transferee is creditworthy and a suitable replacement tenant and one who is sufficiently experienced and competent in operating a business of the type required to be operated in the Tenant Department Store.”
- (g) Clause 21.02 provides: “Notwithstanding anything contained in any legislation, law or statute as the same may be amended from time to time if the Landlord’s consent is required, the Landlord shall be deemed not to be unreasonable in withholding its consent to a Transfer and may arbitrarily withhold such consent if a proposed Transferee has not agreed with the Landlord in writing and on a form acceptable to Landlord, Tenant and such Transferee, each acting reasonably, to assume and perform each of the covenants, obligations and agreements of the Tenant in this Lease, and if the requirements of clause 21.00 have not been satisfied.”

29. Unless the Head Lease is terminated earlier pursuant to its terms, the term of the Head Lease will run to the year 2142 at favourable rent.

30. Regarding the use provision in Clause 6.00 of the Head Lease, it is my view that the department store model has evolved over time. I am advised by members of RioCan’s leasing and operations team that a department store today focuses primarily on apparel, footwear and home décor. Electronics and appliances, which may have been part of a department store offering in the

past, are now the almost exclusive purview of specialty big box retailers, such as Best Buy, and online retailers, such as Amazon.

31. Given the long-term nature of the Head Lease, the amount of rent payable and the nature of the Yorkdale Property, being an approximately 301,000 square foot space located in the Yorkdale Shopping Centre in Toronto, Ontario, the Head Lease is a material and significant asset of the JV which should be preserved and monetized for the benefit of the JV and its stakeholders.

**B. The Yorkdale RBC Financing and the RioCan Guarantee**

32. YSS 1 is the borrower under a \$75 million first mortgage financing in connection with the Yorkdale Property (the “**Yorkdale RBC Financing**”), made available pursuant to a credit agreement dated as of January 26, 2024, entered into, among others, YSS 1, as borrower, Royal Bank of Canada, as agent and lender, and certain other lenders party thereto from time to time (the “**RBC Credit Agreement**”). The Yorkdale RBC Financing is secured by YSS 1’s leasehold interest in the Head Lease, among other things.

33. The REIT is party to the RBC Credit Agreement as a guarantor of YSS 1’s obligations thereunder. In return for such guarantee, RioCan was granted certain security interests in JV assets (as described below).

34. I am advised by Goodmans LLP, counsel to RioCan, that the REIT’s guarantee of the Yorkdale RBC Financing is structured as follows:

- (a) pursuant to a guarantee indemnity agreement dated as of January 26, 2024, entered into between the RioCan-HBC Limited Partnership and the REIT (the “**Indemnity Agreement**”), the RioCan-HBC Limited Partnership agreed, among other things,

to indemnify and save harmless the REIT from and against any and all claims suffered or incurred by the REIT relating to its obligations under such guarantee;

- (b) RioCan Property Services Trust provided an indemnity in favour of the REIT in respect of all claims made against the REIT relating to its guarantee obligation pursuant to a separate indemnity agreement between the REIT and RioCan Property Services Trust, also dated as of January 26, 2024;
- (c) in consideration for RioCan Property Services Trust providing the indemnity in favour of the REIT, the REIT assigned to RioCan Property Services Trust all of its right, title and interest under the Indemnity Agreement pursuant to an assignment and assumption of guarantee indemnity agreement dated as of January 26, 2024; and
- (d) pursuant to the Indemnity Agreement, effective upon the assignment of the REIT's interest in the Indemnity Agreement to RioCan Property Services Trust, the JV granted (or caused to be granted) the following security interests to RioCan Property Services Trust:
  - (i) a pledge of all of YSS 1's partnership units held by the JV;
  - (ii) certain security in respect of the Devonshire Mall property, including a first-ranking charge on the RioCan-HBC Limited Partnership's freehold and leasehold property at the Devonshire Mall;
  - (iii) a second-ranking charge or hypothec on the RioCan-HBC Limited Partnership's freehold property in downtown Montreal; and

- (iv) amendments to the co-owners agreement between the REIT and the RioCan-HBC Limited Partnership with respect to their ownership of Oakville Place to provide that the legal and beneficial charges granted to RioCan Financial Services Limited and the REIT, as security for the obligations of the RioCan-HBC Limited Partnership under the co-owners agreement, also secures the obligations of the RioCan-HBC Limited Partnership to RioCan Property Services Trust pursuant to the Indemnity Agreement.

35. In connection with the Yorkdale RBC Financing, the following parties entered into a Leasehold Lender Agreement dated as of January 26, 2024 (the “**Lender Agreement**”):

- RBC, as administrative agent;
- the Landlord, as landlord of the Yorkdale Property;
- OMERS Realty Holdings (Yorkdale) Inc., 1331430 Ontario Inc., ARI YKD GP Inc. and ARI YKD Investments LP, as the current owners of the Yorkdale Property; and
- HBC, as general partner of YSS 1 and in its own capacity as leasehold title nominee.

36. The Lender Agreement, among other things, provides for the Landlord’s consent to the granting of the charge on YSS 1’s leasehold interest in the Head Lease, and for the Landlord’s consent to RBC taking certain steps and exercising certain rights, including through a receiver, where there is an event of default under the RBC Credit Agreement. In particular, the Lender Agreement grants RBC the right to enter into a new lease with the Landlord in the event there has

been an Incurable Default (as defined in the Lender Agreement) and the Landlord is proceeding to terminate the Head Lease as a result. The Lender Agreement also provides for RBC, by itself or through its nominee or receiver, to take possession of the Yorkdale Property and to exercise the rights and perform the obligations of YSS 1 under the Head Lease in such circumstances and where there is an event of default under the RBC Credit Agreement and/or a default by YSS 1 under the Head Lease and RBC determines to exercise its rights and remedies under the RBC Credit Agreement with respect to the Yorkdale Property. The Lender Agreement also provides RBC with the ability in such circumstances to elect to retain the Head Lease for the balance of the term, and contemplates RBC (or a receiver or nominee) selling or otherwise disposing of the Head Lease to a purchaser permitted under the Head Lease (or that is otherwise consented to by the Landlord).

37. A copy of the Lender Agreement is attached as Exhibit “D” hereto.

#### **C. HBC’s CCAA Proceedings and the JV Receivership**

38. On March 7, 2025, HBC commenced its CCAA proceedings and obtained an initial order under the CCAA.

39. In the HBC CCAA proceedings, the Court approved the conduct of the SISP and the Lease Monetization Process. These processes included marketing efforts in respect of the JV Entities and the JV Leases, as well as the JV Properties (including the Head Lease), subject to various reservations of rights in favour of RioCan and the other Secured Lenders of the JV Entities.

40. These processes did not result in any bids for HBC’s 78% interest in the RioCan-HBC Limited Partnership, the JV Properties, nor did it result in any transactions in respect of the JV Leases (on their current terms).

41. Following completion of the SISP and the Lease Monetization Process, HBC took steps to disclaim certain of the JV Leases and otherwise cease paying monthly rents to the JV Entities.

42. With respect to the Yorkdale Property and the other Leasehold Properties, RioCan and HBC reached an agreement for HBC to defer issuing notices of disclaimers in respect of the JV Leases. Accordingly, the HBC Sublease Agreement has not been disclaimed.

43. Under this arrangement regarding the JV Leases for the Leasehold Properties, RioCan and HBC agreed, among other things, to cause the applicable JV Entities to waive all obligations of HBC under the applicable JV Leases from and after June 16, 2025, and agreed that the JV Entities would remain liable for obligations under the applicable head leases and for municipal tax obligations, with RioCan agreeing, if needed, to provide sufficient interim secured funding to enable the JV Entities to meet such obligations going forward pending the results of the receivership proceedings relating to such Leasehold Properties.

44. I understand that the Receiver has been paying the Head Lease rent obligation to the Landlord with funds advanced on a priority secured basis by RioCan, and secured against the Receiver's interest in the Yorkdale Property.

45. Given the results of the SISP and Lease Monetization Process, as well as the overall circumstances of HBC, RioCan and its counsel engaged with HBC and with the court-appointed monitor in HBC's CCAA proceedings, Alvarez & Marsal Canada Inc. (the "**HBC Monitor**"), as well as with their respective counsel, to discuss and develop a global solution for the JV Entities in order to preserve and maximize value of the JV Entities and their assets for the benefit of stakeholders. RioCan and its counsel also engaged in discussions with the other Secured Lenders

of the JV Entities and their respective counsel in an effort to develop a broadly supported transition plan.

46. Following extensive efforts led by RioCan, in consultation with HBC and the HBC Monitor, and the parties' respective counsel, RioCan determined to bring an application for an order (the "**Appointment Order**"), among other things, appointing FTI as the Receiver of the JV Entities.

47. Additional information with respect to the JV Entities, their properties, secured debt obligations, and the circumstances that led RioCan to seek the Appointment Order are set out in an affidavit I swore on May 29, 2025 in support of RioCan's application for the Appointment Order (the "**Receivership Affidavit**"). Capitalized terms used but not defined in this affidavit shall have the meanings given to them in the Receivership Affidavit. A copy of the Receivership Affidavit (without exhibits) is attached as Exhibit "E" hereto.

48. As discussed in the Receivership Affidavit, RioCan's goal in seeking the appointment of FTI as Receiver pursuant to the Appointment Order was to transition the JV Entities to a forum in which the JV Properties would continue to be protected through a court process and steps could be taken by the Receiver with regard to the JV Properties to maximize value for the benefit of all stakeholders, including the secured creditors of the JV Entities. As noted in the Receivership Affidavit, this was expected to involve, without limitation, the Receiver conducting additional sale efforts in respect of certain of the JV Properties, including to seek to identify new tenants and subtenants for the JV Properties on amended or new lease terms, including in respect of the Leasehold Properties of the JV.

49. On June 3, 2025, this Court granted the Appointment Order appointing FTI as the Receiver.

#### **IV. STEPS LEADING TO THE FAIRWEATHER SUBLEASE TRANSACTION**

50. Following its appointment pursuant to the Appointment Order, the Receiver took steps to carry out a further canvassing of the market to identify potential transactions in respect of the Leasehold Properties. The Leasehold Properties consisted of the JV's head tenant lessee interests in the Yorkdale Property, and leased premises at Scarborough Town Centre, Square One Shopping Centre, Carrefour Laval and Promenades St. Bruno. RioCan worked with the Receiver to identify parties who might be interested in pursuing a transaction in respect of the Leasehold Properties. The Receiver has since entered into and obtained this Court's approval of a lease termination agreement with Cadillac Fairview in respect of the Carrefour Laval and Promenades St. Bruno properties. That transaction was completed on October 9, 2025.

51. As stated in the Receivership Affidavit, RioCan was already aware at that time that there were certain third parties interested in entering into new or amended sublease agreements in respect of the Leasehold Properties. Fairweather was one of those interested parties.

52. RioCan's leasing team is constantly in contact and dialogue with prospective tenants as part of its normal course business operations. As part of such normal course operations, RioCan, prior to seeking the Appointment Order, engaged in certain preliminary discussions with Fairweather (among others) regarding the possibility of Fairweather replacing HBC as subtenant at the Yorkdale Property (and certain other Leasehold Properties). RioCan, in coordination with the Receiver, subsequently re-engaged with Fairweather and other potential replacement tenants as part of the further marketing efforts conducted by the Receiver.



53. I understand that, after its appointment, the Receiver wrote to approximately 12 parties (including Fairweather) to solicit their interest in pursuing a transaction in respect of the Leasehold Properties, whether as an assignment, disposition or other transaction in respect of the Receiver's right, title and interest in and to any head leases of the JV Entities, and/or an execution of a new or amended sublease agreement in respect of any Leasehold Property, and whether *en bloc* in respect of all Leasehold Properties or otherwise. I am aware that, for a period of approximately two months, the Receiver engaged with interested parties in an attempt to advance one or more transactions in respect of the Leasehold Properties.

54. Throughout that process, RioCan had an active and constructive dialogue with the Receiver in order to share RioCan's resources and in order to provide the Receiver with the benefit of RioCan's relevant expertise.

55. As part of these efforts, the Receiver wrote to Oxford's counsel with a view to determining whether Oxford had an interest in pursuing a transaction related to Leasehold Properties at Oxford sites. In addition, RioCan had discussions with Oxford to encourage Oxford to participate in a transaction relating to the Yorkdale Property.

56. Oxford and other landlords from time to time have entered into transactions to acquire or otherwise terminate leases, including in these proceedings where the head lessee interests held by the JV at Carrefour Laval and Promenades St. Bruno with Cadillac Fairview were terminated, and in the HBC CCAA proceedings, with respect to HBC leases at the Mayfair Shopping Centre, the Woodgrove Shopping Centre and the Metropolis at Metrotown. In such instances, the landlord in question has paid the tenant, receiver or trustee valuable consideration in exchange for the termination or acquisition of the lease.

57. In addition, RioCan believes that there is significant future redevelopment value to Oxford if Oxford were to acquire the Head Lease. The Head Lease contains material restrictions that limit the ability of Oxford to redevelop the property surrounding the Yorkdale Shopping Centre, including a restriction that imposes certain limitations on Oxford developing the Northwest corner of the Yorkdale Shopping Centre property. Through a search of public records, RioCan is aware that Oxford has filed applications with the City of Toronto to develop significant new residential and commercial real estate at the Yorkdale Shopping Centre property, including in the areas that are restricted under the terms of the Head Lease. I believe Oxford would prefer not to have the Head Lease in place, as the Head Lease restricts Oxford's ability to pursue potential future redevelopment the Yorkdale Shopping Centre property in the most efficient and effective way from an overall redevelopment perspective.

58. Oxford was repeatedly encouraged by the Receiver and RioCan to pursue a transaction in respect of the Yorkdale Property (among other JV properties where Oxford is the landlord). To date, Oxford has not engaged in any meaningful discussions or negotiations. Accordingly, these efforts have not resulted in any commercial agreement with Oxford regarding the Yorkdale Property or any of the other Leasehold Properties.

59. In the course of the Receiver's marking and sale efforts, I understand that Fairweather contacted the Receiver to express its interest in pursuing a potential transaction in respect of certain of the Leasehold Properties, including the Yorkdale Property, and that the Receiver proceeded to negotiate with Fairweather regarding such a transaction. The Receiver consulted and coordinated with RioCan in the conduct of these negotiations. In addition, RioCan engaged in discussions directly with Fairweather.

60. The RioCan personnel with the most extensive involvement in the Fairweather Transaction are:

- (a) John Ballantyne, who is the Chief Operating Officer of the REIT and has over 30 years of experience in the commercial leasing industry;
- (b) Oliver Harrison, who is a Senior Vice President, Leasing and Tenant Experience and has over 25 years of experience in the commercial leasing industry; and
- (c) Moshe Batalion, who is the Vice President of National Leasing and has over 25 years of experience in the commercial leasing industry.

61. As a result of those efforts, on August 12, 2025, the Receiver entered into a sublease agreement with Fairweather (the “**Fairweather Sublease Agreement**”), a copy of which is attached as Exhibit “F” hereto.

62. The Receiver is now seeking an Order (the “**Fairweather Sublease Approval Order**”), among other things, approving the Fairweather Sublease Agreement and authorizing the Receiver to enter into the Fairweather Transaction.

## **V. KEY ASPECTS OF THE FAIRWEATHER SUBLEASE TRANSACTION**

63. I understand that the Receiver’s report to the Court in respect of its motion for the Fairweather Sublease Approval Order will provide a detailed summary of the Fairweather Sublease Agreement and the proposed Fairweather Transaction. In this section, I address certain key aspects of the Fairweather Transaction.

**A. Fairweather**

64. I am advised by members of RioCan who have been involved in matters relating to the Fairweather Transaction that Fairweather currently operates over 100 retail stores across Canada under various banners, including Fairweather, Canada Weather Gear, INC, Designer Depot, Wyrth Home, Labels and Limité, Zellers and Les Ailes de la Mode. For over 25 years, RioCan has worked with Fairweather and Isaac Benitah, founder, shareholder and president of Fairweather. Over that time, RioCan has been party to over 35 leases with Fairweather and its affiliates in respect of a number of Fairweather brands. Fairweather is currently party to two current leases with RioCan in respect of a Labels store at Shoppers World Brampton, and a Fairweather store at Georgian Mall.

65. In RioCan's more than 25 years of experience working with Fairweather and its principals, Fairweather has consistently performed its obligations under its leases with RioCan and has never defaulted on any of its leases.

66. It is RioCan's view that Fairweather is creditworthy. Because Fairweather is a private company and does not publicly disclose detailed financial information in the normal course of conducting its business, RioCan has engaged with Fairweather to gain an understanding of the structure of its business and its financial capacity.

67. Fairweather has advised that it is self-funded and does not rely on financial institutions to finance its operations. Fairweather also advised that it does not expect to require any third-party financing to complete the Fairweather Transaction or to fund its obligations under the Fairweather Sublease Agreement going forward.

68. I am advised by Goodmans LLP, counsel to RioCan, that Fairweather's counsel has confirmed that Fairweather is the main corporate entity through which the Fairweather group conducts its business and that Fairweather is currently party, as tenant, to leases for three Oxford-owned and/or operated properties. In addition, Fairweather has also advised RioCan that it recently reached an agreement with Oxford for the opening of a Designer Depot department store at the Kingsway Garden shopping mall in Edmonton, Alberta, in the premises previously occupied by HBC.

69. I am advised by Goodmans LLP that Fairweather's counsel confirmed that Oxford did not require Fairweather to provide any detailed financial information in respect of the three currently active leases or in respect of the agreement for the opening of the Designer Depot department store at Kingsway Garden, and that Oxford has not required that any guarantee of Fairweather's obligations be provided in respect of such arrangements.

**B. Fairweather's Intended Use as an Ailes Department Store**

70. Pursuant to the Fairweather Sublease Agreement, Fairweather has covenanted to perform all of the obligations of the tenant under the Head Lease. Section 10 of the Fairweather Sublease Agreement provides that Fairweather covenants and agrees "to perform all of the obligations of the tenant under the Head Lease with respect to the Subleased Premises, except as expressly provided in this Sublease, and to be bound by the terms, covenants and conditions of the Head Lease as if named therein as tenant with each reference therein to 'Landlord' being deemed to include the Head Landlord and Sublandlord, and with each reference therein to the 'Tenant' being deemed to mean the Subtenant, including, without limitation, compliance with the obligations of the tenant in respect of use and operation pursuant to the terms of the Head Lease at all times."

71. The Head Lease's use and operation clause is quoted above in paragraph 28(d).
72. The Fairweather Sublease Agreement provides that Fairweather covenants to "occupy the Subleased Premises throughout the Sublease Term and continuously, actively, and diligently operate, fully fixtured, stocked and staffed in accordance with the applicable use provisions of the Head Lease on such days and during such hours as the Sublandlord determines from time to time, and only under the advertised name 'Les Ailes de la Mode' or such other trade name that is approved by the Sublandlord, in writing and in advance."
73. It is my understanding, based on my discussions with members of RioCan who have been involved in matters relating to the Fairweather Transaction, that Fairweather has advised that:
- (a) Fairweather will use the Yorkdale Property to launch an Ailes brand department store specific to English Canada, with its store at the Yorkdale Property intended to be the first of several locations;
  - (b) Fairweather will re-launch the Les Ailes de la Mode department store in Quebec and is in advanced discussions with a major Canadian landlord to operate Les Ailes de la Mode department stores from certain former HBC store locations;
  - (c) the Ailes store at Yorkdale will feature multiple departments, including men's apparel, women's apparel, children's apparel, footwear, accessories, housewares, and home décor;
  - (d) Ailes will carry well-known brands, alongside private label and licensed brands; and

- (e) Fairweather has received a serious commitment to enable it to acquire, promote and sell such prominent brands as Spyder, Reebok, DKNY, Steve Madden and Jessica Simpson, among others.

**C. Fairweather is a Desirable Replacement Tenant**

74. It is RioCan's view, based on its experience with Fairweather, its understanding of Fairweather and its business and operations, and Fairweather's intentions for the Yorkdale Property, among other things, that Fairweather is a desirable replacement tenant for the Yorkdale Property, and that it has the requisite experience, ability and resources to operate a department store within the Yorkdale Property. Fairweather has committed to RioCan and to the Receiver that it has the ability to operate, and will operate, a department store from the Yorkdale Property, and that it will comply at all times with the Head Lease.

75. Some of the key factors that RioCan has taken into consideration are the following:

- (a) the Fairweather Transaction is the result of extensive efforts, including through the highly publicized sale efforts completed within HBC's CCAA proceedings and the Receiver's additional sale and marketing efforts conducted in these receivership proceedings, to identify a transaction in respect of the JV's Head Lease interest and the Yorkdale Property. This process has identified Fairweather, who, as referenced above, has covenanted to comply with the Head Lease requirements by operating an Ailes brand department store, and has resulted in the execution of the Fairweather Sublease Agreement;

- (b) Mr. Benitah, Fairweather's founder, shareholder and president, is an established leader in Canada's retail fashion industry;
- (c) Fairweather has advised RioCan that:
  - (i) it is currently a tenant in properties owned and/or operated by various prominent commercial landlords in addition to RioCan, including Oxford, Primaris, Westcliff, Morguard, Cushman Wakefield, BentallGreenOak, Cominar, Ivanhoe Cambridge, First Capital and Leyad;
  - (ii) Fairweather and its affiliates have been tenants of properties owned and/or operated by Oxford in multiple instances across Canada since 2001, and the Fairweather entity is currently the tenant entity under three active leases for Oxford-owned and/or operated properties;
  - (iii) as indicated above, in addition to the three active leases between Fairweather and Oxford, Fairweather has recently reached an agreement with Oxford for the opening of a Designer Depot department store at the Kingsway Garden shopping mall in Edmonton, Alberta, in the premises previously occupied by HBC; and
  - (iv) Fairweather is re-launching the Les Ailes de la Mode department store in Quebec and is in advanced discussions in this respect with a major Canadian landlord to operate Les Ailes de la Mode department stores within certain former HBC store locations.



76. As stated above, I am advised by members of RioCan who have been involved in matters relating to the Fairweather Transaction that Fairweather currently operates over 100 retail stores across Canada under a variety of brands, and that Fairweather currently operates, and has in the past operated, certain of its brands under a department store model (based on the evolving nature of that store category).

77. It is RioCan's view, based on these and other factors referenced above, that Fairweather has the resources, the expertise, the requisite supply chain in place and the business acumen and the experience to adequately carry on a department store within the Yorkdale Property.

**D. Leasehold Improvements and Fixturing Period**

78. The Fairweather Sublease Agreement provides for a fixturing period of up to six months in order to permit Fairweather to prepare the Yorkdale Property to open for business as an Ailes department store. The fixturing period commences on the date that vacant possession of the Yorkdale Property is delivered to Fairweather and expires on the earlier of six months and the day before Fairweather opens for business in any part of the premises. Fairweather's obligation under the Fairweather Sublease Agreement to pay rent commences immediately following the expiry of the fixturing period.

79. In the event that Fairweather does not open for business fully fixtured, stocked and staffed by May 31, 2026, then the Receiver, as sublandlord, has the option to terminate the Fairweather Sublease Agreement.

80. In accordance with the terms of the Fairweather Sublease Agreement, the Receiver, as sublandlord, has agreed to complete up to \$2.5 million in leasehold improvements to ensure that

the existing HVAC, electrical service, elevators and escalators located within the Yorkdale Property are in a condition that is suitable to permit the operation of Fairweather's business from such premises. RioCan has reviewed and completed an assessment of the Yorkdale Property and believes such capital expenditure to be reasonable and sufficient based on the current status of the property. Based on such review, RioCan has agreed to fund the Receiver pursuant to receiver borrowings, as necessary, in order for the Receiver to arrange for such leasehold improvements in the receivership.

## **VI. ADDITIONAL CONSIDERATIONS**

81. I also note the following:

- (a) in 2015, Oxford withheld its consent when HBC sought to assign its interest in the Head Lease (along with the head leases for the Scarborough Town Centre and Square One Shopping Centre) to the JV as part of the formation of the JV. I am advised by counsel that HBC successfully applied to the Court and obtained a decision declaring that HBC did not require Oxford's consent to assign the Head Lease to HBC as general partner of YSS 1 and, if consent was required, Oxford's refusal to consent with respect to the Head Lease was unreasonable;
- (b) in January 2024, Oxford executed the Lender Agreement in connection with the Yorkdale RBC Financing. Pursuant to the Lender Agreement, Oxford consented to the exercise of certain actions by RBC, as secured lender, including, among other things, to RBC taking possession of the premises in circumstances where there is a tenant default (either under the RBC Credit Agreement or under the Head Lease) and to RBC electing to retain the Head Lease in such circumstances. The Lender

Agreement also contemplates RBC, or a receiver or nominee on RBC's behalf, selling or otherwise disposing of the Head Lease to a purchaser permitted under the Head Lease; and

- (c) RioCan, as long as it has a material economic interest in the Head Lease, including as a result of its guarantee of the Yorkdale RBC Financing and being a secured creditor of the JV, will take all available steps and explore all available options to protect and maximize the value of the Head Lease asset for the benefit of RioCan, the JV and its stakeholders, including taking steps to ensure that rent continues to be paid to the Landlord in the ordinary course pursuant to the terms of the Head Lease.

## **VII. OXFORD'S REFUSAL TO CONSENT TO THE FAIRWEATHER TRANSACTION**

82. As of the date of this affidavit, Oxford has not consented to the Fairweather Transaction.

83. I am advised by Goodmans LLP, counsel to RioCan, that:

- (a) the Second Report of the Receiver, dated August 18, 2025, disclosed that the Receiver had identified a proposed transaction with Fairweather in respect of the Yorkdale Property, that such proposed transaction is a sublease arrangement with Fairweather, and that Fairweather advised that it intends to operate the location under the Les Ailes de la Mode brand in compliance with the relevant use restrictions in the Head Lease;

- (b) on August 19, 2025, counsel to the Receiver provided counsel to Oxford with a copy of the Fairweather Sublease Agreement;
- (c) on September 4, 2025, counsel to Oxford sent a letter to the Receiver's counsel, a copy of which is attached to this affidavit as Exhibit "G", among other things, requesting extensive information with respect to Fairweather;
- (d) on October 1, 2025, counsel to the Receiver sent an email to Oxford's counsel, a copy of which is attached to this affidavit as Exhibit "H", among other things, responding to Oxford's information request in its September 4<sup>th</sup> letter;
- (e) on October 2, 2025, counsel to Oxford sent a letter to the Receiver's counsel responding to its October 1<sup>st</sup> email referenced above, a copy of which is attached to this affidavit as Exhibit "I"; and
- (f) on October 9, 2025, counsel to the Receiver sent a letter to Oxford's counsel, a copy of which is attached to this affidavit as Exhibit "J".

84. My understanding is that Oxford has not, either in the above-referenced correspondence or in any other correspondence or discussions, provided any explanation for its refusal to consent to the Fairweather Transaction. It is my understanding that Oxford simply has indicated that it does not consent to a sublease with Fairweather.

## VIII. CONCLUSION

85. RioCan supports the Receiver's request for approval of the Fairweather Sublease Agreement and certain related relief as necessary and appropriate to preserve and maximize value in the circumstances for the benefit of RioCan, the JV and its stakeholders.

SWORN before me by Dennis Blasutti  
stated as being located in the City of  
Toronto in the Province of Ontario  
before me at the City of Toronto in the  
Province of Ontario, on October 12,  
2025, in accordance with *O. Reg*  
*431/20, Administering Oath or*  
*Declaration Remotely*



A Commissioner for taking affidavits:

Andrew Harmes  
LSO#73221A

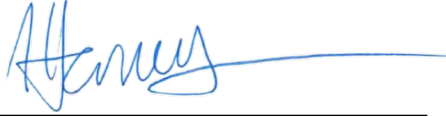
Signed by:

*Dennis Blasutti*

B456BC7AC7654CE...

**DENNIS BLASUTTI**

**THIS IS EXHIBIT "A"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal flourish extending to the right.

---

Commissioner for Taking Affidavits



**RIO CAN**  
REAL VISION. SOLID GROUND.

# SECOND QUARTER 2025



# STRENGTH IN RETAIL

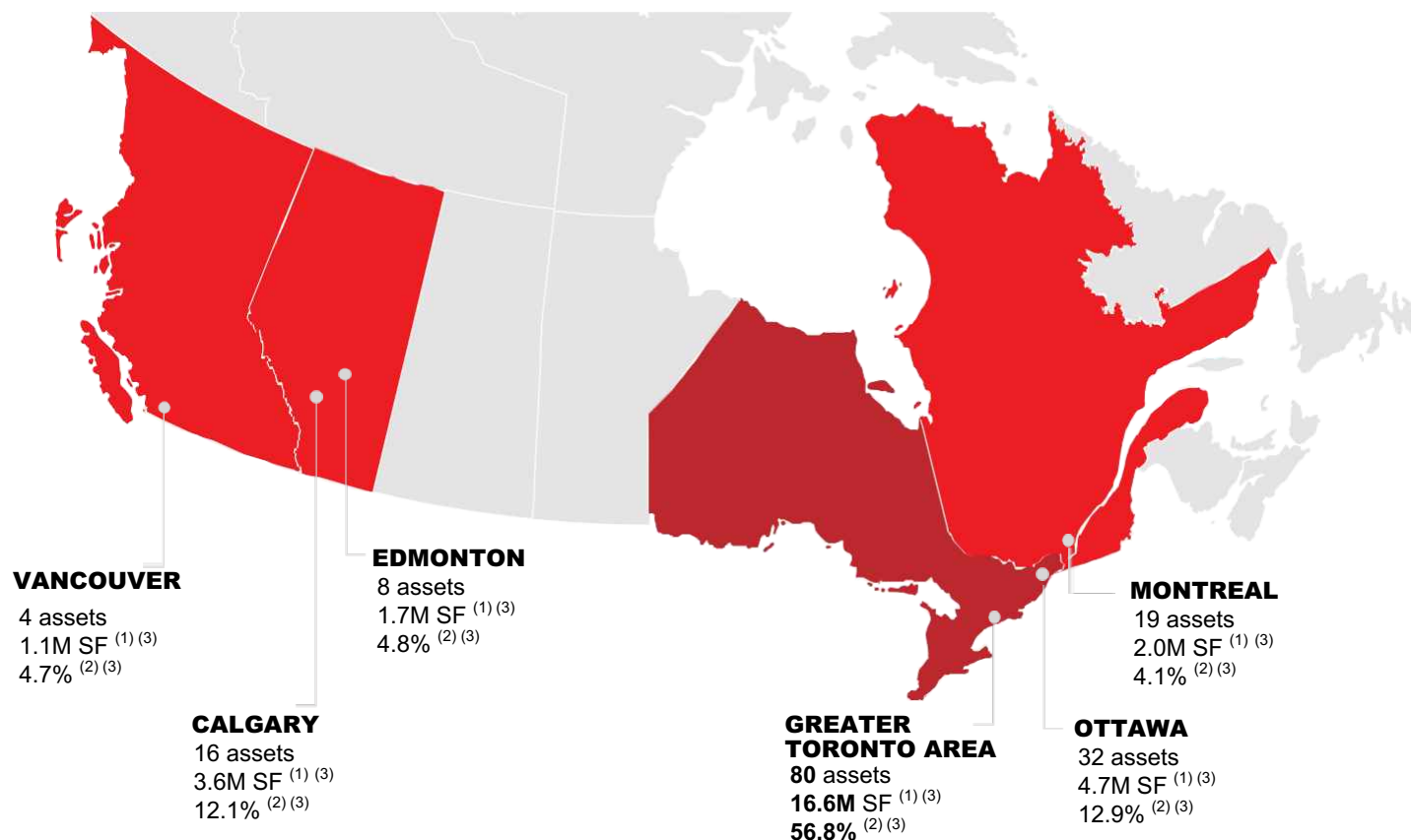


East Hills  
Calgary, AB

# ABOUT RIOCAN

RioCan meets the everyday shopping needs of Canadians through the ownership, management and development of necessity-based and mixed-use properties in densely populated communities.

As at June 30, 2025, our portfolio is comprised of 178 properties with an aggregate net leasable area of approximately 32 million square feet.



## MAJOR MARKET ADVANTAGE

Percentage of gross rent from Canada's Six Major Markets <sup>(4)</sup>:

Peer Average <sup>(5)</sup> **68%**

RioCan **94%**

## STRONG DEMOGRAPHIC PROFILE

Within 5 km of RioCan's portfolio:



**~ 277,000**  
Average Population <sup>(6)</sup>



**~ \$155,000**  
Average Household Income <sup>(6)</sup>

1) Income producing properties at RioCan's interest.

2) Percentage of total fair value of income producing properties at RioCan's interest.

3) Includes commercial portfolio only. Excludes equity-accounted investments.

4) Peer average based on Q2 2025, except for SmartCentres REIT, which is based on Q1 2025. RioCan's is based on Q2 2025 information.

5) Includes Crombie REIT, CT REIT, First Capital REIT and SmartCentres REIT.

6) Data is updated annually in the second quarter, with the disclosure reflecting new statistics that become available each spring.

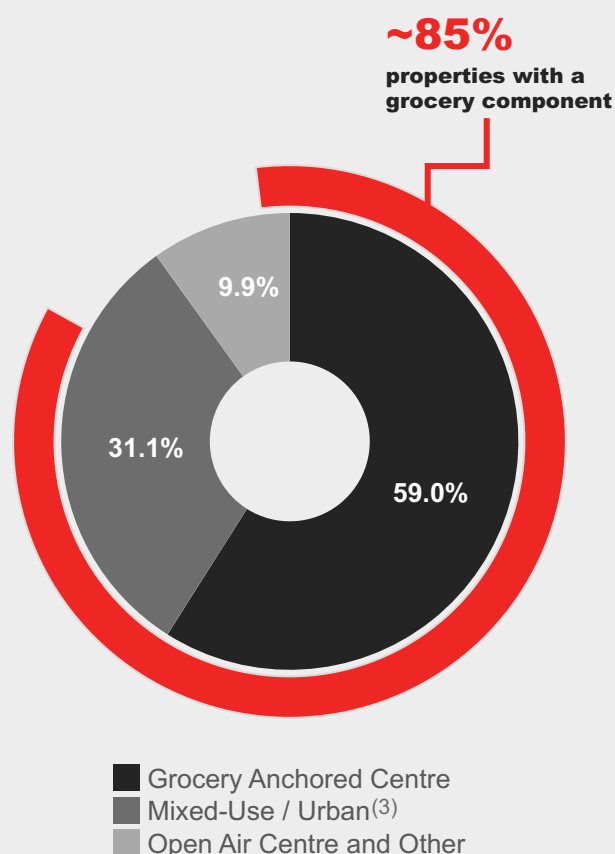
Source: 2025 - Trends, 2025 Environics Analytics.

Average population and average household income have increased by 1% and 5% from prior year figures of 273,000 and \$148,000, respectively.

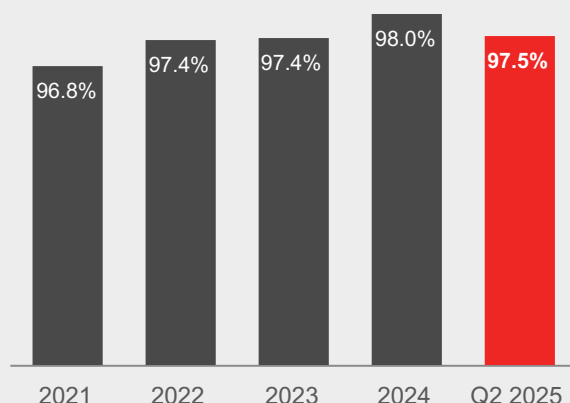


# PROPERTY MIX

BY FAIR VALUE <sup>(1)</sup>



# COMMITTED OCCUPANCY



1) Includes commercial portfolio only. Excludes equity-accounted investments.

2) Selected retailers are presented for example purposes.

3) Mixed-Use / Urban includes approximately 1.5 million square feet of residential rental NLA and the corresponding fair value.

# DIVERSIFIED TENANT MIX FOR DAILY SHOPPING ESSENTIALS

BY ANNUALIZED NET RENT <sup>(1) (2)</sup>

**20.2%**

## Grocery/Pharmacy/Liquor

Loblaws, Sobeys, Metro, Walmart, Costco, Shoppers Drug Mart, Rexall Pharma Plus, LCBO, Jean Coutu, SAQ

**24.1%**

## Essential Goods and Services

Canadian Tire, PetSmart, Bell, Rogers, Bank of Montreal, CIBC, Royal Bank of Canada, TD Bank, Scotiabank, Medical, Dental, Optical

**13.0%**

## Value Retailers

Dollarama, Winners, HomeSense, Value Village

**10.0%**

## Experiential and Dine-in Restaurants

Cineplex, The Keg, Cactus Club

**7.6%**

## Specialty Retailers

Sephora, Sport Chek, Indigo

**8.0%**

## Quick Service Restaurants

Chipotle, Tim Hortons, McDonald's

**7.0%**

## Fitness and Personal Services

GoodLife Fitness, LA Fitness, Healthy Planet

**4.9%**

## Furniture and Home

The Brick, Sleep Country, Structube

**5.2%**

## Other Tenants

Apparel and Other Retailers

# KEY PERFORMANCE INDICATORS

## Strong Financial Performance

Three months ended	Q2 2025	Q2 2024
<b>FFO/Unit</b> <sup>(1)(2)</sup>	<b>\$0.47</b>	<b>\$0.43</b>
<b>FFO Payout Ratio</b> <sup>(2)</sup>	<b>60.5%</b>	<b>61.5%</b>
<b>Commercial SPNOI growth</b> <sup>(2)(3)</sup>	<b>2.0%</b>	<b>0.3%</b>

## Operational Excellence

As at	Q2 2025	Q2 2024
<b>Retail Committed Occupancy</b>	<b>98.2%</b>	<b>98.3%</b>
<b>Blended Leasing Spread</b> <sup>(4)</sup>	<b>19.2%</b>	<b>14.5%</b>
<b>Rent Per Occupied Square Foot</b>	<b>\$22.86</b>	<b>\$22.03</b>

## Disciplined Balance Sheet

As at	Q2 2025	Q4 2024
<b>Adjusted Debt/Adjusted EBITDA</b> <sup>(2)(5)</sup>	<b>8.88x</b>	<b>8.98x</b>
<b>Available Liquidity</b> <sup>(2)(5)</sup>	<b>\$1.3B</b>	<b>\$1.7B</b>
<b>Unencumbered Assets</b> <sup>(2)(5)</sup>	<b>\$9.0B</b>	<b>\$8.2B</b>

**"RioCan delivered another quarter of strong results and sustained leasing momentum, highlighted by exceptional leasing spreads and a high retention rate. The continued demand from high-quality retailers underscores the strength of the RioCan portfolio and reinforces our position as the landlord of choice. We continue to simplify our business, progress our capital recycling initiatives, and successfully execute our de-leveraging plan. These initiatives sharpen the operational focus of the Trust and enhance our financial flexibility to drive sustained growth."**

**Jonathan Gitlin**

President & CEO  
RioCan Real Estate  
Investment Trust

- 1) FFO: Funds from Operations
- 2) This is a non-GAAP measurement. For more information, refer to the *Non-GAAP measures* section in the MD&A for the three and six months ended June 30, 2025.
- 3) Commercial SPNOI: Commercial Same Property Net Operating Income
- 4) Last twelve months
- 5) RioCan's proportionate share



# STRATEGIC CAPITAL MANAGEMENT

**\$1.3B to  
\$1.4B<sup>(1)</sup>**

**Capital  
Repatriation**

**PROGRESS TO DATE:**

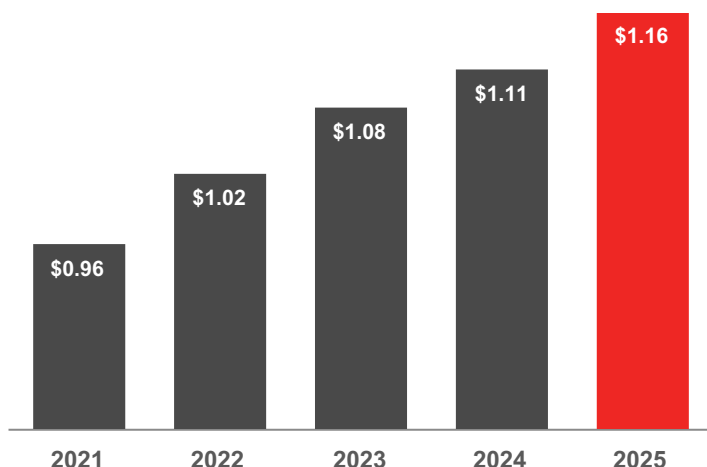
**\$354.5M**

Repatriated through asset dispositions  
and construction loan repayments  
related to condominium projects<sup>(2)</sup>

**Expected over the course of  
2025 and 2026**

Enabled through asset dispositions, including the  
monetization of RioCan Living Portfolio and  
conclusion of condominium projects

## SUSTAINABLE GROWTH IN DISTRIBUTIONS



**\$1.16**

Annualized distributions / unit<sup>(3)</sup>

**6.5%**

Distribution yield<sup>(3) (4)</sup>

**20.8%**

**Growth in distributions**  
over four successive years of annual increases

1) As at December 31, 2024. Condominium sales are based on contracted sales of pre-sold units and exclude ~\$0.1 billion sales revenue pertaining to unsold units. RioCan Living disposition contingent on market demand and provided that prices approximate IFRS values.

2) Includes \$230.4 million of closed dispositions and \$124.2 million construction loan repayments of as at August 7, 2025.

3) Represents annualized totals based on monthly distributions of \$0.0965.

4) Distribution yield is calculated using annualized distribution and closing price as of August 6, 2025.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

## RIOCAN'S ESG PILLARS



### RESILIENT BUSINESS

Supporting the transition to a low-carbon economy by future-proofing our business with best-in-class governance and climate-resistant assets.

**Governance:** operate with leading governance and risk management practices and continuously provide high-quality and transparent reporting.

**Climate:** ensure our operations, portfolio, and developments are resilient to the effects of climate change. Decarbonize our operations, portfolio, and developments, as appropriate, to support the transition to a low-carbon economy.

**Finance:** use sustainable strategies to generate long-term value for our investors and gain access to new sources of capital.



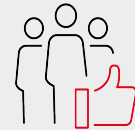
### PURPOSEFUL IMPACT

Pursuing sustainable economic growth by being mindful of our impacts on the environment, while creating value for our people and the communities we serve.

**Environment:** design and operate high-quality assets that minimize our environmental footprint, support the natural environment, and contribute to the circular economy.

**People:** attract, retain and develop a diverse and talented workforce and create a workplace where all employees are valued, included and empowered to do their best work. Actively support the health, safety and well-being of our employees.

**Community:** enhance the communities in which we operate through purposeful design and economic and social growth initiatives.



### STRATEGIC PARTNERSHIPS

Collaborating with RioCan's partners to address the pertinent challenges facing our society.

**Tenants:** continuously enhance tenant experience, well-being and safety, and identify opportunities to engage them to identify and achieve mutual ESG objectives.

**Suppliers:** apply procurement and partner selection criteria that supports supply chain resilience and drives positive social and environmental change.

**Industry:** collaborate with industry groups and initiatives to address significant sustainability risks and opportunities facing our industry.

# TABLE OF CONTENTS

<b>Key Performance Indicators</b>	7	<b>Joint Arrangements</b>	33
<b>Management's Discussion and Analysis</b>	10	Capital Expenditures on Income Producing Properties	36
<b>Introduction</b>	10	<b>Development Activities</b>	37
About this Management's Discussion and Analysis	10	Development Pipeline	37
Forward-Looking Information	10	Completed Developments	38
<b>Our Business and Our Business Environment</b>	11	2025-2028 Development Deliveries	38
Business Overview	11	Development Projects Under Construction	39
Strategy	11	Development Projects in Planning	40
Operating Environment	12	<b>Capital Resources and Liquidity</b>	41
Outlook	13	Capital Management Framework	41
<b>Environmental, Social and Governance (ESG) Initiatives</b>	14	Debt Metrics	42
<b>Property Portfolio Overview</b>	15	Credit Ratings	42
Property Operations - Total Portfolio	15	Total Debt Profile	43
Property Operations - Commercial	17	Liquidity	45
Property Operations - Residential Rental	21	Off-Balance Sheet Arrangements	47
<b>Results of Operations</b>	22	Hedging Activities	48
Summary of Selected Financial Information	22	Trust Units	48
Revenue	23	Distributions to Unitholders	49
Operating Income and Net Operating Income (NOI)	23	<b>Other Disclosures</b>	51
Other Income (Loss)	25	Related Party Transactions	51
Other Expenses	25	Selected Quarterly Results and Trend Analysis	52
Net Income Attributable to Unitholders	27	Accounting Policies and Estimates	53
Funds From Operations (FFO)	28	Future Changes in Accounting Policies	53
Adjusted Funds From Operations (AFFO)	29	Controls and Procedures	54
<b>Asset Profile</b>	30	Climate-Related Financial Disclosures	54
Property Valuations	30	<b>Non-GAAP Measures</b>	55
Acquisitions and Dispositions	31	<b>Risks and Uncertainties</b>	79
Mortgages and Loans Receivable	32		

## KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

### FINANCIAL

#### Rental Revenue

Q2 2025			YTD 2025			Quarterly and year-to-date rental revenue increased primarily from higher base rent and higher recoveries. Base rent increases from rental growth, development completions and asset acquisitions were partially offset by the impact of asset dispositions.
\$291,254			\$587,995			
Q2 2024	\$275,863	+5.6%	YTD 2024	\$564,243	+4.2%	

#### Commercial Same Property NOI (i)

Q2 2025			YTD 2025			Commercial SPNOI growth for the quarter and year-to-date benefited from 2024 leasing activity, including higher rents from necessity-based retail tenant backfills, the majority of which are now generating cash rent. Excluding the impact of higher legal and CAM/property tax settlements and a provision reversal in the prior year, Commercial Same Property NOI growth is 4.0% for the quarter and 3.4% on a year-to-date basis.
\$152,491			\$299,510			
Q2 2024	\$149,571	+2.0%	YTD 2024	\$291,617	+2.7%	

#### Operating Income

Q2 2025			YTD 2025			Operating income increased for both the quarter and year-to-date due to higher Net Operating Income <sup>(i)</sup> from strong underlying property fundamentals and higher inventory gains from the timing of condominium/townhouses sales, partially offset by the prior year's gain on the disposition of non-core residential inventory development land in Calgary, Alberta.
\$200,200			\$402,279			
Q2 2024	\$185,688	+7.8%	YTD 2024	\$362,103	+11.1%	

#### FFO Per Unit - Diluted (i)

Q2 2025			YTD 2025			The quarterly and year-to-date growth in FFO per unit was driven by strong operating performance, reduced G&A expenses, accretion from unit buybacks in the current year and higher residential inventory gains. Higher interest expense partially offset these gains. The year-to-date FFO per unit also included lower FFO from equity-accounted investments mainly due to underlying gains on residential inventory recognized in the prior year.
\$0.47			\$0.96			
Q2 2024	\$0.43	+9.3%	YTD 2024	\$0.88	+9.1%	

#### FFO Payout Ratio (i) (vii)

Q2 2025			Q2 2025			FFO and AFFO Payout Ratios decreased when compared to the same period last year mainly due to higher FFO and lower outstanding units from unit buybacks, partially offset by a \$0.0300 and \$0.0480 per unit per annum increase in distributions effective February 2024 and February 2025, respectively.
60.5%			70.7%			
Q2 2024	61.5%	-1.0%	Q2 2024	71.8%	-1.1%	

#### AFFO Payout Ratio (i) (vii)

#### Net Income Per Unit - Diluted

Q2 2025			YTD 2025			The increase in net income per unit for the quarter was mainly due to an increase in operating income, a favourable change in fair value on investment properties, reduced G&A expenses and accretion from unit buybacks in the current year, partially offset by higher net interest costs. The year-to-date decrease in net income per unit was mainly due to Total RC-HBC LP Valuation Losses <sup>(i)</sup> of \$210.7 million.
\$0.49			\$0.21			
Q2 2024	\$0.41	+19.5%	YTD 2024	\$0.84	-75.0%	



## KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

### LEASING - COMMERCIAL

#### Committed Occupancy(iii) (vii)

Q2 2025

**97.5%**

Q2 2024 97.5% —%

#### In-Place Occupancy (iii) (vii)

Q2 2025

**96.8%**

Q2 2024 96.6% **+0.2%**

RioCan's committed occupancy and in-place occupancy were strong at 97.5% and 96.8%. Good progress is being made in backfilling recently vacated HBC units at Georgian Mall, Oakville Place, and Tanger Outlets Ottawa which represent a 40 basis point impact on occupancy.

#### Leasing Spreads (iv)

Q2 2025

**51.5%** New

**17.4%** Renewal

**20.6%** Blended

Q2 2024

52.5% 10.7% 23.4%

New Renewal Blended

LTM 2025

**36.0%** New

**16.1%** Renewal

**19.2%** Blended

LTM 2024

29.8% 10.4% 14.5%

New Renewal Blended

Strong double-digit new and renewal leasing spreads drove blended leasing spread growth. RioCan continued to capitalize on mark-to-market opportunities, achieving an average blended leasing spread of 23.5% on market deals. 72% of renewals were at market rates, while retaining high-quality essential retailers, including the renewal of eight grocery anchors in the quarter.

Sustained leasing momentum reflects the portfolio's prime locations, well curated tenant mix, the supply constraint of high-quality retail space, with further upside from embedded mark-to-market potential in rental rates.

### DEVELOPMENT

#### Development Spending (i) (viii)

Q2 2025

**\$55,385**

Q2 2024 \$102,872 **-46.2%**

YTD 2025

**\$148,516**

YTD 2024 \$192,342 **-22.8%**

Development Spending of \$148.5 million for the first six months of 2025 was approximately 23% lower than the same period last year. Spending was focused on completing projects that were in progress at the end of 2024. We remain disciplined in our approach to construction with no new mixed-use starts planned in the foreseeable future. Refer to the *Development Activities - 2025 Development Spending* section of this MD&A for further details.

#### Development NLA Completions (sq. ft.) (v) (vi) (viii)

Q2 2025

**19,000**

Q2 2024 53,000 **-64.2%**

YTD 2025

**45,000**

YTD 2024 107,000 **-57.9%**

The 45,000 square feet of property under development completions for the year included 24,000 square feet of commercial retail projects that consist of national level tenants and 21,000 square feet of mixed-use projects that consist of residential units and retail units. In addition, on a year-to-date basis, we closed on 737 units at U.C.Tower 2, U.C.Tower 3, 11YV and Queen & Ashbridge for a \$46.6 million residential inventory gain on a proportionate share basis.

## KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

### BALANCE SHEET

Liquidity (i)(ii)(iii)			Unencumbered Assets (i)(ii)(iii)		
Q2 2025			Q2 2025		
\$1,335,976			\$8,955,975		
Q4 2024 \$1,694,049 -21.1%			Q4 2024 \$8,201,345 +9.2%		
			<p>The Trust has \$1.3 billion of Liquidity to meet its financial obligations, including \$1.1 billion on the revolving unsecured operating line of credit. The decrease in Liquidity from Q4 2024 was mainly due to the timing of financing activities and the utilization of cash, credit facilities, and construction lines for investments, including acquisitions and development completions.</p> <p>Unencumbered Assets increased from Q4 2024 as the Trust repaid certain mortgages upon maturity, enhancing financial flexibility.</p>		
Adjusted (Spot) Debt to Adjusted EBITDA (i)(ii)			Total Debt (i)(ii)		
Q2 2025			Q2 2025		
8.88x Adjusted Debt to Adjusted EBITDA			\$7,754,923		
9.02x Adjusted Spot Debt to Adjusted EBITDA					
Q4 2024 8.98x (ix) 9.12x (ix)			Q4 2024 \$7,683,297 +0.9%		
			<p>The decrease in Adjusted Debt to Adjusted EBITDA was driven by higher Adjusted EBITDA partially offset by higher Adjusted Debt. The decrease in Adjusted Spot Debt to Adjusted EBITDA was driven by higher Adjusted EBITDA partially offset by higher Adjusted Spot Debt. Adjusted EBITDA increased for the rolling twelve months ended Q2 2025 when compared to Q4 2024 due to higher NOI from rent growth and completed developments, and higher residential inventory gains, partially offset by lower NOI from asset dispositions, net of acquisitions.</p> <p>Total Debt increased from Q4 2024 mainly due to development and incremental investment activities partially funded with debt.</p>		

- (i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.
- (ii) At RioCan's proportionate share.
- (iii) Information presented as at the respective period end.
- (iv) Based on annualized contractual base rent. LTM refers to last twelve months.
- (v) NLA for development completions includes properties under development (PUD) only and excludes residential inventory.
- (vi) Number of units are at 100% ownership interest.
- (vii) The quarter-over-quarter and year-over-year changes are based on absolute changes.
- (viii) Information presented on a proportionate share basis in equity-accounted joint ventures.
- (ix) The Adjusted Debt to Adjusted EBITDA and Adjusted Spot Debt to Adjusted EBITDA as at Q4 2024 was 8.98x and 9.12x, respectively.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## INTRODUCTION

### About this Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is provided to enable a reader to assess our results of operations and financial condition for the three and six months ended June 30, 2025 (Q2 2025 and YTD 2025, respectively). This MD&A is dated August 7, 2025 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2025 (Condensed Consolidated Financial Statements) and our 2024 Annual Report. Unless the context indicates otherwise, references to "RioCan", "the Trust", "we", "us" and "our" in this MD&A refer to RioCan Real Estate Investment Trust and its consolidated operations. Unless otherwise specified, all amounts are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These documents, as well as additional information relating to RioCan, including our most recently filed Annual Information Form (AIF), have been filed electronically with Canadian securities regulators through the System for Electronic Document Analysis and Retrieval (SEDAR+) and may be accessed through the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com) or RioCan's website at [www.riocan.com](http://www.riocan.com).

In addition to using performance measures determined in accordance with IFRS, RioCan also measures performance using certain additional non-IFRS performance measures and provides these measures in this MD&A so that investors may do the same. Such measures do not have any standardized definitions prescribed under IFRS generally accepted accounting principles (GAAP) and, therefore, may not be comparable to similar measures presented by other real estate investment trusts or enterprises. Refer to the *Non-GAAP Measures* section of this MD&A for a list of defined Non-GAAP financial measures and reconciliations.

Unless otherwise specified, amounts are in thousands of Canadian dollars and dollar percentage changes are calculated using thousands of dollars.

### Forward-Looking Information

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information can generally be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. This information includes, but is not limited to, statements made in the *Key Performance Indicators*, *Our Business and Our Business Environment*, *Property Portfolio Overview*, *Asset Profile*, *Development Activities* and *Capital Resources and Liquidity* sections in this MD&A. This MD&A includes, but is not limited to, forward-looking statements regarding increases to RioCan's SPNOI; occupancy levels, expected annual Development Spending and capital expenditures during 2025; completion of construction and estimated revenues and project costs in connection with residential inventory and Properties Under Development ("PUD"); estimated FFO per unit and FFO per unit growth and the FFO Payout Ratio; continued demand for space in our target markets; RioCan's internal forecast; the creation of future value; NOI and growth from PUD; RioCan's property and tenant mix; return on investments; market trends and anticipated demand for retail and residential properties; our expectations regarding development of potential incremental density; anticipated net leasing activity and rental rates; management's expectations regarding future distributions; completion of future financings, cost and availability of capital, and debt levels; and other statements concerning RioCan's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward-looking information is not a guarantee of future events or performance and, by its nature, is based on RioCan's current estimates and assumptions about future events and financial trends, which RioCan believes may affect its financial condition, business and operations, and financial results, including, but not limited to: growth of the retail environment; a changing interest rate environment; land use intensification at reasonable costs and development yields, including residential development in urban markets; the Trust's ability to redevelop, sell or enter into partnerships with respect to the future incremental density it has identified in its portfolio; final closing of condominium units in accordance with purchase agreements; continued access to equity and debt capital markets to meet the Trust's current and future financing needs; and the availability of investment opportunities for growth in Canada. Risks and uncertainties which could cause actual events or results to differ materially from the forward-looking information contained in this MD&A include those described under the *Risks and Uncertainties* section in this MD&A and the Trust's AIF, as well as those related to: interest rate and financing risk; trade tariffs; operations and the financial condition of RioCan and its tenants, as well as on consumer behaviours and the economy in general; financial and liquidity risks; tenant concentrations and related risk of bankruptcy or restructuring (and the terms of any bankruptcy or restructuring proceeding); occupancy levels and defaults, including the failure to fulfill contractual obligations by the tenant or a related party thereof; lease renewals and rental increases; the ability to re-lease and find new tenants for vacant space; retailer competition; the relative illiquidity of real property; the timing and ability of RioCan to sell certain properties; the valuations to be realized on property sales relative to current IFRS values; regulatory risk including changes to rent control legislation; development risk associated with construction commitments, project costs and timing, related zoning and other permit approvals and pace of lease-up or pre-sale; risks related to the residential rental business; access to debt and equity capital; credit ratings; credit risk related to our mortgages and loans receivable; joint ventures and partnerships; the Trust's ability to utilize the capital gain refund mechanism; changes in income tax legislation; unexpected costs or liabilities related to acquisitions and dispositions; environmental matters; climate change; litigation; uninsured losses; reliance on key personnel; Unitholder liability; income, sales and land transfer taxes; and cyber security.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered "financial outlook" for the purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing RioCan's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## OUR BUSINESS AND OUR BUSINESS ENVIRONMENT

### Business Overview

RioCan is an unincorporated "closed-end" trust governed by the laws of the Province of Ontario constituted pursuant to the amended and restated declaration of Trust dated June 2, 2020 (the "Declaration of Trust"). RioCan's trust units (Units) are listed on the Toronto Stock Exchange (TSX) under the symbol REI.UN. RioCan is one of Canada's largest real estate investment trusts. RioCan meets the everyday shopping needs of Canadians through the ownership, management and development of necessity-based and mixed-use properties in densely populated communities.

RioCan's property portfolio includes Mixed-Use / Urban, Grocery Anchored Centres and Open Air Centres and Other which are defined in the *Property Portfolio Overview* section of this MD&A. As at June 30, 2025, our retail portfolio accounts for 83.7% of the Trust's annualized contractual gross rent, followed by office at 11.2% and residential at 5.1%.

As at June 30, 2025, the portfolio was comprised of 100% owned and co-owned properties as follows:

<i>(thousands of sq. ft., except where otherwise noted)</i>	NLA at RioCan's Interest	Property Count
100% owned properties	27,083	133
Co-owned properties	5,212	45
<b>Total</b>	<b>32,295</b>	<b>178</b>

In addition, the Trust owns partial interests in six properties through six joint ventures, representing 0.6 million square feet, that are accounted for as equity-accounted investments. RioCan enters into co-ownership arrangements and joint ventures to leverage its robust pipeline of prime locations to efficiently raise capital, mitigate development and concentration risk and earn management fees for its expertise in managing income producing properties (IPP) and development projects.

### Strategy

RioCan's strategy builds on its differentiated advantages that offer an exceptional balance of quality and growth. The Trust's high-quality portfolio consists of well-positioned assets located in Canada's six largest, most densely populated markets which are predominantly transit-oriented. The average population within a five-kilometre radius of RioCan's portfolio is 277,000<sup>(i)</sup>, with an average household income of \$155,000<sup>(i)</sup>, which have increased by 1% and 5% from prior year figures of 273,000 and \$148,000, respectively. These increases reflect the attractiveness of RioCan's locations, the rapid pace of growth within those markets and the impact of new, mixed-use developments.

RioCan's strategy is underpinned by four pillars: **Productive Retail Core**, **Strategic Capital Management**, **Maximized Platform Value** and **Responsible Growth**. A primary focus for the Trust is driving organic growth through necessity-based retail assets in Canada's best markets to ensure reliable income. This is partly achieved through ongoing enhancement of its tenant mix and opportunistic divestment of lower-growth assets. With supply constraints creating a strong market, and demand dynamics acting as a tailwind, the Trust continues to increase its focus on its retail core. We are simplifying our business through monetizing residential rental properties, completing condominium projects and concluding the RC-HBC LP, and leaning into the core strengths and relationships that have been built up over more than thirty years.

RioCan's **Productive Retail Core** ensures reliable income and steady organic growth through resilient assets, strong, stable, necessity-based tenants, unwavering customer focus and operational excellence.

RioCan's portfolio generates resilient and growing income from a strong and stable tenant base, anchored by necessity-based uses such as grocery stores, pharmacies and value retailers. Necessity-based tenants are crucial as they tend to perform well in any economic condition. Grocery-anchored centres and mixed-use urban sites represent 90.1% of RioCan's income producing properties' fair value. Strong and stable tenants who can reliably pay rent through challenging economic cycles generate 89.1% of RioCan's annualized net rent.

In addition to attracting consumer traffic and best-in-class tenants, RioCan's desirable locations offer consistent organic growth through contractual rent steps and mark-to-market gains that provide a clear pathway for organic growth as leases roll over. RioCan's portfolio is dominated by resilient assets with a diversified tenant base that aligns with consumer purchasing patterns.

RioCan enhances its financial strength and flexibility and balance sheet resilience through **Strategic Capital Management**. RioCan maintains ample liquidity and prudently manages its balance sheet and capital structure. The Trust aims to maintain key credit metrics within target ranges while maintaining a large unencumbered asset pool and liquidity levels that ensure financial flexibility.

RioCan focuses on maintaining a well distributed debt maturity profile and limiting its exposure to floating rate debt to reduce its refinancing and interest rate risks. From time to time, we utilize floating rate debt for its short-term attributes and to enhance financial flexibility, allowing us to efficiently manage liquidity. The Trust relies on its established lender relationships and seeks to utilize multiple sources of capital to maintain the financial flexibility and capacity needed for growth in the evolving marketplace. The Trust has a low, industry-leading FFO payout ratio, which allows for the reinvestment of retained earnings, further strengthening RioCan's financial position and supporting its growth strategy.

(i) Data is updated annually in the second quarter, with the disclosure reflecting new statistics that become available each spring.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

RioCan's focus on **Maximizing Platform Value** allows it to amplify growth through leveraging the expertise of its people and the embedded value in the Trust's portfolio. To enhance the quality, stability and growth of its income, RioCan leverages the desirability of its assets and locations to generate ancillary revenue and alternative income streams. The Trust also continues to monetize its residential rental properties and progress closings of its condominium projects under construction. While the Trust has paused any new construction over the last few years, it continues to advance zoning entitlements on the prime-location projects in our mixed-use development pipeline to optimize density and use. Our future development strategy focuses on a balance sheet-light approach.

Capital recycling is an avenue through which the Trust improves asset quality, and strengthens its balance sheet. The Trust expects to continue establishing long-term relationships to recycle capital through sales of density and form capital partnerships with recognized investors. This strategy provides benefits to RioCan, including diversified risk, efficient use of capital and value realization of its zoned excess density.

**Responsible Growth** encompasses industry-leading practices in people and culture, technology and ESG that support RioCan's business strategy and growth targets. RioCan fosters a culture of excellence that drives results and retains, develops and attracts top talent. The Trust is executing its culture roadmap through continuous improvement of processes, policies and initiatives to create a more productive, diverse and united workforce.

RioCan is also a leader within the Canadian real estate industry in ESG best practices. It is taking action to continuously improve and monitor its progress and embed ESG into all facets of its business to enhance the organization and assets and to deliver long-term Unitholder value. Furthermore, RioCan is advancing its technology and cyber security roadmap to mitigate risk, support the business, and drive process and system efficiency.

## Operating Environment

### *Canadian Retail Environment*

Strong, well-positioned retail assets, such as those owned by RioCan are in high demand. Located in growing major markets, RioCan's properties are mainly comprised of national, necessity-based retailers with strong covenants. 89.1% of the Trust's tenants are considered to be strong and stable. These well-established tenants tend to perform well in all economic conditions and in all parts of Canada.

Consumers continue to prioritize necessities, value and convenience while retailers continue to enhance the omni-channel experience and use brick and mortar store networks for efficient distribution. Retailers providing everyday conveniences and essential goods and services, continue to expand their physical footprint. Canada's favourable retail operating environment, characterized by low retail space per capita and a limited number of retailers within each retail category, contributes to a stable retail ecosystem. Over the past year, retail square footage per capita has decreased by 2%, further tightening the market.

A sustained lack of supply, driven by strict zoning controls and high construction costs, will persist as replacement costs exceed market values. This supply/demand imbalance creates positive tension during lease negotiations, benefiting RioCan through higher rental rates and more favourable lease terms. Retailers are reluctant to relocate since customers value the convenience and familiarity of incumbent locations. This often results in higher retention ratios, reducing the need for costly refitting of space.

The limited supply of quality retail space and a group of strong, resilient retailers in Canada, ensures that any vacant space is quickly backfilled with high-quality space. RioCan is a responsible and forward-thinking landlord and supports retailers in adapting their stores to create relevant and resilient shopping environments. Sporadic retailer weaknesses are evident in the market and, in a weaker economy, businesses offering discretionary goods and services may be impacted. These types of tenants represent a diminishing component of RioCan's centres.

RioCan's portfolio attributes, such as proximity to transit, an exceptional demographic profile and high visibility at key intersections and major thoroughfares, remain appealing and difficult to replicate.

### *Development Environment*

The Trust closely monitors market trends and adjusts its development program accordingly. Limited land availability, skilled labor shortages, higher interest costs, and increasing municipal fees have posed challenges for residential construction, contributing to the housing shortage. Tariffs on certain construction materials may introduce additional cost volatility. In certain regions, rental rates have plateaued or decreased, impacting the economics of new projects. Various levels of government have introduced several initiatives to stimulate housing supply. However, these initiatives have not been sufficient to fully prevent deferred and canceled projects.

RioCan did not start new construction of mixed-use properties in 2024 or 2025 and does not intend to do so under the current market conditions as it focuses on other capital allocation priorities. RioCan has the flexibility to choose if or when to begin construction as the underlying lands are typically productive retail properties with a low invested land cost.

Refer to the *Development Activities* section of this MD&A for further details regarding the development pipeline.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Residential Rental Environment

RioCan Living™ properties consist of new buildings in prime locations that provide easy access to public transit. Notably, approximately 98% of the Trust's residential rental portfolio is exempt from rent controls and prescribed rents.

RioCan is confident that its high-quality residential offering will be in high demand given its age, design, amenities, community focus, professional management and access to strong retail offerings.

## Economic Environment

At its most recent meeting, the Bank of Canada (BOC) held the overnight interest rate at 2.75%. The BOC continues to monitor domestic indicators as key drivers of its policy stance while global trade tensions, including tariff uncertainty, remain a concern. The BOC reaffirmed its commitment to restoring price stability, balancing the need for further easing with the risks of inflation.

Since the start of 2025, amid ongoing market volatility and discussions surrounding U.S. tariffs, longer-term Government of Canada bond yields have generally increased while corporate credit spreads in the Canadian REIT sector initially widened amid early-year volatility but have since tightened meaningfully. Ample credit remains available in the Canadian financial markets, although lenders have become more selective between asset classes, locations, and borrowers.

RioCan's portfolio and balance sheet provide the Trust with the flexibility needed to navigate volatile economic conditions. With well-located real estate that is part of the fabric of vibrant communities, RioCan is positioned to attract top-tier tenants. The Trust's strong and stable tenants are less susceptible to economic uncertainty, and necessity-based goods and services tenants remain resilient even amidst shifts in discretionary spending.

Transaction activity in the Canadian retail real estate sector remains limited, as owners of high-quality assets are generally holding for the long term. When such assets do come to market, they continue to command strong valuations, underscoring their resilience and investor demand despite elevated interest rates.

The major shift in U.S. trade policy and unpredictability of tariffs have heightened uncertainty and caused economic volatility in Canada. This volatile interest rate environment has increased interest rate risk. To manage this volatility, we maintain a balanced fixed/floating ratio, use derivatives to lock in long-term fixed rates, and ensure a well-distributed debt ladder. Ample Liquidity of \$1.3 billion and Unencumbered Assets of \$9.0 billion provide additional financial flexibility to the Trust in the current economic environment.

## Outlook

RioCan manages its portfolio and capital structure to focus on long-term growth and deliver on its commitment to optimize Total Unitholder Return. By focusing on the quality of our portfolio and the completion of developments, we will continue to generate resilient income and grow FFO to support sustainable and growing distributions and increased net asset value (NAV).

Our outlook remains aligned with the guidance provided in Q1 2025:

	Outlook 2025
FFO per unit (i)	\$1.85 to \$1.88
FFO Payout Ratio	~ 62%
Commercial Same Property NOI growth (ii)	~3.5%

(i) Assumes weighted average interest rate of ~5% for 2025 financing activities compared to ~3% for maturing debt.

(ii) Commercial SPNOI growth is expected to be generated by contractual rent increases, the full year impact of leases signed in 2024, and by 2025 leasing activities assuming low to mid-teen blended leasing spreads and committed occupancy of ~ 98%.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

RioCan embeds ESG into every aspect of its business including development, operations, investment activities and corporate functions. For performance tracking and reporting, GRESB, the global ESG Benchmark for Real Assets, provides the Trust with a framework to benchmark organization-wide performance and ensure transparency and continuous improvement.

Specific to climate-related metrics, on an annual basis, RioCan measures and discloses greenhouse gas emissions and gross leasable area of properties located in 100-year floodplain zones. For RioCan's sustainability policy and fulsome disclosure about its ESG strategy and programs, refer to the Trust's 2024 *Annual Report* and RioCan's website at [www.riocan.com](http://www.riocan.com) under Corporate Responsibility.

Key initiatives and achievements during the quarter included, but were not limited, to the following:

- In June 2025, RioCan released its annual ESG Report, focusing on responsible growth through a resilient business, environmental and community impact, and strategic partnerships. The Supplement provides easy access to detailed information on specific areas.
- RioCan Yonge Eglinton Centre was honoured with BOMA's prestigious 2025 'The Outstanding Building of the Year' (TOBY®) Award in the Retail: Under 1 Million sq. ft. category.
- RioCan was honoured to receive the Tenant Improvement Project of the Year award at BOMA Edmonton and North Awards gala. This achievement underscores the exceptional teamwork behind the innovative South Edmonton Common project, which features Alberta's first double drive-thru Chick-fil-A. Our commitment to sustainability, particularly in waste reduction, was pivotal to the project's success.
- Jennifer Suess, RioCan's Senior Vice President, General Counsel, ESG, and Corporate Secretary, has been appointed to the Order of Ontario for her contributions to RioCan and the healthcare sector.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## PROPERTY PORTFOLIO OVERVIEW

### Property Operations - Total Portfolio

Operating statistics in this section are based on 100% owned and co-owned properties, and exclude equity-accounted investments.

#### Net Leasable Area (NLA) and Property Count

RioCan's portfolio of net leasable area and properties consisted of the following as at June 30, 2025:

(thousands of sq. ft., except where otherwise noted)	NLA at RioCan's Interest				Total Portfolio	
	Retail	Office	Total Commercial	Residential Rental (iii)	NLA	Property Count
Total NLA (i) (ii)	27,900	2,637	30,537	1,758	32,295	178

- (i) Includes income producing properties NLA that was occupied or available for occupancy on or before June 30, 2025. Includes completed properties under development NLA with a rent commencement date after June 30, 2025.
- (ii) Excludes two income producing properties or 31.1 thousand square feet of IPP NLA that are owned through joint ventures and reported under equity-accounted investments. Includes 0.7 million NLA of Development Projects Under Construction, except for 0.1 million square feet of development properties' NLA that are owned through joint ventures and reported under equity-accounted investments and the NLA of co-owned condominium and townhouse units.
- (iii) See the *Property Portfolio Overview - Property Operations - Residential Rental* section of this MD&A for further details. Includes 74 thousand square feet of legacy residential rental NLA that are excluded from the metrics disclosed in the *Property Operations - Residential Rental* section of this MD&A.

#### Total Portfolio

At RioCan's Interest	% of NLA of income producing properties		% of total fair value of income producing properties	
	2025	2024	2025	2024
As at June 30				
Greater Toronto Area (i)	51.9 %	52.0 %	56.8 %	57.6 %
Ottawa (ii)	14.8 %	14.8 %	12.9 %	12.8 %
Calgary	11.4 %	11.2 %	12.1 %	11.9 %
Montreal	6.3 %	5.9 %	4.1 %	3.3 %
Edmonton	5.2 %	5.4 %	4.8 %	5.0 %
Vancouver (iii)	3.4 %	3.4 %	4.7 %	4.7 %
Other	7.0 %	7.3 %	4.6 %	4.7 %
Total Portfolio	100.0 %	100.0 %	100.0 %	100.0 %

- (i) Area extends north to Newmarket, Ontario; west to Hamilton, Ontario; and east to Oshawa, Ontario.
- (ii) Area extends from Nepean and Vanier to Gatineau, Quebec.
- (iii) Area extends east to Abbotsford, British Columbia.

#### Property Mix

The Trust operates a variety of income producing property formats or classes to best serve the communities in which it operates. In all asset types, RioCan includes necessity-based retailers to provide the communities with a convenient location for their daily shopping needs. The Trust has identified the following three major categories of property classes:

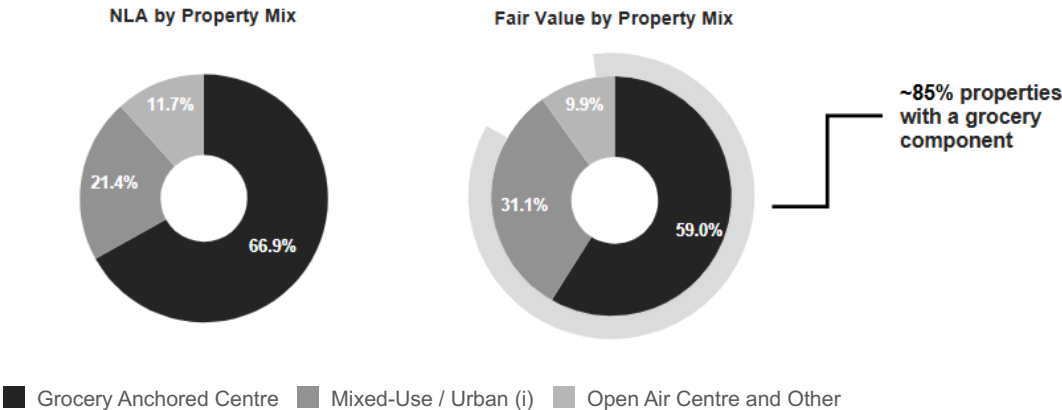
Category	Description
Grocery Anchored Centre	Assets with a grocery anchor tenant or shadow grocery anchor <sup>(i)</sup> . Properties anchored or shadow-anchored by Walmart or Costco are included in this category. Examples of properties with grocery anchors include: Clarkson Crossing and RioCan Durham Centre.
Mixed-Use/Urban	Assets with more than one type of use (retail, office, residential mixed-use assets) located in major markets and non mixed-use assets located in high-density, transit- oriented urban areas. Examples of these properties include: The Well and Yonge Eglinton Centre.
Open Air Centre and Other	Community shopping centres with little or no enclosed component. They often include high-quality anchor tenants such as pharmacy, liquor, home improvement and/or a bank branch. Examples of these properties include: RioCan Warden and RioCan Thickson Ridge.

- (i) A shadow anchor is a retail store that is adjacent or in close proximity to an owned property that generates a great deal of traffic and attracts business to a property of the Trust, but the underlying property/land for this retail store is not owned by the Trust.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

As at June 30, 2025, RioCan's portfolio of income producing properties consisted of the following:



(i) Mixed-Use/Urban includes approximately 1.5 million square feet of residential rental NLA and the corresponding fair value.

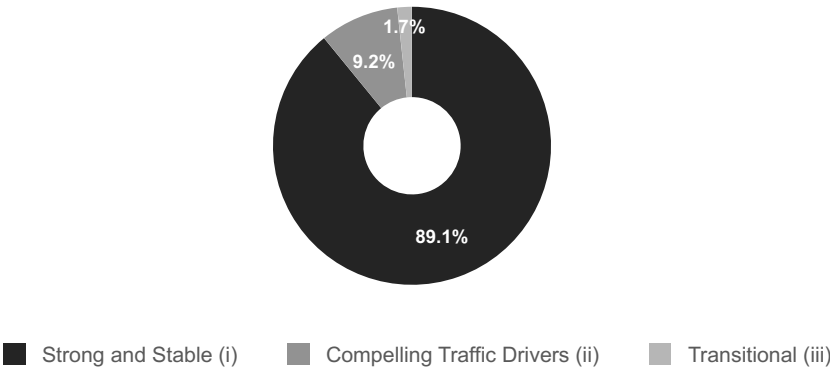
The majority of the Trust's portfolio is comprised of formats that are attractive to tenants and are resilient in the face of economic fluctuations and evolving retail trends.

### Tenant Composition

The Trust strategically manages its tenant mix by segmenting its tenants into the following three categories: strong and stable, compelling traffic drivers and transitional tenants. Defining tenant mix using these three categories helps to guide decision-making with respect to tenancies.

Based on annualized net rent as at June 30, 2025, 89.1% of the Trust's tenants are classified as "strong and stable", an improvement of 110 basis points when compared to Q4 2024.

% of Annualized Net Rent by Tenant Composition



- (i) Strong and Stable is represented by tenants with stable rent-paying ability, strong covenants, and reliable foot traffic. This category is largely comprised of national, necessity-based retail tenants.
- (ii) Compelling Traffic Drivers is represented by tenants that drive meaningful traffic and/or incremental visits to our properties, such as services, experiential tenants, and independent food service providers which have covenants of lesser quality than Strong and Stable tenants.
- (iii) Transitional are tenants that are currently fulfilling their rent obligation but can be transitioned out for a strong covenant tenant that drives meaningful traffic.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Property Operations - Commercial

### Top 30 Commercial Tenants

RioCan reduces its exposure to rental revenue risk through geographical diversification, staggered lease maturities, diversifying revenue sources, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of our gross revenue and ensuring a considerable portion of rental revenue is earned from national and anchor tenants. As at June 30, 2025, RioCan's 30 largest commercial tenants measured by annualized contractual gross rent are as follows:

Rank	Tenant name	Percentage of total annualized contractual gross rent	Number of locations	NLA (thousands of sq. ft.)	Percentage of total IPP NLA	Weighted average remaining lease term (years) (i)
1	Canadian Tire Corporation (ii)	4.7 %	55	1,672	5.5 %	5.6
2	The TJX Companies, Inc. (iii)	4.4 %	62	1,781	5.9 %	4.9
3	Loblaws/Shoppers Drug Mart (iv)	4.3 %	55	1,389	4.6 %	8.7
4	Metro/Jean Coutu (v)	2.6 %	33	1,283	4.2 %	7.3
5	Cineplex (vi)	2.6 %	15	882	2.9 %	4.7
6	Sobeys/Safeway (vii)	2.0 %	24	825	2.7 %	11.4
7	Walmart	2.0 %	11	1,399	4.6 %	5.4
8	Dollarama	1.9 %	66	649	2.1 %	6.8
9	Shopify	1.5 %	2	263	0.9 %	10.8
10	Michaels	1.4 %	22	481	1.6 %	4.5
11	GoodLife Fitness	1.3 %	22	488	1.6 %	8.4
12	Recipe Unlimited (viii)	1.3 %	59	284	0.9 %	6.5
13	TD Bank	1.2 %	44	225	0.7 %	5.2
14	Staples/Business Depot	1.2 %	23	470	1.5 %	6.0
15	PetSmart	1.1 %	22	333	1.1 %	5.6
16	Value Village	1.0 %	16	405	1.3 %	8.0
17	Rona Inc.	1.0 %	6	780	2.6 %	5.0
18	Chapters/Indigo	1.0 %	13	280	0.9 %	6.3
19	Liquor Control Board of Ontario (LCBO)	0.8 %	22	179	0.6 %	7.2
20	DSW/The Shoe Company	0.8 %	27	216	0.7 %	4.2
21	Bank Of Montreal	0.7 %	27	138	0.5 %	4.2
22	Restaurant Brands International (ix)	0.7 %	60	139	0.5 %	6.3
23	LA Fitness	0.7 %	6	265	0.9 %	11.5
24	Best Buy	0.7 %	11	218	0.7 %	4.8
25	Leon's/The Brick	0.7 %	8	226	0.7 %	4.3
26	The Bank Of Nova Scotia	0.6 %	23	114	0.4 %	3.9
27	Gap Inc. (x)	0.6 %	18	181	0.6 %	3.7
28	Canadian Imperial Bank of Commerce	0.6 %	19	104	0.3 %	4.4
29	Royal Bank Of Canada	0.5 %	16	91	0.3 %	4.0
30	Carter's Oshkosh	0.5 %	25	112	0.4 %	3.8
Top 30 Commercial Tenants		44.4 %	812	15,872	52.2 %	6.4
Total commercial portfolio						7.9

(i) Weighted average remaining lease term based on annualized contractual gross rent.

(ii) Canadian Tire Corporation includes Canadian Tire, PartSource, Mark's, Sport Chek, Sports Experts, National Sports, Atmosphere and Party City.

(iii) The TJX Companies, Inc. includes Winners, HomeSense and Marshalls.

(iv) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs Markets, Joe Fresh, Maxi and T&T Supermarket, among others.

(v) Metro/Jean Coutu includes Super C, Loeb, Food Basics and Adonis.

(vi) Cineplex includes Galaxy Cinemas.

(vii) Sobeys/Safeway includes Farm Boy, Longo's and FreshCo.

(viii) Recipe Unlimited includes Montana's, Harvey's, Swiss Chalet, Kelseys, The Keg and East Side Mario's, among others.

(ix) Restaurant Brands International includes Tim Hortons, Burger King, Popeyes and Firehouse Subs.

(x) Gap Inc. includes The Gap, Old Navy and Banana Republic banners.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Occupancy by Markets and Usages

The committed (tenants that have signed leases) and in-place (tenants that are in possession of their space) occupancy rates for our commercial property portfolio at RioCan's interest are as follows:

At RioCan's Interest	Committed Occupancy		In-Place Occupancy	
As at June 30	2025	2024	2025	2024
Greater Toronto Area (i)	97.0 %	97.3 %	96.1 %	96.3 %
Ottawa (ii)	97.8 %	98.6 %	97.6 %	98.5 %
Calgary	98.5 %	98.3 %	97.6 %	96.9 %
Montreal	98.5 %	95.0 %	98.4 %	93.4 %
Edmonton	98.5 %	98.5 %	97.2 %	97.6 %
Vancouver (iii)	99.7 %	99.5 %	98.3 %	98.5 %
Other	96.9 %	96.0 %	96.9 %	94.6 %
Total Commercial Occupancy	97.5 %	97.5 %	96.8 %	96.6 %

(i) Area extends north to Newmarket, Ontario; west to Hamilton, Ontario; and east to Oshawa, Ontario.

(ii) Area extends from Nepean and Vanier to Gatineau, Quebec.

(iii) Area extends east to Abbotsford, British Columbia.

The following table summarizes the Trust's committed and in-place occupancy rates by retail and office as at June 30, 2025 and June 30, 2024.

As at		June 30, 2025			June 30, 2024		
		Retail	Office	Total Commercial (i)	Retail	Office	Total Commercial
Total Commercial Portfolio	Committed Occupancy	98.2%	90.5%	97.5%	98.3%	89.2%	97.5%
	In-Place Occupancy	97.4%	90.2%	96.8%	97.3%	88.2%	96.6%

(i) The spread between committed and in-place occupancy of 70 basis points reflects the impact of executed deals where tenants have not yet taken possession.

Committed occupancy remained unchanged and in-place occupancy increased 20 basis points, when compared to the same period last year. When compared to Q1 2025, committed and in-place occupancy decreased by 50 and 60 basis points, respectively.

Retail committed occupancy declined by 10 basis points and in-place occupancy increased by 10 basis points when compared to the same period last year. Committed occupancy benefited from strong, more resilient retailers replacing transitional tenants who were paying under-market rents. These improvements were offset by recent HBC vacancies in the quarter at Georgian Mall, Oakville Place and Tanger Outlets Ottawa which decreased committed and in-place occupancy by approximately 40 basis points. Our leasing team is actively working to backfill these recent HBC vacancies.

Compared to the same period last year, office committed occupancy increased by 130 basis points and in-place occupancy increased by 200 basis points. The year-over-year increase was driven by leasing activity at the Yonge Eglinton Centre and the inclusion of a non-core office, secondary market building with high vacancy in the prior year's comparatives which was subsequently sold in Q4 2024.

## Future Lease Commencements

On a prospective basis, we expect to generate approximately \$8.3 million of annualized gross incremental rent, on an IFRS basis, from tenants that have signed leases but have not taken possession of the space as at June 30, 2025. This includes base rent, operating cost recoveries and straight-line rent, but excludes operating costs capitalized while a property is under redevelopment.

## Average Net Rent

The portfolio weighted average net rent per occupied square foot for our income producing properties is as follows:

As at June 30	2025	2024
Average net rent per occupied square foot (i)	\$ 22.86	\$ 22.03
Retail	\$ 22.52	\$ 21.67
Office	\$ 26.89	\$ 26.51

(i) Net rent is primarily contractual base rent pursuant to tenant leases.

Average net rent per occupied square foot increased when compared to the prior year mainly due to contractual rent steps, mark-to-market increases on new deals and renewals, vacancies and properties sold during the intervening period that had a lower average net rent per square foot. Our leasing strategy includes a focus on embedding contractual annual rent steps into every lease.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## New Leasing Activity

(in thousands, except per sqft amounts)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
New Leasing NLA at 100% - IPP & PUD	154	489	389	971
Average net rent per square foot - IPP & PUD (i)	\$ 29.74	\$ 26.16	\$ 30.06	\$ 24.90
IPP	\$ 29.01	\$ 25.58	\$ 28.51	\$ 24.08
PUD (ii)	\$ 175.55	\$ 31.21	\$ 61.10	\$ 36.39

(i) Net rent is primarily contractual base rent pursuant to tenant leases. Includes new square footage that has not previously been tenanted and existing square footage leased to a new tenant.

(ii) Related to two food hall tenants for the three months ended June 30, 2025.

New leasing activity for the three and six months ended June 30, 2025 totalled 154,000 and 389,000 square feet at an average rate of \$29.74 and \$30.06 per square foot, respectively.

Average net rent per square foot for new leasing for the quarter is \$6.88 or 30% above our portfolio average net rent per occupied square foot.

## Renewal Leasing Activity

(in thousands, except percentage and per sqft amounts)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Square feet renewed at market rental rates (at 100%)	838	414	1,452	979
Square feet renewed at fixed rental rates (at 100%)	323	251	479	543
Total square feet renewed (at 100%)	1,161	665	1,931	1,522
Average net rent per square foot (i)	\$ 26.09	\$ 24.53	\$ 27.08	\$ 24.01
Renewal leasing spread in average net rent (ii)	\$ 3.88	\$ 2.36	\$ 4.01	\$ 2.40
Retention ratio	91.6%	91.6%	92.3%	91.5%

(i) Net rent is primarily contractual base rent pursuant to tenant leases.

(ii) Represents increase in average net rent per square foot for renewal leasing.

A high proportion of leases expiring in the year were renewed at market rates, which contributed to the strong renewal leasing spread. RioCan continued to capitalize on mark-to-market opportunities, achieving an average blended leasing spread of 23.5% on market deals. 72% of renewals were at market rates, while retaining high-quality essential retailers, including the renewal of eight grocery anchors in the quarter. The retention ratios for the three and six months ended June 30, 2025 were strong and reflect the appeal of the many attributes of our properties to our existing tenants. While the Trust is keen to recycle certain weaker tenancies, we benefit from striking the appropriate balance between productive turnover (improving tenant quality and rental rates) and retention of strong tenants where there is no capital requirement and downtime. Given the heightened leasing spreads achieved, we are confident that this balance has been struck.

## Leasing Spreads

	Three months ended June 30		Twelve months ended June 30	
	2025	2024	2025	2024
New leasing spread (i)	51.5%	52.5%	36.0%	29.8%
Renewal leasing spread	17.4%	10.7%	16.1%	10.4%
Blended leasing spread (ii)	20.6%	23.4%	19.2%	14.5%

(i) The new leasing spread excludes any units that have not previously been tenanted (such as a newly completed development) or that have been vacant for longer than two years. The quarterly new leasing spread is calculated for properties owned by the Trust as of each quarter end date. The rolling twelve-month leasing spread is the weighted average net rent of the quarterly new leasing spread as reported over the respective period. For further clarity, net rent on new leases signed on new square footage from new development projects is included in the average net rent per square foot for new leases but is excluded in calculating the new leasing spread given that there is no base to compare to for such new developments.

(ii) The blended leasing spread is the weighted average net rent leasing spread for both renewal leasing and new leasing for each period indicated.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Lease Expiries

Lease expiries for the next five years are as follows:

(in thousands, except per sqft and percentage amounts)

	Total Commercial IPP NLA	For the years ending				
		2025 (i)	2026	2027	2028	2029
At RioCan's interest						
Square feet	30,391	1,203	3,611	3,821	3,700	4,864
Square feet expiring/Portfolio NLA		4.0%	11.9%	12.6%	12.2%	16.0%
Average net rent per occupied square foot		\$ 22.01	\$ 21.36	\$ 22.76	\$ 24.48	\$ 24.13

(i) Lease expiries for the remaining six months of 2025.

## Contractual Rent Increases

Certain of our leases provide periodic increases in rates during the lease terms which contribute to growth in Commercial Same Property NOI. Contractual rent increases in each year for the next five years for our properties are as follows:

(thousands of dollars)

At RioCan's interest	For the years ending				
	2025 (i)	2026	2027	2028	2029
Contractual rent increases	\$ 6,170	\$ 10,028	\$ 8,220	\$ 6,505	\$ 5,244

(i) Increases for the remaining six months of 2025.

The contractual rent increases presented above are calculated based on in-place leases as at June 30, 2025 and are on a year-over-year incremental increase basis. The contractual rent increases in 2025 reflect more market rent changes as a result of new leasing and renewals completed in 2024 than in the outer years. The above schedule is on a cash rent basis and accounts for the timing of contractual rent increases year-over-year (in other words, not on an annualized basis but based on a year-over-year cash rent change basis).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Property Operations - Residential Rental

RioCan's residential brand, RioCan Living, includes purpose-built residential rental buildings developed or acquired by RioCan and condominium and townhouse developments, as further discussed in the *Asset Profile - Joint Arrangements* and *Development Activities* sections of this MD&A.

RioCan Living's residential rental portfolio provides well-located, professionally-managed, amenity-rich rental accommodations with easy access to transit and consists of 14 buildings or 3,396 residential rental units in operation, with a fair value of \$1.1 billion. Including two properties under development, total fair value of RioCan Living's residential rental portfolio is \$1.2 billion as at June 30, 2025.

Approximately 98% of the residential rental portfolio is exempt from rent controls and prescribed rents.

Subsequent to quarter end, RioCan sold its 50% interest in four RioCan Living properties: Brio in Calgary, Alberta, and Frontier, Latitude and Luma in Ottawa, Ontario. Inclusive of the Q4 2024 sale of Strada, total gross sales proceeds for RioCan Living properties sold total \$197.2 million. RioCan has also entered into a conditional agreement for the sale of an additional RioCan Living property.

In Q1 2025, RioCan purchased a 50% interest in a 272-unit mixed-use residential rental property in Calgary, Alberta. Construction is expected to be completed by August 2025 and pre-leasing commenced in June 2025. On April 1, 2025, RioCan acquired a 90% interest in 297 units at Phase Two and Three of Market in Laval, Quebec. Both purchases were pursuant to forward purchase arrangements. RioCan expects to close in the third quarter of 2025, the purchase of a 100% interest in an additional 60 units at Bellevue Phase Three subject to certain conditions.

See the *Asset Profile - Acquisitions and Dispositions* and the *Capital Resources and Liquidity - Contractual Commitments* sections of this MD&A for further details.

### Occupancy and Leasing

As at June 30, 2025		Occupancy	Leasing
Residential Rental Buildings in Operation	Number of total units (i)	% of occupied units	% of leased units
<u>Stabilized (14 properties)</u>	<b>3,396</b>	<b>94.7 %</b>	<b>95.7 %</b>
<u>In lease-up</u>			
4th Street Lofts	<b>272</b>	<b>— %</b>	<b>2.9 %</b>

(i) Number of units are at 100% ownership interest and all buildings are 50% owned except for Market which is 90% owned and Bellevue which is 100% owned.

### Average Market Rent

As at June 30,		2025	2024
Market units average monthly rent per occupied square foot (i) (ii)	\$	<b>3.37</b>	\$ 3.30

(i) Market units average monthly rent per occupied square foot is calculated as monthly gross rents as at June 30, 2025 (excluding utilities which are paid by tenants) from leased residential units divided by the total number of net leasable square feet for these leased residential units. It does not include revenue from parking or other sources.

(ii) Market units average monthly rent per occupied square foot includes only properties that are owned and stabilized as at the end of each of the reporting dates presented. A property is considered to have reached stabilization upon the earlier of (i) achieving 95% occupancy or (ii) 24 months after first occupancy as of the quarter end reporting date. Properties disposed during the quarter are excluded from the comparative calculation. As at June 30, 2025 and 2024, eleven properties (eCentral™, Pivot™, and Litho™ located in Toronto, Ontario, Frontier™, Latitude™ and Luma™ located in Ottawa, Ontario, Brio™ and The Underwood located in Calgary, Alberta and Market Phase One, Bellevue Phase One and Two located in Montreal, Quebec) are included.

For the properties listed in footnote (ii) above, the market units average monthly rent per occupied square foot increased by 2.1% when compared to June 30, 2024 due to new leasing and renewals at higher rents. The increase in market units average monthly rent per unit that were turned over or renewed was 1.0% for the six months ended June 30, 2025.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## RESULTS OF OPERATIONS

### Summary of Selected Financial Information

The following table summarizes key selected financial information that is based on or derived from, and should be read in conjunction with, the Condensed Consolidated Financial Statements of the Trust for the respective years indicated in the table.

(thousands of dollars, except where otherwise noted)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenue	\$ 361,654	\$ 292,198	\$ 717,485	\$ 595,585
Net income	145,615	122,363	61,459	250,959
Operating income	200,200	185,688	402,279	362,103
Net Operating Income (NOI) (i)	180,741	178,736	359,426	348,861
Net Operating Income NOI (RioCan's Proportionate Share) (i)	183,584	185,159	367,269	361,605
FFO (i)	138,506	127,786	284,070	263,741
FFO Adjusted (i)	138,506	127,786	284,325	264,387
Weighted average Units outstanding (in thousands)				
Basic	296,093	300,463	296,873	300,461
Diluted	296,093	300,463	296,873	300,461
Per unit basis				
Net income - basic	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84
Net income - diluted	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84
FFO - diluted (i)	\$ 0.47	\$ 0.43	\$ 0.96	\$ 0.88
FFO Adjusted - diluted (i)	\$ 0.47	\$ 0.43	\$ 0.96	\$ 0.88
Unitholder distributions (iii)	\$ 0.2895	\$ 0.2775	\$ 0.5750	\$ 0.5525
FFO Payout Ratio (i) (ii)	60.5%	61.5%	60.5%	61.5%
FFO Adjusted Payout Ratio (i) (ii)	59.6%	61.4%	59.6%	61.4%
AFFO Payout Ratio (i) (ii)	70.7%	71.8%	70.7%	71.8%
AFFO Adjusted Payout Ratio (i) (ii)	69.5%	71.6%	69.5%	71.6%

As at	June 30, 2025	December 31, 2024
Investment properties	\$ 13,931,551	\$ 13,839,154
Total assets	15,381,339	15,472,044
Total debt	7,435,740	7,323,914
Total equity	7,341,265	7,558,338
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (i) (ii)	8.88	8.98
Adjusted Spot Debt to Adjusted EBITDA (RioCan's Proportionate Share) (i)	9.02	9.12
Weighted average contractual interest rate (iv)	4.04 %	3.89 %
Weighted average effective interest rate (iv) (v)	4.03 %	3.90 %
Net book value per unit	\$ 24.89	\$ 25.16

- (i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.
- (ii) Calculated on a trailing twelve-month basis. For further discussion of the Trust's FFO and AFFO Payout Ratios and Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) refer to the *Non-GAAP Measures* section in this MD&A.
- (iii) Effective February 2025, the distribution was increased to \$1.1580 from \$1.1100 on an annualized basis.
- (iv) For hedged floating rate debt, the interest rate reflects the fixed rate in the interest swap.
- (v) Inclusive of bond forward hedges.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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The Q2 2025 variances discussed in the following sections compare the respective 2025 results to the same comparable periods in 2024, unless otherwise noted.

## Revenue

The revenue for the three and six months ended June 30, 2025 and 2024 is as follows:

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Rental revenue	\$ 291,254	\$ 275,863	\$ 15,391	\$ 587,995	\$ 564,243	\$ 23,752
Residential inventory sales	66,333	12,866	53,467	121,275	23,334	97,941
Property management and other service fees	4,067	3,469	598	8,215	8,008	207
<b>Revenue</b>	<b>\$ 361,654</b>	<b>\$ 292,198</b>	<b>\$ 69,456</b>	<b>\$ 717,485</b>	<b>\$ 595,585</b>	<b>\$ 121,900</b>

The rental revenue for the three and six months ended June 30, 2025 and 2024 is as follows:

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Base rent	\$ 184,535	\$ 176,049	\$ 8,486	\$ 362,943	\$ 348,462	\$ 14,481
Realty tax and insurance recoveries	53,912	52,283	1,629	107,617	108,748	(1,131)
Common area maintenance recoveries	47,295	41,036	6,259	104,090	94,364	9,726
Percentage rent	1,613	1,387	226	3,193	2,914	279
Straight-line rent	2,164	2,179	(15)	4,403	5,426	(1,023)
Lease cancellation fees	117	1,600	(1,483)	2,324	1,711	613
Parking revenue	1,618	1,329	289	3,425	2,618	807
<b>Rental revenue</b>	<b>\$ 291,254</b>	<b>\$ 275,863</b>	<b>\$ 15,391</b>	<b>\$ 587,995</b>	<b>\$ 564,243</b>	<b>\$ 23,752</b>

## Q2 2025

The increase in revenue was mainly due to higher residential inventory sales and higher rental revenue.

Residential inventory sales increased primarily due to the timing of condominium and townhouse sales, partially offset by the disposition of non-core residential inventory development land located in Calgary, Alberta in the prior year.

Rental revenue increased mainly from higher base rent, higher recoveries, partially offset by lower lease cancellation fees. Base rent increases from rental growth, development completions and asset acquisitions were partially offset by the impact of asset dispositions.

## YTD 2025

The increase in revenue was mainly due to higher residential inventory sales and higher rental revenue.

The increase in residential inventory sales was primarily due to the same reasons described above in Q2 2025.

The increase in rental revenue was mainly due to higher base rent, higher net recoveries, partially offset by lower straight-line rent. Base rent increases from rental growth, development completions and asset acquisitions were partially offset by the impact of asset dispositions.

## Operating Income and Net Operating Income (NOI)

The operating income and NOI for the three and six months ended June 30, 2025 and 2024 is as follows:

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Operating income	\$ 200,200	\$ 185,688	\$ 14,512	\$ 402,279	\$ 362,103	\$ 40,176
NOI (i)	\$ 180,741	\$ 178,736	\$ 2,005	\$ 359,426	\$ 348,861	\$ 10,565
NOI (RioCan's proportionate share) (i)	\$ 183,584	\$ 185,159	\$ (1,575)	\$ 367,269	\$ 361,605	\$ 5,664

## NOI

Commercial	\$ 171,722	\$ 171,522	\$ 200	\$ 342,931	\$ 335,287	\$ 7,644
Residential (ii)	9,019	7,214	1,805	16,495	13,574	2,921
<b>Total NOI</b>	<b>\$ 180,741</b>	<b>\$ 178,736</b>	<b>\$ 2,005</b>	<b>\$ 359,426</b>	<b>\$ 348,861</b>	<b>\$ 10,565</b>

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

(ii) Includes \$5.2 million and \$10.2 million of non-recoverable operating costs from residential operations for the three and six months ended June 30, 2025 (three and six months ended June 30, 2024 - \$4.2 million and \$8.7 million), respectively.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Q2 2025

The increase in operating income was largely due to \$12.4 million in higher residential inventory gains due to the timing of condominium and townhouse sales, partially offset by the disposition of non-core residential inventory development land located in Calgary, Alberta in the prior year, \$2.0 million higher NOI and \$0.6 million higher property management and other service fee revenue.

The increase in commercial NOI was largely due to Commercial Same Property NOI growth of 2.0% or \$2.9 million, and \$0.6 million higher straight-line rent. These increases are partially offset by \$1.5 million lower lease cancellation fees, \$1.5 million lower NOI due to asset dispositions net of the impact of acquisitions, \$0.2 million in lower NOI from completed developments, and \$0.1 million lower NOI from properties under de-leasing.

Residential NOI increased primarily due to leasing progress on completed developments and the acquisition of Market Phase Two and Three.

## YTD 2025

The increase in operating income was largely the combined effect of \$30.6 million higher residential inventory gains primarily due to timing of condominium and townhouse sales, partially offset by the disposition of non-core residential inventory development land located in Calgary, Alberta in the prior year, \$10.6 million higher NOI and \$0.2 million in higher property management and other service fee revenue.

The increase in commercial NOI was largely due to Commercial Same Property NOI growth of 2.7% or \$7.9 million, \$1.5 million higher NOI from completed developments, \$0.6 million higher lease cancellation fees, \$0.3 million higher NOI from properties under de-leasing, and \$0.2 million higher straight-line rent, partially offset by \$2.9 million lower NOI due to asset dispositions net of the impact of acquisitions.

Residential NOI increased primarily due to leasing progress on completed developments and the acquisition of Market Phase Two and Three, partially offset by dispositions.

## Same Property NOI

Same Property NOI for the commercial and residential portfolios for the three and six months ended June 30, 2025 and 2024 is as follows:

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
Commercial Same Property NOI (i)	\$ 152,491	\$ 149,571	2.0 %	\$ 299,510	\$ 291,617	2.7 %
Residential Same Property NOI (i)	5,320	5,476	(2.8)%	10,414	10,586	(1.6)%
<b>Same Property NOI (i)</b>	<b>\$ 157,811</b>	<b>\$ 155,047</b>	<b>1.8 %</b>	<b>\$ 309,924</b>	<b>\$ 302,203</b>	<b>2.6 %</b>

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

## Q2 2025

Commercial Same Property NOI increased by 2.0% due to contractual rent steps, higher rent upon renewal and higher in-place occupancy. Excluding the impact of higher legal and CAM/property tax settlements and a provision reversal in the prior year, Commercial Same Property NOI growth is 4.0%. Nine of the ten retail units that were vacated in Q1 2024 by transitional tenants were backfilled by stronger, more resilient tenants and are generating cash rents as at June 30, 2025.

Residential Same Property NOI decreased by 2.8% due to an influx of new supply in the GTA and a slight increase in provision for credit losses. Both factors are anticipated to result in temporary fluctuations.

## YTD 2025

Commercial Same Property NOI increased by 2.7% due to the same reasons mentioned above. Excluding the impact of higher legal and CAM/property tax settlements and a provision reversal in the prior year, Commercial Same Property NOI growth is 3.4%.

Residential Same Property NOI decreased by 1.6% due to the same reasons mentioned above.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Other Income (Loss)

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Interest income	\$ 9,671	\$ 10,839	\$ (1,168)	\$ 21,073	\$ 19,786	\$ 1,287
Income (loss) from equity-accounted investments	4,809	2,115	2,694	(199,257)	18,821	(218,078)
Fair value gain on investment properties, net	15,929	5,887	10,042	1,151	9,138	(7,987)
Investment and other income, net	1,155	609	546	3,579	3,639	(60)
<b>Other income (loss)</b>	<b>\$ 31,564</b>	<b>\$ 19,450</b>	<b>\$ 12,114</b>	<b>\$ (173,454)</b>	<b>\$ 51,384</b>	<b>\$ (224,838)</b>

### Q2 2025

Interest income was lower primarily due to lower effective interest rates, partially offset by higher average mortgages and loans receivable outstanding.

RioCan's share of FFO from equity-accounted investments was \$7.6 million, \$1.9 million higher than the comparative period, primarily due to \$5.4 million higher residential inventory gains from the sale of condominium units within the equity-accounted investments, partially offset by \$2.8 million lower FFO from the RC-HBC LP, due to provision for bad debts as a result of Hudson's Bay Company ULC (HBC) filing for creditor protection under the Companies' Creditors Arrangement Act (CCAA) and \$0.7 million lower capitalized interest from equity-accounted investments. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for further details.

The Trust recognized net fair value gains of \$15.9 million on investment properties including assets held for sale, compared to net fair value gains of \$5.9 million in the same period last year. Refer to the *Asset Profile - Property Valuations* section of this MD&A for further details.

Investment and other income increased primarily due to \$0.7 million higher transaction gains and other income, partially offset by \$0.3 million lower income from marketable securities.

### YTD 2025

Interest income increased mainly due to higher average mortgages and loans receivable outstanding, partially offset by lower effective interest rates.

RioCan's share of FFO from equity-accounted investments was \$13.7 million, \$10.7 million lower than the comparative period in 2024, primarily due to a \$12.1 million gain from one disposition of a 12.5% interest in the 11YV project during the comparative period, \$3.8 million lower FFO from the RC-HBC LP due to the same reason mentioned above, \$0.9 million lower capitalized interest from equity-accounted investments, partially offset by \$5.8 million higher residential inventory gains from the sale of condominium units within the equity-accounted investments. In addition to the changes noted for FFO, RioCan's share of income from equity-accounted investments was impacted by its share of Total RC-HBC LP Valuation Losses of \$210.7 million (this is a non-GAAP financial measure, refer to the *Non-GAAP measures* section of this MD&A for more information), resulting from the HBC CCAA filing. For further details refer to the *Asset Profile - Joint Arrangements* section of this MD&A.

The Trust recognized net fair value gains of \$1.2 million on investment properties including assets held for sale, compared to net fair value gains of \$9.1 million in the same period last year. Refer to the *Property Valuations* section of this MD&A for further details.

Investment and other income decreased marginally due to \$0.8 million lower transaction gains and other income, \$0.6 million lower income from marketable securities, partially offset by \$1.3 million increase in the change in unrealized fair value on marketable securities (which does not impact FFO).

## Other Expenses

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Interest costs, net	\$ 69,989	\$ 64,393	\$ 5,596	\$ 136,669	\$ 125,832	\$ 10,837
General and administrative	11,346	14,611	(3,265)	21,739	28,527	(6,788)
Internal leasing costs	3,242	3,092	150	6,498	6,685	(187)
Transaction and other costs	1,572	679	893	2,460	2,278	182
<b>Other expenses</b>	<b>\$ 86,149</b>	<b>\$ 82,775</b>	<b>\$ 3,374</b>	<b>\$ 167,366</b>	<b>\$ 163,322</b>	<b>\$ 4,044</b>



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Interest Costs

(thousands of dollars, except where otherwise noted)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Total interest	\$ 76,937	\$ 72,417	\$ 4,520	\$ 150,832	\$ 141,519	\$ 9,313
Interest costs capitalized (i)	(6,948)	(8,024)	1,076	(14,163)	(15,687)	1,524
<b>Interest costs, net</b>	<b>\$ 69,989</b>	<b>\$ 64,393</b>	<b>\$ 5,596</b>	<b>\$ 136,669</b>	<b>\$ 125,832</b>	<b>\$ 10,837</b>
Capitalized interest as percentage of total interest	9.0%	11.1%	(2.1)%	9.4%	11.1%	(1.7)%

(i) Includes amounts capitalized to properties under development and residential inventory.

### Q2 2025

Total interest costs increased mainly due to higher average debt balances, partially offset by lower average cost of debt.

Interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 4.16% for the three months ended June 30, 2025 (three months ended June 30, 2024 – 4.16%).

### YTD 2025

Total interest costs increased mainly due to higher average debt balances and higher average cost of debt. As at June 30, 2025, the weighted average effective interest rate of our total debt is 4.03% (June 30, 2024 – 4.07%).

Interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 4.17% for the six months ended June 30, 2025 (six months ended June 30, 2024 – 4.04%).

## General and Administrative (G&A)

(thousands of dollars, except where otherwise noted)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Non-recoverable salaries and benefits, net	\$ 4,939	\$ 5,739	\$ (800)	\$ 9,832	\$ 12,187	\$ (2,355)
Unit-based compensation expense	1,526	1,587	(61)	3,489	3,541	(52)
Depreciation and amortization	314	450	(136)	629	730	(101)
Other G&A expense (i)	4,567	4,961	(394)	7,789	7,659	130
G&A expense before Enterprise Resource Planning (ERP) implementation costs	11,346	12,737	(1,391)	21,739	24,117	(2,378)
ERP implementation costs (ii)	—	1,874	(1,874)	—	4,410	(4,410)
<b>Total G&amp;A expense (iii)</b>	<b>\$ 11,346</b>	<b>\$ 14,611</b>	<b>\$ (3,265)</b>	<b>\$ 21,739</b>	<b>\$ 28,527</b>	<b>\$ (6,788)</b>
Adjusted G&A Expense as a percentage of rental revenue (iv)	4.0%	4.6%	(0.6)%	3.7%	4.1%	(0.4)%

(i) Primarily includes information technology costs, public company costs, travel, marketing, legal and professional fees, as well as trustee costs.

(ii) ERP implementation costs include salaries and benefits, and consultant and licensing costs.

(iii) G&A expenses are presented net of recoverable expenses and expenses capitalized to development and residential inventory.

(iv) Adjusted G&A Expense is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

### Q2 2025

G&A expenses decreased primarily due to a \$1.9 million decrease in ERP implementation costs, a \$0.9 million decrease in compensation costs, and a \$0.4 million decrease in other G&A expenses.

ERP implementation costs decreased as the Trust successfully deployed the new ERP system in Q2 2024.

Compensation costs decreased primarily from the organizational restructuring in Q3 2024 that reduced RioCan's workforce by approximately 9.5% and is expected to generate annual net G&A savings of approximately \$4 million and annualized cash savings of approximately \$8 million.

Adjusted G&A Expense as a percentage of rental revenue decreased from the prior year due to higher rental revenue and lower compensation costs as well as a slight decrease in discretionary expenses.

### YTD 2025

G&A expenses decreased primarily due to a \$4.4 million decrease in ERP implementation costs and a \$2.4 million decrease in compensation costs.

ERP implementation costs, compensation costs and Adjusted G&A Expense as a percentage of rental revenue all decreased from the prior year due to the same reasons described above in Q2 2025.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Internal Leasing Costs and Transaction Costs

(thousands of dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Internal leasing costs (i)	\$ 3,242	\$ 3,092	\$ 150	\$ 6,498	\$ 6,685	\$ (187)
Transaction and other costs (ii)	\$ 1,572	\$ 679	\$ 893	\$ 2,460	\$ 2,278	\$ 182

(i) Comprised of the payroll costs of our internal leasing department and related administration costs.

(ii) Includes marketing costs related to condominium and townhouse projects which are expensed as incurred before condominium sales revenue are recognized into income.

### Q2 2025

Transaction and other costs increased mainly due to higher disposition costs and higher marketing costs. The Trust incurred \$0.8 million in marketing costs for the three months ended June 30, 2025 (three months ended June 30, 2024 - \$0.5 million).

### YTD 2025

Transaction and other costs increased mainly due to higher disposition costs. The Trust incurred \$1.1 million in marketing costs for the six months ended June 30, 2025 (six months ended June 30, 2024 - \$1.1 million).

## Net Income Attributable to Unitholders

(thousands of dollars, except per unit amounts)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Net income attributable to Unitholders	\$ 145,615	\$ 122,363	\$ 23,252	\$ 61,459	\$ 250,959	\$ (189,500)
Net income attributable to Unitholders (basic)	\$ 0.49	\$ 0.41	\$ 0.08	\$ 0.21	\$ 0.84	\$ (0.63)
Net income attributable to Unitholders (diluted)	\$ 0.49	\$ 0.41	\$ 0.08	\$ 0.21	\$ 0.84	\$ (0.63)

### Q2 2025

Net income attributable to Unitholders increased largely as a result of a \$14.5 million increase in operating income and \$12.1 million higher other income, inclusive of an \$10.0 million favourable change in fair value on investment properties and a \$2.7 million increase in income from equity-accounted investments including higher residential inventory gains at the 11YV project, net of lower income from the RC-HBC LP resulting from the HBC CCAA filing. These were partially offset by \$3.4 million higher other expenses, predominantly net interest costs, with partial relief from G&A savings. Refer to the *Results of Operations - Operating Income and Net Operating Income (NOI)*, *Results of Operations - Other Income (Loss)*, *Results of Operations - Other Expenses* and *Non-GAAP Measures* sections of this MD&A for further details.

### YTD 2025

Net income attributable to Unitholders decreased largely as a result of a \$40.2 million increase in operating income, which was more than offset by \$224.8 million lower other income inclusive of an \$8.0 million unfavourable change in fair value on investment properties and a \$218.1 million decrease in income from equity-accounted investments including Total RC-HBC LP Valuation Losses of \$210.7 million resulting from the HBC CCAA filing. In addition, \$4.0 million higher other expenses, predominantly net interest costs, with partial relief from G&A savings, contributed to the decrease. Refer to the *Results of Operations - Operating Income and Net Operating Income (NOI)*, *Results of Operations - Other Income (Loss)* and *Results of Operations - Other Expenses* sections of this MD&A for further details.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Funds From Operations (FFO)

FFO is a non-GAAP financial measure of operating performance. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

(thousands of dollars, except where otherwise noted)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
FFO	\$ 138,506	\$ 127,786	\$ 10,720	\$ 284,070	\$ 263,741	\$ 20,329
FFO Adjusted	\$ 138,506	\$ 127,786	\$ 10,720	\$ 284,325	\$ 264,387	\$ 19,938
FFO per unit - basic	\$ 0.47	\$ 0.43	\$ 0.04	\$ 0.96	\$ 0.88	\$ 0.08
FFO per unit - diluted	\$ 0.47	\$ 0.43	\$ 0.04	\$ 0.96	\$ 0.88	\$ 0.08
FFO Adjusted per unit - diluted	\$ 0.47	\$ 0.43	\$ 0.04	\$ 0.96	\$ 0.88	\$ 0.08
Weighted average number of Units - basic (in thousands)	296,093	300,463	(4,370)	296,873	300,461	(3,588)
Weighted average number of Units - diluted (in thousands)	296,093	300,463	(4,370)	296,873	300,461	(3,588)
FFO Payout Ratio (i)				60.5%	61.5%	(1.0)%
FFO Adjusted Payout Ratio (i)				59.6%	61.4%	(1.8)%

(i) Calculated on a twelve-month trailing basis. For a definition of the Trust's Unitholder distributions as a percentage of FFO and FFO Adjusted, refer to the *Non-GAAP Measures* section of this MD&A.

### Q2 2025

FFO and FFO Adjusted increased by \$10.7 million when compared to the same respective period last year. On a diluted per unit basis, FFO and FFO Adjusted increased by \$0.04 or 9.3%.

The \$10.7 million increase in FFO Adjusted resulted mainly from a \$14.5 million increase in operating income, \$1.9 million higher FFO from equity-accounted investment, \$1.4 million lower Adjusted G&A Expense, partially offset by \$5.6 million higher net interest costs, and a \$1.2 million decrease in interest income. The increase in operating income was primarily from \$12.4 million in higher residential inventory gains due to timing of condominium and townhouse sales, partially offset by the disposition of non-core residential inventory development land located in Calgary, Alberta in the prior year, and \$2.0 million higher NOI. The higher NOI pertaining to our commercial properties was mainly driven by Commercial Same Property NOI growth of 2.0% or \$2.9 million and \$0.6 million higher straight-line rent. These increases were partially offset by \$1.5 million in lower lease cancellation fees and \$1.5 million lower NOI due to asset dispositions net of the impact of acquisitions, and \$0.2 million in lower NOI from completed developments. Leasing progress on completed developments and the acquisition of Market Phase Two and Three increased residential NOI by \$1.8 million.

### YTD 2025

FFO increased by \$20.3 million and FFO Adjusted increased by \$19.9 million when compared to last year. On a diluted per unit basis, FFO and FFO Adjusted increased by \$0.08 or 9.1%.

The \$19.9 million increase in FFO Adjusted resulted mainly from a \$40.2 million increase in operating income, \$1.5 million lower Adjusted G&A Expense and a \$1.3 million increase in interest income, partially offset by \$10.7 million lower FFO from equity-accounted investments, higher net interest costs of \$10.8 million, and \$2.5 million in lower investment and other income. The decrease in FFO from equity-accounted investments is mainly due to the \$12.1 million gain from the disposition of a 12.5% interest in the 11YV project during the comparative period, \$3.8 million lower FFO from the RC-HBC LP, \$0.9 million lower capitalized interest from equity-accounted investments, partially offset by \$5.8 million higher residential inventory gains from the sale of condominium units within the equity-accounted investments. The increase in operating income was primarily due to \$30.6 million higher inventory gains primarily due to timing of condominium and townhouse sales, partially offset by the disposition of non-core residential inventory development land located in Calgary, Alberta in the prior year, and \$10.6 million higher NOI. The higher NOI pertaining to our commercial properties was mainly driven by Commercial Same Property NOI growth of 2.7% or \$7.9 million, \$1.5 million higher NOI from completed developments and \$0.6 million higher lease cancellation fees, partially offset by \$2.9 million lower NOI due to asset dispositions net of the impact of acquisitions. Leasing progress on completed developments and the acquisition of Market Phase Two and Three, partially offset by dispositions increased residential NOI by \$2.9 million.

### FFO Payout Ratio

The FFO Payout Ratio was 60.5% for the twelve-month period ended June 30, 2025 compared to 61.5% in 2024. The decline in the FFO Payout Ratio relative to last year is due to higher FFO and units repurchased under the Normal Course Issuance Bid (NCIB), partially offset by a \$0.0300 and \$0.0480 per unit per annum increase in distributions effective February 2024 and February 2025, respectively.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Adjusted Funds From Operations (AFFO)

AFFO is a non-GAAP financial measure of operating performance. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

(thousands of dollars, except where otherwise noted)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
AFFO	\$ 119,038	\$ 109,100	\$ 9,938	\$ 245,221	\$ 224,895	\$ 20,326
AFFO Adjusted	\$ 119,038	\$ 109,100	\$ 9,938	\$ 245,476	\$ 225,541	\$ 19,935
AFFO per unit - basic	\$ 0.40	\$ 0.36	\$ 0.04	\$ 0.83	\$ 0.75	\$ 0.08
AFFO per unit - diluted	\$ 0.40	\$ 0.36	\$ 0.04	\$ 0.83	\$ 0.75	\$ 0.08
AFFO Adjusted per unit - diluted	\$ 0.40	\$ 0.36	\$ 0.04	\$ 0.83	\$ 0.75	\$ 0.08
Weighted average number of Units - basic (in thousands)	296,093	300,463	(4,370)	296,873	300,461	(3,588)
Weighted average number of Units - diluted (in thousands)	296,093	300,463	(4,370)	296,873	300,461	(3,588)
AFFO Payout Ratio (i)				70.7%	71.8%	(1.1)%
AFFO Adjusted Payout Ratio (i)				69.5%	71.6%	(2.1)%

(i) Calculated on a twelve-month trailing basis. For a definition of the Trust's Unitholder distributions as a percentage of AFFO and AFFO Adjusted, refer to the *Non-GAAP Measures* section of this MD&A.

### Q2 2025

AFFO and AFFO Adjusted increased by \$9.9 million over the comparable period. On a diluted per unit basis, AFFO and AFFO Adjusted increased by \$0.04 or 11.1%.

The \$9.9 million increase in AFFO Adjusted was primarily due to the same reasons as described above for FFO Adjusted, except that higher straight-line rent was excluded, and higher internal leasing costs were included. Refer to the *Results of Operations - Funds From Operations (FFO)* section of this MD&A for further details.

### YTD 2025

AFFO increased by \$20.3 million and AFFO Adjusted increased by \$19.9 million over the comparable period. On a diluted per unit basis, AFFO and AFFO Adjusted increased by \$0.08 or 10.7%.

The \$19.9 million increase in AFFO Adjusted was primarily due to the same reason mentioned above except that the impact of lower straight-line rent was excluded. Refer to the *Results of Operations - Funds From Operations (FFO)* section of this MD&A for further details.

### AFFO Payout Ratio

The AFFO Payout Ratio was 70.7% for the twelve-month period ended June 30, 2025 compared to 71.8% in 2024. The decline compared to last year was primarily due to higher AFFO on a rolling twelve month basis and units repurchased under the NCIB, partially offset by a \$0.0300 and \$0.0480 per unit per annum increase in distributions effective February 2024 and February 2025, respectively.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## ASSET PROFILE

### Property Valuations

Refer to Note 3 of the Condensed Consolidated Financial Statements for a continuity schedule for the change in consolidated IFRS carrying values of our investment properties.

#### Investment Property Valuation

The Trust recorded net fair value gains of \$15.9 million and \$1.2 million, including assets held for sale, for the three and six months ended June 30, 2025 respectively. The fair value gains in the current quarter and year-to-date were primarily due to higher stabilized NOI and changes in development yield, partially offset by the impact of cost-to-complete adjustments on properties under development.

#### Capitalization Rates

The weighted average capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date. The table below provides details of the change in the weighted average capitalization rate (weighted by Stabilized NOI):

Weighted Average Capitalization Rate	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Beginning of period	5.40 %	5.41 %	5.41 %	5.41 %
Impact of dispositions	0.01 %	— %	— %	— %
Impact of acquisitions	(0.01)%	— %	(0.01)%	(0.01)%
Development yield	(0.01)%	— %	(0.01)%	— %
Other adjustments	— %	(0.01)%	— %	— %
End of period	5.39 %	5.40 %	5.39 %	5.40 %

At June 30, 2025, the weighted average capitalization rate of the Trust's investment portfolio decreased when compared to March 31, 2025. The carrying value of investment properties reflects the Trust's best estimate for the highest and best-use as at June 30, 2025.

The valuation of investment properties is subject to a number of factors underlying the estimated cash flows and capitalization rates used in the valuation process. These factors include but are not limited to geographic location, property type, strength of underlying tenant covenants, future intensification opportunities, estimated vacancy allowances and the resulting re-tenanting costs. Macroeconomic volatility, including impacts from trade tariffs, can affect interest rates. Changes in interest rates can influence capitalization rates, which in turn can affect property values. Interest rates, however, are only one of the many factors that impact property values. Favourable supply/demand dynamics, strong property fundamentals, the delivery of highly valued mixed-use residential developments and rising replacement costs, which further restrict the supply of quality open-air retail centres, can all provide support for fair values. Notwithstanding low visibility in a market that is short of transactions, our valuations have been validated by third-party appraisals and substantiated with available market data points including recent transactions in which we have participated. Refer to Note 3 of the Condensed Consolidated Financial Statements for a sensitivity analysis of investment property valuations to changes in the three key inputs to the property valuation - Stabilized NOI, capitalization rates and costs-to-complete.

Given the volatility in the current macroeconomic environment, the impact on the Trust's investment property valuation remains difficult to assess and predict. Refer to the *Risks and Uncertainties - Interest Rate and Financing Risk and Trade Tariffs* sections of this MD&A for discussions on these risks and uncertainties.

### Valuation Processes

#### Internal Valuations

RioCan measures the vast majority of its investment properties, including co-owned properties, using valuations prepared by its internal valuation team which utilizes appraisal methodologies largely consistent with the practices employed by third-party appraisers. This team of individuals has specialized industry experience in real estate valuations and report directly to a senior member of the Trust's management. The internal valuation team's processes and results are reviewed and approved by the Valuations Committee on a quarterly basis.

The Trust's Valuations Committee is responsible for approving any fair value changes to the investment properties and consists of senior management of the Trust including the Chief Financial Officer, Chief Operating Officer, Chief Investment Officer and other executive members.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## External Valuations

Depending on the property asset type and location, management may opt to obtain independent third-party valuations from accredited valuation professionals for purposes of adopting such appraised values in the case of land parcels or assessing the reasonableness of its internal investment property valuations.

During the six months ended June 30, 2025, the Trust obtained a total of ten external property appraisals which supported an IFRS fair value of approximately \$0.8 billion or 5.3% of the Trust's investment property portfolio as at June 30, 2025. Our mandate is to conduct an average of five external appraisals on investment properties on a quarterly basis or 20 investment properties a year, plus a selection of external land valuations, which are done every fourth quarter on our excess land and greenfield sites.

## Acquisitions and Dispositions

### Acquisitions

Acquisitions for the six months ended June 30, 2025 are as follows:

(in thousands of dollars or sq. ft., except where otherwise noted)			Purchase price (i) (At RioCan's interest)						
Property name and location	Date acquired	Interest acquired	IPP	PUD	Residential Inventory	Equity-accounted investments (EAI JV)	Total Acquisitions (ii)	Vendor take-back mortgage, purchase price payable and/or debt assumed	NLA acquired (thousands of sq. ft.)
<b>Q2 2025</b>									
Market Phase Two and Three, Laval, QC	April 1	90.0 %	\$125,315	\$ —	\$ —	\$ —	\$ 125,315	\$ —	243
			<b>\$125,315</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 125,315</b>	<b>\$ —</b>	<b>243</b>
<b>Q1 2025</b>									
Land lease at Galeries Laurentides, Saint-Jérôme, QC (iii)	March 17	100.0 %	\$ 393	\$ —	\$ —	\$ —	\$ 393	\$ —	—
4th Street Lofts, Calgary, AB (iv)	February 3	50.0 %	—	53,851	—	—	53,851	37,757	104
Condominium density at RioCan Leaside Centre, Toronto, ON	January 1	75.0 %	—	—	—	59,308	59,308	—	—
			<b>\$ 393</b>	<b>\$53,851</b>	<b>\$ —</b>	<b>\$ 59,308</b>	<b>\$ 113,552</b>	<b>\$ 37,757</b>	<b>104</b>
<b>Total 2025 acquisitions</b>			<b>\$125,708</b>	<b>\$53,851</b>	<b>\$ —</b>	<b>\$ 59,308</b>	<b>\$ 238,867</b>	<b>\$ 37,757</b>	<b>347</b>

(i) Purchase price includes transaction costs of \$4.4 million in aggregate.

(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on this non-GAAP financial measure.

(iii) RioCan exercised the purchase option in a land lease to acquire a parcel of land at the property.

(iv) Purchase price before transaction costs of \$0.4 million was \$53.5 million. Upon closing, RioCan assumed a \$34.1 million construction loan and a \$3.0 million construction payable and recorded \$0.7 million in contingent consideration. A mezzanine loan receivable due to RioCan from the vendor of \$15.7 million was settled upon closing.

Total Acquisitions by RioCan included a 90% interest in a residential rental property in Laval, Quebec, and a 50% interest in a mixed-use residential rental property located in the Beltline neighbourhood of Calgary, Alberta, both of which were pursuant to forward purchase arrangements. RioCan also acquired its partner's 75% interest in the condominium density at RioCan Leaside Centre in Toronto, Ontario.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Dispositions

Dispositions for the six months ended June 30, 2025 are as follows:

<i>(in thousands of dollars or sq. ft., except where otherwise noted)</i>			Gross sales proceeds (at RioCan's interest) (i)					
Property name and location	Date disposed	Ownership interest disposed	IPP	PUD	Residential Inventory	Total	Debt associated with property (iii)	NLA disposed at RioCan's Interest
<b>Q2 2025</b>								
Mega Centre Notre-Dame - North Parcel Lands, Laval, QC	April 22	50.0 %	\$ 36,250	\$ —	\$ —	\$ 36,250	\$ —	135
			<b>\$ 36,250</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 36,250</b>	<b>\$ —</b>	<b>135</b>
<b>Q1 2025</b>								
1946 Robertson Road, Ottawa, ON (ii)	February 28	100.0 %	\$ 1,700	\$ —	\$ —	\$ 1,700	\$ —	3
North Edmonton Cineplex, Edmonton, AB	February 20	100.0 %	15,000	—	—	15,000	—	76
			<b>\$ 16,700</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 16,700</b>	<b>\$ —</b>	<b>79</b>
<b>Total 2025 dispositions</b>			<b>\$ 52,950</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 52,950</b>	<b>\$ —</b>	<b>214</b>

(i) Residential Inventory proceeds represent dispositions of ownership interest in projects and do not include sale of inventory units to purchasers.

(ii) RioCan provided a vendor take-back mortgage of \$0.9 million.

(iii) Excludes debt associated with property paid prior to or on closing.

As of August 7, 2025, closed dispositions totalled \$230.4 million, and are in line with IFRS values. For the six months ended June 30, 2025, we completed \$53.0 million of lower-growth property dispositions including the sale of a Cineplex-anchored property, a single-tenant property and part of an open-air retail site in Quebec. Subsequent to quarter end, RioCan closed four previously announced firm sales of its 50% interest in RioCan Living properties (one in Calgary, Alberta and three in Ottawa, Ontario). The weighted average capitalization rate for the \$230.4 million of total closed dispositions to August 7, 2025 was 4.29%. RioCan has also entered into a conditional agreement for the sale of an additional RioCan Living property.

## Mortgages and Loans Receivable

Contractual mortgages and loans receivable as at June 30, 2025 and December 31, 2024 are comprised of the following:

(thousands of dollars, except where otherwise noted)	Weighted average			June 30, 2025	December 31, 2024
	Contractual interest rate (i)	Effective interest rate (i)	Terms to maturity (in years) (i)		
As at					
Mezzanine financing and other	9.70%	9.70%	1.3	\$ 253,158	\$ 367,731
Vendor take-back	5.07%	6.52%	1.3	106,348	102,998
<b>Total</b>				<b>\$ 359,506</b>	<b>\$ 470,729</b>
Floating rate loans (ii)	10.83%	10.83%	0.9	\$ 155,158	\$ 256,600
Fixed rate loans (iii) (iv)	6.45%	7.18%	1.6	204,348	214,129
<b>Total</b>				<b>\$ 359,506</b>	<b>\$ 470,729</b>
Weighted average contractual interest rate				<b>8.31%</b>	8.81%
Weighted average effective interest rate				<b>8.76%</b>	9.13%
Weighted average terms to maturity (years)				<b>1.3</b>	1.5

(i) Information presented as at June 30, 2025.

(ii) As at December 31, 2024, contractual interest rates and effective interest rates were 10.21% and 10.21%, respectively.

(iii) As at June 30, 2025, \$12.4 million included in fixed rate loans was variable to the prime rate, with a prime rate floor of 3.95% and prime rate cap of 4.95% (December 31, 2024 - \$12.1 million).

(iv) As at December 31, 2024, weighted average contractual interest rates and effective interest rates were 7.13% and 7.83%, respectively.

All of the \$359.5 million of mortgages and loans receivable as at June 30, 2025 are carried at amortized cost. Mortgages and loans receivable are either directly or indirectly secured by real property, and as at June 30, 2025, \$86.4 million are full recourse to or guaranteed by the project/property sponsors.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Debtor-In-Possession financing (DIP Loan) and two secured mezzanine loans receivable from RC-HBC LP totalling \$41.4 million are included in the table above. As part of the Receivership Proceedings (defined in the *Asset Profile - Joint Arrangements* section below), RioCan has provided a \$3.1 million DIP Loan to RC-HBC LP as at June 30, 2025, bearing an interest rate of Prime + 6%. The DIP Loan ranks in priority to the security interests of all other loans in RC-HBC LP. In addition, in 2024, RioCan advanced two mezzanine loans to RC-HBC LP for a total of \$38.4 million as at June 30, 2025, both maturing on November 30, 2025, at a rate of Canadian Overnight Repo Rate Average (CORRA) + 7.75% with a weighted average CORRA floor of 4.73%. Both mezzanine loans are secured by a second mortgage on the related income producing property. The current estimated fair values of the related income producing properties support the full repayment or settlement of the mezzanine loans.

RioCan's Declaration of Trust and certain credit agreements contain provisions that have the effect of limiting the investment in mortgages receivable under specific circumstances. Refer to Note 26 of the audited annual consolidated financial statements for the year ended December 31, 2024 (2024 Audited Annual Consolidated Financial Statements) for further details.

## Joint Arrangements

Joint arrangement activities represent real estate investments in which RioCan has joint control and either owns an undivided interest in the assets and liabilities with its co-owners (co-ownership or joint operations) or ownership rights to the residual equity of a separate entity holding the property interests (joint ventures) that are accounted for as equity-accounted investments (EAI JV). RioCan has 45 properties in joint operations and six properties in six joint ventures (December 31, 2024 - 43 properties in joint operations and 17 properties in eight joint ventures). RioCan's primary co-ownership arrangements are with Allied Properties REIT (Allied); Boardwalk REIT (Boardwalk); Broccolini Real Estate Group (Broccolini); Canada Pension Plan Investment Board (CPPIB); Killam Apartment REIT (Killam); KingSett Capital (KingSett); Tanger Factory Outlet Centres, Inc. (Tanger); Woodbourne Capital Management (Woodbourne); and Sun Life Financial. The Trust also has partial interests in six properties held through joint ventures with Marketvest Corporation, Fieldgate Urban (Fieldgate), Parallax Properties Inc. (Parallax), Lee Chow Group, and with a number of investors in RC (Queensway) LP and RC Yorkville LP, which are included in our equity-accounted investments in the Condensed Consolidated Financial Statements. The Trust's co-ownership arrangements are governed by co-ownership agreements with its various co-owners. The Trust's joint venture arrangements are typically governed by limited partnership agreements and/or shareholders' agreements. RioCan's standard joint arrangements provide exit and transfer provisions, including, but not limited to, buy/sell and/or right-of-first offers or refusals that allow for the unwinding of these joint arrangements should the circumstances necessitate.

Generally, the Trust is only liable for its proportionate share of the obligations of the joint arrangements in which it participates, except in limited circumstances. Credit risk may arise in the event that co-owners default on the payment of their proportionate share of such obligations. The joint arrangement agreements will typically provide RioCan with an option to remedy any non-performance by a defaulting co-owner/partner. These credit risks are mitigated as the Trust has recourse against the assets under its joint arrangement agreements in the event of default by its co-owners/partners, in which case the Trust's claim would be against both the underlying real estate investments and the co-owners/partners that are in default. In addition, RioCan has provided guarantees on debt totalling \$356.2 million as at June 30, 2025 on behalf of co-owners/partners (December 31, 2024 - \$600.7 million). These guarantees are expected to decrease as certain development projects are completed. Refer to the *Capital Resources and Liquidity - Off-Balance Sheet Arrangements - Guarantees* section of this MD&A for further details.

In addition to the six joint ventures, the Trust has significant influence over five limited partnerships, and, as a result, these are also equity-accounted investments. The total aggregate carrying-value of equity-accounted investments was \$201.1 million as at June 30, 2025 (December 31, 2024 - \$408.6 million), of which the most significant equity-accounted investments were RC-HBC LP \$40.2 million, PR Bloor Street LP \$54.2 million and the combined WhiteCastle New Urban Fund LPs \$52.8 million (December 31, 2024 - \$249.0 million, \$52.6 million and \$50.7 million, respectively). In addition to its net equity in equity-accounted investments, RioCan has guaranteed certain debt in proportion to its ownership interest within equity-accounted investments to third-party lenders in the aggregate amount of \$121.1 million (December 31, 2024 - \$160.1 million). For clarity, the \$121.1 million of debt is included in the calculation of Total Debt (RioCan's Proportionate Share).



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Selected Financial Information of Joint Ventures and Other Equity-Accounted Investments

### Total Assets

(thousands of dollars)	Income Producing Properties				Residential Inventory		Other (i)		Total Assets	Total assets as at December 31, 2024
As at June 30, 2025	PUD									
Joint operations:										
<b>Total assets of proportionately consolidated joint operations</b>	<b>\$ 2,756,793</b>	<b>\$ 317,881</b>	<b>\$ 208,965</b>	<b>\$ 171,634</b>	<b>\$ 3,455,273</b>					<b>\$ 3,274,307</b>
Equity-accounted joint ventures:										
PR Bloor Street LP	—	2,403	99,901	485	102,789					103,204
RC (Queensway) LP	—	4,233	57,347	2,577	64,157					54,768
RC Yorkville LP	6,227	312	21,093	6,565	34,197					70,260
RCLC King and Sherbourne LP	8,981	7,894	—	6,021	22,896					23,839
RioCan-Fieldgate LP	—	2,267	17,422	99	19,788					19,428
Dawson-Yonge LP	9,963	—	—	145	10,108					10,050
RC (Leaside) LP - Class B (iv) (vi)	—	—	—	—	—					10,441
RC-HBC LP (iii) (iv) (v)	—	—	—	—	—					416,806
<b>Total assets of equity-accounted joint ventures (ii)</b>	<b>\$ 25,171</b>	<b>\$ 17,109</b>	<b>\$ 195,763</b>	<b>\$ 15,892</b>	<b>\$ 253,935</b>					<b>\$ 708,796</b>
RC-HBC LP (iii) (iv) (v)	35,613	174,136	—	(5,120)	204,629					—
Other equity-accounted investments (ii)	—	—	108,574	21,984	130,558					136,956
<b>Total assets of equity-accounted investments (ii)</b>	<b>\$ 60,784</b>	<b>\$ 191,245</b>	<b>\$ 304,337</b>	<b>\$ 32,756</b>	<b>\$ 589,122</b>					<b>\$ 845,752</b>
<b>Total joint operations and equity-accounted investments (ii)</b>	<b>\$ 2,817,577</b>	<b>\$ 509,126</b>	<b>\$ 513,302</b>	<b>\$ 204,390</b>	<b>\$ 4,044,395</b>					<b>\$ 4,120,059</b>

- (i) Primarily includes amounts due on condominium closings, cash and cash equivalents, rents receivable and other operating expenditures recoverable from tenants.
- (ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information.
- (iii) Upon the commencement of receivership on June 3, 2025, RC-HBC LP was reclassified from joint ventures to other equity-accounted investments. Upon HBC vacating the premises, the HBC units were transferred to PUD as re-tenancing will require higher than normal redevelopment time. Refer to the *RC-HBC LP* section below for more details.
- (iv) Refer to Note 4 of the Condensed Consolidated Financial Statements for more information.
- (v) Total RioCan's equity in RC-HBC LP is \$40.2 million as at June 30, 2025 (December 31, 2024 - \$249.0 million).
- (vi) Ceased to be an equity accounted joint venture upon RioCan acquiring its partners 75% interest in the Class B units on January 1, 2025.

### Total NOI

NOI of proportionately consolidated joint operations and NOI of joint operations and equity-accounted investments are non-GAAP financial measures. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Three months ended June 30				
Joint Operations:				
<b>Total NOI from proportionately consolidated joint operations</b>	<b>\$ 32,931</b>	<b>\$ 30,337</b>	<b>\$ 64,323</b>	<b>\$ 59,409</b>
Equity-accounted investments:				
Joint ventures:				
Dawson-Yonge LP	139	132	259	259
RCLC King and Sherbourne LP	47	—	115	—
RC Yorkville LP	12	—	2	—
RioCan-Fieldgate LP	2	(3)	—	(2)
RC (Queensway) LP	6	—	—	—
PR Bloor Street LP	55	305	(22)	541
RC-HBC LP (i)	—	5,908	—	11,783
<b>Total NOI of equity-accounted joint ventures</b>	<b>\$ 261</b>	<b>\$ 6,342</b>	<b>\$ 354</b>	<b>\$ 12,581</b>
RC-HBC LP (i)	2,533	—	7,333	—
Other equity-accounted investments	49	81	156	163
<b>Total NOI of equity-accounted investments (ii)</b>	<b>\$ 2,843</b>	<b>\$ 6,423</b>	<b>\$ 7,843</b>	<b>\$ 12,744</b>
<b>Total NOI of joint operations and equity-accounted investments</b>	<b>\$ 35,774</b>	<b>\$ 36,760</b>	<b>\$ 72,166</b>	<b>\$ 72,153</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

- (i) Upon the commencement of receivership on June 3, 2025, RC-HBC LP was reclassified from joint ventures to other equity-accounted investments. Refer to *RC-HBC LP* section below for more details.
- (ii) Total FFO from equity-accounted investments was \$7.6 million and \$13.7 million for the three and six months ended June 30, 2025 (June 30, 2024 - \$5.7 million and \$24.4 million, respectively). Included in FFO was \$6.9 million and \$8.7 million related to the gain on sale of condominium units for the three and six months ended June 30, 2025. The remaining FFO from equity-accounted investments is predominantly from RC-HBC LP, which contributed \$0.5 million and \$3.0 million of FFO for the three and six months ended June 30, 2025 (June 30, 2024 - \$3.3 million and \$6.7 million, respectively).

## RC-HBC LP

As at June 30, 2025, RioCan's net investment in RC-HBC LP is \$40.2 million or 0.5% of total RioCan's equity (December 31, 2024 - \$249.0 million or 3.3%, respectively).

For the three and six months ended June 30, 2025, RioCan recorded Total RC-HBC LP Valuation Losses of \$1.9 million and \$210.7 million, respectively. Refer to the *Non-GAAP Measures - Total RC-HBC LP Valuation Losses* section of this MD&A for further details.

Through its investment in RC-HBC LP, RioCan indirectly holds a 22% interest in ten locations where HBC was the sole tenant, and an 11% interest in two co-owned multi-tenanted locations (RC-HBC LP owns 50% of these two multi-tenanted locations and RioCan owns 50% directly).

On March 7, 2025, HBC and certain of its affiliates filed and obtained CCAA protection (the "CCAA Proceedings"). RC-HBC LP is not an applicant in the CCAA Proceedings. Pursuant to the CCAA Proceedings, HBC made monthly rent payments to RC-HBC LP from March to mid-June 2025 sufficient to cover expenses, debt service obligations and fees, including fees and debt service that is payable to RioCan, vacating all 12 locations by mid-June.

On June 3, 2025, RC-HBC LP was transitioned, at the request of RioCan, into a court-approved receivership (the "Receivership Proceedings") and, as a result, RioCan no longer has joint control over the RC-HBC LP, but continues to have significant influence and so continues to account for the LP as an equity-accounted investment.

Effective August 6, 2025, two of the sole tenanted properties in RC-HBC LP no longer have access to funding. Inclusive of these two properties, as of August 7, 2025, RioCan has elected to no longer provide funding for five sole tenanted properties in RC-HBC LP.

For the three and six months ended June 30, 2025, RioCan earned \$1.8 million and \$3.6 million in fees in respect of certain financing services, property management fees and other consulting fees provided to RC-HBC LP (three and six months ended June 30, 2024 - \$1.6 million and \$3.3 million, respectively).

For more information on the RC-HBC LP and the impact of the CCAA Proceedings and/or Receivership Proceedings, refer to the *Asset Profile - Mortgages and Loans Receivable*, *Capital Resources and Liquidity - Declaration of Trust and Debt Covenants*, and *Capital Resources and Liquidity - Off-Balance Sheet Arrangements - Guarantees* sections of this MD&A and to Note 4 in the Condensed Consolidated Financial Statements for the three and six months ended June 30, 2025.

RioCan has prepared this information with respect to the carrying values within RC-HBC LP, its investment in RC-HBC LP, recoverability of mezzanine loans and status of its guarantee based on certain estimates and assumptions of RioCan which management believes are reasonable. Readers are cautioned that the information estimated with respect to RC-HBC LP may vary materially, including, without limitation, as a result of the CCAA Proceedings and/or Receivership Proceedings.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Capital Expenditures on Income Producing Properties

### Maintenance Capital Expenditures

Maintenance capital expenditures consist primarily of tenant improvements, third-party leasing commissions and certain recoverable and non-recoverable capital expenditures. Maintenance capital expenditures maintain the earnings capacity of our property portfolio and are dependent upon numerous factors. These include, but are not limited to, lease expiry profile, tenant vacancies, the age and location of the income producing properties and general economic and market conditions, which impact the level of tenant bankruptcies.

Actual maintenance capital expenditures can vary widely from period to period depending on a number of factors as noted above, as well as the level of acquisition and disposition activity. As a result, management believes that for the purpose of determining AFFO, as discussed in the *Non-GAAP Measures* section of this MD&A, using Normalized Capital Expenditures as an input in assessing a REIT's recurring economic earnings is more relevant than using actual capital expenditures. Refer to the *Non-GAAP Measures* section of this MD&A for details on how management estimates its Normalized Capital Expenditures used in the determination of AFFO.

#### Tenant improvements and external leasing commissions

The Trust's portfolio requires ongoing investments of capital for costs related to tenant improvements, broker commissions on new and renewal tenant leases and other third-party leasing costs. The amount and timing of capital outlays to fund tenant improvements on the Trust's income producing property portfolio depend on several factors, which may include the lease maturity profile, unforeseen tenant bankruptcies and the location of the income producing property.

#### Recoverable and non-recoverable capital expenditures

The Trust invests capital on a regular basis to physically maintain its income producing properties. Typical costs incurred are for expenditures such as roof replacement programs and resurfacing parking lots. Tenant leases generally provide for the ability to recover a significant portion of such costs from tenants over time as property operating costs. The Trust expenses or capitalizes these amounts to income producing properties, as appropriate. The majority of such activities occur when weather conditions are favourable. As a result, these expenditures are generally not consistent throughout the year.

### Revenue Enhancing Capital Expenditures

Capital spending for new or existing income producing properties that is expected to create, improve and/or add to the overall earnings capacity of the property portfolio is considered revenue enhancing. RioCan considers such amounts to be investing activities. As a result, it does not expect such expenditures to be funded from cash flows from operating activities and does not consider such amounts as a key determinant in setting the amount that is distributed to our Unitholders. Revenue enhancing capital expenditures are not included in the determination of AFFO.

### Summary of Capital Expenditures

Expenditures for third-party leasing commissions and tenant improvements, recoverable and non-recoverable, and revenue enhancing capital expenditures pertaining to our income producing properties are as follows:

	Three months ended June 30			Six months ended June 30			Normalized Capital Expenditures (i)
(thousands of dollars)	2025	2024	Change	2025	2024	Change	YTD Q2 2025
Maintenance capital expenditures:							
Tenant improvements and external leasing commissions	\$ 14,115	\$ 5,240	\$ 8,875	\$ 32,153	\$ 16,863	\$ 15,290	\$ 16,000
Recoverable from tenants	1,792	1,894	(102)	5,865	1,804	4,061	9,000
Non-recoverable	558	331	227	1,528	3,090	(1,562)	2,500
	\$ 16,465	\$ 7,465	\$ 9,000	\$ 39,546	\$ 21,757	\$ 17,789	\$ 27,500
Revenue enhancing capital expenditures	4,136	5,351	(1,215)	12,582	23,020	(10,438)	
	\$ 20,601	\$ 12,816	\$ 7,785	\$ 52,128	\$ 44,777	\$ 7,351	

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for details on how management estimates its Normalized Capital Expenditures.

RioCan's total maintenance capital expenditures for the six months ended June 30, 2025 were \$12.0 million higher than the Normalized Capital Expenditures estimate primarily due to higher tenant improvements and external leasing commissions, partially offset by lower recoverable expenditures from tenants and non-recoverable capital expenditures. This was primarily related to higher than expected tenant improvements and external leasing commissions and timing of expenditures, including expenditures being advanced into 2025 from 2026. For 2025, normalized maintenance capital expenditure guidance is set at \$55.0 million, allocated evenly to each quarter, although quarterly fluctuations between the estimated normalized maintenance capital expenditures and actual expenditures are expected. The Trust will reassess the estimated normalized maintenance capital expenditures as necessary on a going forward basis. Revenue enhancing capital expenditures for 2025 are expected to be between \$10.0 million and \$20.0 million.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## DEVELOPMENT ACTIVITIES

### Development Opportunities

RioCan's sizable portfolio provides embedded long-term value-enhancement opportunities. The Trust's well-located retail centres are generally built with lot coverages of approximately 25% of the underlying lands which provide excess density for potential intensification. All development sites are well-located, transit-oriented locations in Canada's six largest metropolitan markets with 79.5% of projects located in the GTA.

### Established Development Expertise

RioCan operates an in-house development team with extensive experience to execute every stage of the development lifecycle from site identification, development planning, zoning, design, construction management oversight, product delivery, and operations. The Trust has a track record of successfully executing development projects and over 30 years of experience in the Canadian commercial real estate landscape.

### Strategic Financial & Risk Management

RioCan's management team actively manages development capital requirements and adapts to changing market conditions. RioCan continues to advance properties to shovel ready status. RioCan does not intend to start new physical construction of mixed-use properties under the current market conditions as we focus on other capital allocation priorities. Given that RioCan's development pipeline is primarily comprised of excess density embedded within existing income producing assets, the Trust is able to manage the timing of development starts. If required, these assets can continue to generate income until the appropriate time to commence physical construction is reached in order to generate strong incremental returns and increase the Trust's net asset value. We will continue to intensify our existing retail assets through the strategic addition of strips and pad sites. As market rental rates trend upward and construction costs decrease, this approach remains highly accretive. These enhancements not only optimize land use but also drive incremental NAV and Same Property NOI growth. Refer to the *Our Business and Our Business Environment and Risks and Uncertainties* sections of this MD&A for discussions about the development environment as well as associated development risk.

The Trust categorizes the projects within its development pipeline as follows:

Category	Description
Projects under construction	Development projects under active construction or anticipated to commence active construction in the next three months.
Shovel ready development sites	Zoning by-law approval, legal obligations achieved, as well as environmental and tenant encumbrances resolved. Upon financial commitment and site plan approval, project will commence construction.
Zoning approved	Achieved full zoning by-law amendment approval.
Zoning application submitted	Trust has submitted re-zoning application to change municipality zoning designation and/or increase density.
Future developments	Sites identified in key urban markets with potential for mixed-use, retail and residential development. The Trust is actively reviewing redevelopment strategy on these sites including re-zoning and entitlement process to seek incremental density.

## Development Pipeline

RioCan's development pipeline on a proportionate share basis in equity-accounted joint ventures as at June 30, 2025 is summarized below:

(in thousands of dollars or sq. ft. and at RioCan's interest unless otherwise noted)	Estimated GFA (i)			Residential units at 100% ownership (i)(ii)	Investment			
	Commercial	Residential (ii)	Total (iii)		Residential inventory cost to date (iv)(v)	PUD cost to date (iv)	Estimated cost to complete	Estimated total
Projects under construction (vi)	138	607	745	1,988	\$ 241,725	\$ 250,216	\$ 94,790	\$ 586,731
Shovel ready development sites	873	801	1,674	1,389	7,131	174,208	—	181,339
Zoning approved	1,734	16,427	18,161	20,259	228,826	226,398	—	455,224
Zoning application submitted	54	2,975	3,029	5,661	47,601	79,716	—	127,317
Future developments	1,952	18,251	20,203	15,453	4,284	120,504	—	124,788
Development lands & others	—	—	—	—	—	101,594	—	101,594
<b>Total Development at Cost</b>	<b>4,751</b>	<b>39,061</b>	<b>43,812</b>	<b>44,750</b>	<b>\$ 529,567</b>	<b>\$ 952,636</b>	<b>\$ 94,790</b>	<b>\$ 1,576,993</b>
<b>Total properties under development at fair value</b>	<b>\$ 889,966</b>							

(i) Estimated GFA and the number of residential units are based on current development plans; final square footage and units may differ.

(ii) Includes residential condominiums, townhouses, and residential rental development.

(iii) Estimated total square footage includes 4.7 million square feet of NLA currently income producing.

(iv) Non-GAAP financial measures are presented at RioCan's Proportionate Share in Equity-Accounted Investments Joint Ventures. Refer to the *Non-GAAP Measures* section in this MD&A for more information.

(v) Residential inventory cost to date includes commissions.

(vi) Estimated NLA on projects under construction approximates 0.7 million square feet by applying a 90% GFA conversion factor.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Completed Developments

For the six months ended June 30, 2025, RioCan transferred a total of 45,000 square feet of new development NLA, including 24,000 square feet of commercial retail projects that consist of national level tenants and 21,000 square feet of mixed-use projects that consist of residential units and retail units completed in the six months ended June 30, 2025.

For the six months ended June 30, 2025, RioCan completed a total of 737 condominium units, recognizing a total inventory gain of \$46.6 million on a proportionate share basis. The inventory gain included a benefit of \$11.2 million from the release of cost contingencies on the U.C. completed phases and a \$3.2 million provision on accounts receivable due on final closing.

The following table details condominium completions at RioCan's proportionate share in equity-accounted joint ventures for the six months ended June 30, 2025:

(in thousands of dollars and at RioCan's interest unless otherwise noted)

Project / Location	% Ownership	Units at 100% ownership	Revenue	Cost	Commissions	Provision for bad debts on amounts due on condominium final closings	Release of cost contingencies on completed projects (ii)	Inventory gain
<b>Townhouses/ Condominium</b>								
U.C. Tower 2, Oshawa, ON	50.0%	328	\$ 87,907	\$ (61,017)	\$ (2,713)	\$ (297)	—	\$ 23,880
11YV, Toronto, ON (i)	12.5%	307	42,617	(33,850)	(1,192)	(225)	—	7,350
U.C. Tower 3, Oshawa, ON	50.0%	36	11,704	(6,379)	(476)	(1,668)	—	3,181
Queen & Ashbridge, Toronto, ON	50.0%	66	21,663	(18,653)	(933)	(1,059)	—	1,018
U.C. Completed phases, Oshawa, ON	50.0%	n/a	—	—	—	—	11,214	11,214
<b>Total townhouse &amp; condominium development</b>		<b>737</b>	<b>\$ 163,891</b>	<b>\$(119,899)</b>	<b>\$ (5,314)</b>	<b>\$ (3,249)</b>	<b>11,214</b>	<b>\$ 46,643</b>

(i) Equity-accounted joint venture.

(ii) Relates to the following completed phases: U.C. Towns, U.C. Uptowns, U.C. Tower 1 and U.C. Towns 2.

## 2025-2028 Development Deliveries

RioCan's development pipeline is expected to deliver 0.6 million of square feet of GFA between 2025 to 2026 split between mixed-use, retail and residential rental development. During this period, we expect to complete between \$425 million to \$475 million in IFRS cost transferred from PUD to IPP or \$350 million to \$400 million in Net Cost Transfer from PUD to IPP <sup>(i)</sup>. On a pro forma basis, we expect to generate going-in cash NOI yields of approximately 4% to 5% based on Net Cost Transfer from PUD to IPP. Cash NOI is then expected to grow by at least 3% each year thereafter, driven primarily by contractual rent steps and positive leasing spreads. In addition, between 2025 to 2028, we expect to deliver 2,186 units and 0.6 million of square feet of GFA for residential inventory, and record residential inventory sales revenue of \$340 million to \$350 million in 2025 and \$155 million to \$165 million in 2026 to 2028.

(i) Net cost transfer is expressed on a cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development. Refer to the *Non-GAAP Measures* section of this MD&A for further information on net cost transfers from PUD to IPP during 2024 and 2023.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Development Projects Under Construction

RioCan currently has nine mixed-use developments and four retail developments under active construction. Upon completion of these development projects under construction, the Trust is expected to deliver approximately 138,000 square feet of commercial space and 1,988 residential units, including 1,449 condominium units at 100% interest.

The following table details RioCan's development projects under construction on a proportionate share basis including equity-accounted joint ventures as at June 30, 2025:

(in thousands of dollars and at RioCan's interest unless otherwise noted)				Estimated GFA ('000 sq. ft.) (i)		Investment					
	Ownership	% ownership	Estimated Residential units at 100% ownership (i)	Residential	Commercial	Total cost to date (ii) (iii)	Estimated cost to complete	Estimated total (iii)	Estimated residential inventory sales revenue (vii)	Remaining residential inventory pre-sold %	Estimated completion period (iv)
<b>Mixed-use</b>											
11YV, Toronto, ON (Condominium) (v)(ix)	12.5 %		190	19	—	\$ 21,822	\$ 2,861	\$ 24,683	\$28,000 - \$30,000	100 %	2025 Q3
U.C. Tower 2, Oshawa, ON (Condominium) (ix)	50.0 %		44	19	—	8,546	3,059	11,605	\$12,000 - \$13,000	52 %	2025 Q3
Queen & Ashbridge, Toronto, ON (Condominium)	50.0 %		333	122	—	102,940	9,988	112,928	\$132,000 - \$134,000	95 %	2025 Q3 - 2026 Q1
U.C. Tower 3, Oshawa, ON (Condominium)	50.0 %		350	125	—	49,361	18,427	67,788	\$90,000 - \$92,000	34 %	2025 Q3 - 2025 Q4
Verge, Toronto, ON (Condominium) (v)	20.0 %		532	85	—	59,056	15,646	74,702	\$77,000 - \$79,000	90 %	2025 Q3 - 2026 Q1
<b>Subtotal - residential inventory</b>			<b>1,449</b>	<b>370</b>	<b>—</b>	<b>\$ 241,725</b>	<b>\$ 49,981</b>	<b>\$ 291,706</b>	<b>\$339,000 - \$348,000</b>		
The Well, Toronto, ON	50.0 %		—	—	65	\$ 82,028	\$ 1,953	\$ 83,981	n/a	n/a	2025 Q3 - 2025 Q4
11YV, Toronto, ON (Rental) (v) (viii)	12.5 %		22	2	—	2,928	1,252	4,180	n/a	n/a	2025 Q3
Queen & Ashbridge, Toronto, ON (Rental)	50.0 %		233	104	4	65,778	14,049	79,827	n/a	n/a	2025 Q3 - 2026 Q3
Verge, Toronto, ON (Rental) (v)	20.0 %		12	2	6	4,158	1,315	5,473	n/a	n/a	2025 Q4 - 2026 Q1
4th Street Lofts, Calgary, AB (Rental)	50.0 %		272	129	2	58,803	4,384	63,187	n/a	n/a	2025 Q3 - 2025 Q4
Others	Various		—	—	12	9,385	3,403	12,788	n/a	n/a	2025 Q3 - 2025 Q4
<b>Subtotal - commercial and residential rental</b>			<b>539</b>	<b>237</b>	<b>89</b>	<b>\$ 223,080</b>	<b>\$ 26,356</b>	<b>\$ 249,436</b>	<b>n/a</b>		
<b>Subtotal mixed-use</b>			<b>1,988</b>	<b>607</b>	<b>89</b>	<b>\$ 464,805</b>	<b>\$ 76,337</b>	<b>\$ 541,142</b>	<b>\$339,000 - \$348,000</b>		
<b>Retail</b>											
Mega Centre Notre-Dame, Laval, QC (vi)	50.0 %		n/a	—	10	\$ 2,175	\$ 6,935	\$ 9,110	n/a	n/a	2025 Q4
Clarkson Crossing, Mississauga, ON (vi)	100.0 %		n/a	—	25	14,792	3,180	17,972	n/a	n/a	2025 Q3
RioCan Windfields Phase Two, Oshawa, ON	100.0 %		n/a	—	11	9,079	390	9,469	n/a	n/a	2025 Q3
South Edmonton Common, Edmonton, AB (vi)	100.0 %		n/a	—	3	1,090	7,948	9,038	n/a	n/a	2025 Q4
<b>Subtotal retail</b>			<b>—</b>	<b>—</b>	<b>49</b>	<b>\$ 27,136</b>	<b>\$ 18,453</b>	<b>\$ 45,589</b>	<b>n/a</b>		
<b>Total projects under construction</b>			<b>1,988</b>	<b>607</b>	<b>138</b>	<b>\$ 491,941</b>	<b>\$ 94,790</b>	<b>\$ 586,731</b>	<b>\$339,000 - \$348,000</b>		

- (i) Estimated GFA and residential units are based on current development plans, final square footage and units may differ.
- (ii) Non-GAAP financial measures, refer to the *Non-GAAP Measures* section in this MD&A for more information.
- (iii) Includes selling commissions which are included in prepaid expenses and other assets. Costs are transferred to cost of sales upon buyer interim closing.
- (iv) Estimated completion period on condominium developments for Queen & Ashbridge, U.C. Tower 3 and Verge based on interim closing period of pre-sold units. Final closings of pre-sold units at these projects are expected to occur approximately 6 to 9 months following the first interim closing. Final closings of pre-sold units commenced at U.C. Tower 2 and 11YV on May 1, 2025 and May 20, 2025, respectively. The final closing of remaining units will occur in due course depending on market conditions.
- (v) Equity-accounted joint ventures.
- (vi) Total estimated costs include historical carrying amounts of \$6.6 million in aggregate transferred from IPP for redevelopment.
- (vii) Represents a reduction of \$186.0 million from December 31, 2024, primarily from condominium closings at U.C. Tower 2 of \$87.9 million, 11YV project of \$42.6 million, Queen & Ashbridge of \$21.7 million, U.C. Tower 3 of \$11.7 million and a change in estimate at U.C. Tower 3 of \$24.9 million, partially offset by \$2.8 million net increase in estimated residential sales revenue. Compared to the initial \$800 million of expected sales revenue from the active condominium and townhouse construction projects at the beginning of 2024, there has been a reduction of \$452 million including \$250.0 million from purchasers taking possession of units during 2024 and 2025 and \$180.2 million of accelerated sales revenue from the 2024 sale of 25% of partial interests in the 11YV project, partially offset by \$21.6 million net decrease in the estimated residential sales revenue for other projects.
- (viii) Firm deal to dispose of 100% of the rental replacement units from all owners expected to close in Q3 2025.
- (ix) The information represents all pre-sold and unsold remaining units.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Development Projects in Planning

RioCan actively identifies high-quality development opportunities in its existing portfolio. The Trust's development pipeline focuses on mixed-use development projects with substantially all of its developments located in Canada's six largest urban markets. The Trust aims to generate land value appreciation through re-zoning to increase density on its existing assets.

The following table details RioCan's development projects in planning on a proportionate share basis including equity-accounted joint ventures as at June 30, 2025:

<i>(in thousands of dollars and at RioCan's interest unless otherwise noted)</i>								Potential Density (i) ('000 sq.ft.)
	Greater Toronto area	Greater Ottawa area	Greater Montreal area	Greater Calgary area	Greater Edmonton area	Greater Vancouver area	Total	Potential residential units at 100% ownership
Shovel ready development sites	1,246	282	—	111	35	—	1,674	1,389
Zoning approved development	11,084	5,112	—	810	1,155	—	18,161	20,259
Zoning application submitted development	3,029	—	—	—	—	—	3,029	5,661
Future developments	19,024	—	1,179	—	—	—	20,203	15,453
<b>Total</b>	<b>34,383</b>	<b>5,394</b>	<b>1,179</b>	<b>921</b>	<b>1,190</b>	<b>—</b>	<b>43,067</b>	<b>42,762</b>

(i) Includes 38.5 million square feet of residential density and 4.6 million square feet of commercial density.

## 2025 Development Spending

The anticipated Development Spending for 2025 is as follows:

	2025 (i)
Development Spending related to:	
Residential inventory	\$110 million - \$115 million
Retail in-fill projects	\$55 million - \$60 million
Mixed-use projects (ii)	\$55 million - \$60 million
Pipeline advancement	\$45 million - \$50 million

(i) The Trust continuously reviews its longer-term targets in the context of ever-evolving macroeconomic and business environments.

(ii) No new physical construction of mixed-use properties is expected under the current market conditions.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## CAPITAL RESOURCES AND LIQUIDITY

### Capital Management Framework

RioCan defines capital as the aggregate of Unitholder and preferred Unitholders' equity and debt. RioCan's capital is as follows:

(thousands of dollars)		IFRS basis		RioCan's proportionate share (i)	
As at		June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Total debt (ii)	\$	7,435,740	\$ 7,323,914	\$ 7,754,923	\$ 7,683,297
Total equity		7,341,265	7,558,338	7,341,265	7,558,338
Total capital	\$	14,777,005	\$ 14,882,252	\$ 15,096,188	\$ 15,241,635

- (i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.
- (ii) Total debt includes \$98.8 million mortgages payable associated with assets held for sale as at June 30, 2025 (December 31, 2024 - nil).

The Trust's capital management framework is designed to maintain a level of capital that:

- complies with investment and debt restrictions pursuant to the Trust's Declaration of Trust;
- complies with debt covenants;
- enables RioCan to achieve target credit ratings; and
- funds the Trust's business strategies and builds long-term Unitholder value.

The key elements of RioCan's capital management framework are set out in the Declaration of Trust, and/or approved by the Trust's Board, through the Board's annual review of the strategic plan and budget, supplemented by periodic Board and related committee meetings. Management monitors capital adequacy of the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring compliance with investment and debt restrictions contained in the Declaration of Trust and debt covenants. In selecting appropriate funding choices, RioCan's objective is to diversify its funding sources while minimizing its funding costs and risks. RioCan expects to satisfy all of its financing requirements through the use of some or all of the following: cash on hand, cash generated by operations, refinancing of maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, conventional mortgages, sale of non-core properties or sale of partial or whole interests in developments or air rights, sale of condominium/townhouse units and through public offerings of debt and common equity or preferred units.

RioCan's objectives related to managing total debt are to change the weighting of unsecured and secured debt to 70%/30% of total debt respectively and to extend the weighted average term to maturity of the total debt portfolio beyond the current 3.95 years, as market conditions permit. This transition is expected to take time and will be balanced with credit rating implications, cost of debt, debt maturity composition and liquidity needs. Refer to the *Capital Resources and Liquidity - Debt Metrics* section of this MD&A for progress against these objectives.

### Declaration of Trust and Debt Covenants

As noted above, the Trust is subject to certain investment and debt restrictions. These restrictions include but are not limited to, total indebtedness, secured indebtedness, a debt service coverage ratio, minimum Unitholders' equity, a ratio of unencumbered property assets to unsecured indebtedness and properties held for development as a percentage of consolidated gross book value of assets. In addition, the Declaration of Trust limits direct and indirect investments in greenfield developments and development properties held for resale (each net of related mortgage debt but including mezzanine financing which funds the co-owners' share of such developments) to no more than 15% of Adjusted Unitholders' Equity of the Trust (herein referred to as the "Basket Ratio" which, along with Adjusted Unitholders' Equity, is defined in the Declaration of Trust). As at June 30, 2025, the Basket Ratio was 7.8%. These and other covenants and restrictions are more fully described in Note 26 of the 2024 Audited Annual Consolidated Financial Statements.

As at June 30, 2025, the Trust was in compliance with all of the restrictions under the Declaration of Trust and all covenants pursuant to its various debt agreements of the Trust and its subsidiaries, except for two mortgages on co-owned properties which are in technical default as a result of the commencement of the Receivership Proceedings. For these two loans, debt service remains up to date. In addition, the loans within the RC-HBC LP equity-accounted investment are in default, however, the Receivership Proceedings have stayed debt proceedings. Refer to *Asset Profile - Joint Arrangements* section of this MD&A for more information.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Debt Metrics

In addition to financial and non-financial covenants and the restrictions under the Declaration of Trust and various debt agreements, the Trust utilizes certain management-targeted debt metrics noted in the table below to assess performance against RioCan's objectives and adherence with its capital management framework. Total Indebtedness Ratio and Debt Service Coverage Ratio are managed pursuant to the unsecured credit facility agreements and the Interest Coverage Ratio is managed pursuant to Trust Indentures as defined therein. Refer to Note 25 of the Condensed Consolidated Financial Statements for the six months ended June 30, 2025.

The following table summarizes the Trust's long-term management targets for debt metrics, presented on both an IFRS and RioCan's proportionate share basis:

	Long-term targets	IFRS basis		RioCan's proportionate share (i)	
		June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Adjusted EBITDA (i) (iv)		\$ 839,430	\$ 805,211	\$ 850,580	\$ 820,217
Adjusted Debt to Adjusted EBITDA (i) (iv)	8.0x - 9.0x	8.60	8.71	8.88	8.98
Adjusted Spot Debt to Adjusted EBITDA (i) (iv)	8.0x - 9.0x	8.77	8.86	9.02	9.12
Ratio of floating rate debt to total debt (ii)	<15.0%	7.4%	2.0%	10.1%	4.3%
Ratio of Unsecured Debt to Total Contractual Debt (i) (ii)	70.0%	63.4%	58.4%	60.8%	55.7%
Weighted average term to maturity (in years) (ii)		3.95	3.73	3.81	3.72
Weighted average effective interest rate (ii) (iii)		4.03%	3.90%	4.07%	3.99%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

(ii) Information is as of respective period end.

(iii) Inclusive of hedges.

(iv) Adjusted EBITDA and Adjusted Debt are on a rolling twelve-month basis. Adjusted Spot Debt is as of June 30, 2025.

The decrease in Adjusted Debt to Adjusted EBITDA at RioCan's Proportionate Share as at June 30, 2025 when compared to December 31, 2024 was due to the higher Adjusted EBITDA partially offset by higher Adjusted Debt mainly due to development and incremental investment activities that were partially funded with debt. As at June 30, 2025, Adjusted Debt to Adjusted EBITDA at RioCan's Proportionate Share was within the 8.0x - 9.0x long-term target range.

The decrease in Adjusted Spot Debt to Adjusted EBITDA at RioCan's Proportionate Share as at June 30, 2025 when compared to December 31, 2024 was due to higher Adjusted EBITDA partially offset by higher Adjusted Spot Debt. As at June 30, 2025, Adjusted Spot Debt to Adjusted EBITDA at RioCan's Proportionate Share was marginally outside the 8.0x - 9.0x long-term target range. However, we expect this metric to be well within the target range in the coming quarters.

Adjusted EBITDA at RioCan's Proportionate Share increased for the rolling twelve months ended June 30, 2025 when compared to December 31, 2024 as a result of higher NOI from rent growth and completed developments, and higher residential inventory gains, partially offset by lower NOI from asset dispositions, net of acquisitions.

The Trust enhanced its liquidity position by completing a 5.3-year, \$200.0 million non-revolving unsecured credit facility at a floating interest rate in line with RioCan's revolving unsecured operating line of credit. This transaction, along with increased utilization of the revolving unsecured operating line of credit, resulted in a higher proportion of floating rate debt, partially offset by the repayment of construction lines related to condominium projects.

The Ratio of Unsecured Debt to Total Contractual Debt at RioCan's Proportionate Share improved to 60.8% as at June 30, 2025, demonstrating the Trust's continued progress in reducing its secured debt obligations. After factoring in the closed RioCan Living sales and repayment of maturing mortgages payable and construction lines subsequent to quarter end, the Ratio of Unsecured Debt to Total Contractual Debt increased to 63%.

## Credit Ratings

RioCan is committed to maintaining strong debt-to-EBITDA and interest and debt service coverage ratios as part of its commitment to maintaining its investment-grade debt ratings. RioCan is rated BBB by DBRS Morningstar (DBRS), an independent credit rating agency. A credit rating of BBB (low) or higher by DBRS is considered an investment-grade rating.

The following table summarizes RioCan's credit ratings as at June 30, 2025:

	DBRS	
	Credit Rating	Trend
Issuer Credit Rating	BBB	Stable
Senior Unsecured Debentures	BBB	Stable

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Total Debt Profile

RioCan's debt maturity profile and future repayments are as outlined below:

(thousands of dollars, except otherwise noted)	Principal maturities and interest rates							
	Debentures payable	Weighted average interest rate (iii)	Mortgages payable (v)	Weighted average interest rate (iii)	Lines of credit and other bank loans	Weighted average interest rate (iii)	Total debt	Weighted average interest rate (iii)
Year of debt maturity								
2025 (i)	\$ —	—%	\$ 242,040	3.83%	\$ 10,000	4.97%	\$ 252,040	3.88%
2026	600,000	2.64%	150,710	3.59%	112,522	4.71%	863,232	3.07%
2027	800,000	3.47%	240,786	2.91%	13,500	5.03%	1,054,286	3.36%
2028	650,000	3.19%	437,260	3.30%	—	—%	1,087,260	3.23%
2029	550,000	5.36%	588,373	4.28%	—	—%	1,138,373	4.80%
Thereafter	1,550,000	5.04%	887,600	3.88%	638,665	4.38%	3,076,265	4.57%
Total Contractual Debt (ii) (iii)	\$ 4,150,000	4.14%	\$ 2,546,769	3.76%	\$ 774,687	4.45%	\$ 7,471,456	4.04%
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(11,941)		(20,662)		(3,113)		(35,716)	
<b>Total debt (iv)</b>	<b>\$ 4,138,059</b>	<b>4.15%</b>	<b>\$ 2,526,107</b>	<b>3.72%</b>	<b>\$ 771,574</b>	<b>4.46%</b>	<b>\$ 7,435,740</b>	<b>4.03%</b>

(i) Amounts pertain to the remaining six months of 2025.

(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

(iii) For hedged floating rate debt, the weighted average contractual interest rate per annum reflects the fixed rate in the interest swaps. Including bond forward hedges, the weighted average contractual interest rate for total debentures is 4.05%, total mortgages is 3.62% and total debt is 3.94%.

(iv) Weighted average interest rate reflects the effective interest rate, inclusive of bond forward hedges for debentures payable and mortgages payable.

(v) Total includes \$98.8 million in mortgages payable associated with assets held for sale.

The Total Contractual Debt continuity schedule for the six months ended June 30, 2025 is as follows:

(thousands of dollars, except otherwise noted)	Debentures Payable	Mortgages Payable (iii)	Lines of Credit and Other Bank Loans	Total
Six months ended June 30, 2025				
Total Contractual Debt, beginning of period	\$ 4,100,000	\$ 2,873,368	\$ 386,036	\$ 7,359,404
Borrowings	550,000	26,400	442,394	1,018,794
Debt assumed and vendor take-back mortgage	—	—	34,084	34,084
Scheduled amortization	—	(27,022)	—	(27,022)
Repayments	(500,000)	(325,977)	(87,827)	(913,804)
<b>Total Contractual Debt, end of period</b>	<b>\$ 4,150,000</b>	<b>\$ 2,546,769</b>	<b>\$ 774,687</b>	<b>\$ 7,471,456</b>

### Interest rates of new borrowings, debt assumed and vendor take-back mortgage

Weighted average contractual interest rate (i)	4.05%	4.97%	4.53%	4.29%
Weighted average effective interest rate (ii)	4.16%	4.99%	4.55%	4.36%

(i) For hedged floating rate debt, the contractual interest rate per annum reflects the fixed rate in the interest rate swap. For floating rate new borrowings, the interest rate reflects the floating rate at the end of the period.

(ii) Weighted average interest rate reflects the effective interest rate, inclusive of bond forward hedges and premium/discounts on issuance or assumption.

(iii) Total includes \$98.8 million in mortgages payable associated with assets held for sale.

## Debt Associated with RioCan Living

(thousands of dollars, except otherwise noted)	Weighted average effective interest rate (i)	Weighted average term to maturity (years)(i)	June 30, 2025	December 31, 2024
As at				
Fixed rate mortgages payable - CMHC (ii)	3.57%	7.2	\$ 558,236	\$ 562,568
Construction line - CMHC and other conventional debt	4.06%	4.7	90,862	42,462
<b>Total debt - RioCan Living</b>	<b>3.64%</b>	<b>6.9</b>	<b>\$ 649,098</b>	<b>\$ 605,030</b>

(i) Information presented as at June 30, 2025.

(ii) Total includes \$98.8 million in fixed rate mortgages payable associated with assets held for sale as at June 30, 2025 (December 31, 2024 - nil).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Debentures Payable

(thousands of dollars, except otherwise noted)

As at	June 30, 2025	December 31, 2024
Debentures payable (i)	\$ 4,138,059	\$ 4,088,654
Weighted average effective interest rate (ii)	4.15 %	3.97 %
Weighted average term to maturity (years)	3.7	3.6

(i) Amount outstanding deducts a total of \$11.9 million as at June 30, 2025 (December 31, 2024 - \$11.3 million) in unamortized financing costs.

(ii) Inclusive of bond forward hedges.

## Issuance

On February 12, 2025, RioCan issued \$550.0 million aggregate principal amount of senior unsecured debentures of the Trust in two series. The \$250.0 million Series AN senior unsecured debentures carry a coupon rate of Daily Compounded CORRA plus 0.85% per annum with an all-in swapped-to-fixed interest rate of 3.31%, and will mature on March 1, 2027. The \$300.0 million Series AO senior unsecured debentures carry a coupon rate of 4.671% per annum and will mature on March 1, 2032. The aggregate \$550.0 million of debentures had all-in weighted average interest rate of 4.05% per annum, inclusive of the interest rate swap, and a weighted average term to maturity of 4.8 years.

## Redemption

On February 12, 2025, RioCan repaid, in full, its \$500.0 million, 2.576% Series AB senior unsecured debentures upon maturity.

## Mortgages Payable

Mortgages payable consist of the following:

(thousands of dollars, except otherwise noted)

As at			June 30, 2025	December 31, 2024
	Weighted average effective interest rate (i)(iv)	Weighted average term to maturity (years)(i)	Total	Total
Mortgages payable	3.72%	4.2	\$ 2,427,292	\$ 2,851,602
Mortgages payable associated with assets held for sale	3.70%	5.8	98,815	—
<b>Total (iii)</b>			<b>\$ 2,526,107</b>	<b>\$ 2,851,602</b>
Weighted average effective interest rate (iv)(ii)			3.72 %	3.68 %
Weighted average term to maturity (years)			4.2	4.2

(i) Information presented as at June 30, 2025.

(ii) Includes hedged floating rate mortgages. Interest rate reflects the fixed rate in the interest rate swap.

(iii) Amount outstanding deducts a total of \$20.7 million as at June 30, 2025 (December 31, 2024 - \$21.8 million) in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

(iv) Inclusive of the bond forward hedges.

At the outset of 2025, RioCan had \$572.6 million of mortgage principal maturing in 2025 at a weighted average contractual interest rate of 3.32%. For the six months ended June 30, 2025, RioCan completed total new term mortgage borrowings of \$25.0 million and renewed a \$33.6 million maturing mortgage with a \$35.0 million mortgage at a combined weighted average contractual interest rate of 4.73% and a weighted average term of 3.6 years, and repaid \$353.0 million of mortgage balances and scheduled amortization.

As at June 30, 2025, mortgages payable on two co-owned multi-tenanted locations, totalling \$96.5 million, are in technical default as a result of the Receivership Proceedings. These mortgages continue to be serviced. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for more information.

The majority of our mortgage debt provides recourse to the assets of the Trust or certain subsidiaries of the Trust, as opposed to only having recourse to the specific property charged. The Trust follows this policy as it generally results in lower interest rates for the Trust.

Subsequent to quarter end, the Trust repaid \$122.1 million of fixed rate mortgages upon maturity.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Lines of Credit and Other Bank Loans

Lines of credit and other bank loans consist of the following:

(thousands of dollars, except otherwise noted)

As at				June 30, 2025	December 31, 2024
	Available facility (i)	Weighted average interest rate (i)(iii)	Maturity Date (i)	Amounts drawn	Amounts drawn
Revolving unsecured operating line of credit (ii)(iv)	\$1,250,000	4.50 %	May 31, 2030	\$ 190,000	\$ —
Non-revolving unsecured credit facilities (ii)	400,000	4.48 %	January 2030 to October 2030	400,000	200,000
Construction lines and other bank loans (v)	285,045	4.32 %	September 2025 to March 2033	184,687	186,036
Total Contractual	\$1,935,045			\$ 774,687	\$ 386,036
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications				(3,113)	(2,378)
Total	\$1,935,045			\$ 771,574	\$ 383,658
Weighted average effective interest rate (iii)				4.46 %	4.73 %

(i) Information presented as at June 30, 2025.

(ii) The underlying rates on amounts drawn under the revolving unsecured operating line of credit are based on floating rates and the underlying rates on the non-revolving unsecured credit facilities are the weighted average interest rate of one floating rate and one all-in fixed rate through interest rate swaps. The credit spreads for the revolving unsecured operating line of credit and the non-revolving unsecured credit facilities are based on the Trust's credit rating.

(iii) Inclusive of interest rate swaps used to hedge floating rate debt.

(iv) The weighted average interest rate reflects the outstanding advances as at June 30, 2025. The Trust can draw using CORRA, Secured Overnight Financing Rate (SOFR), and Prime rate, plus applicable credit spreads. On June 25, 2025, the maturity date of the revolving unsecured operating line of credit was extended to May 31, 2030. Certain covenants were amended to provide the Trust with additional operational and financial flexibility with all other material terms and conditions remaining the same.

(v) Includes \$63.0 million construction facilities that are fixed rate, of which \$48.7 million have been drawn at a weighted average fixed interest rate of 3.07%.

On June 23, 2025, the Trust improved its liquidity position with the closing of a new \$200.0 million floating rate non-revolving unsecured credit facility which was negotiated with a 5.3-year term at an interest rate that is consistent with our revolving unsecured operating line of credit.

## Liquidity

Liquidity refers to the Trust having credit availability under committed credit facilities and/or generating sufficient amounts of cash and cash equivalents to fund the ongoing operational commitments including maintenance capital and development capital expenditures, distributions to Unitholders and planned growth in the business.

RioCan maintains a committed revolving unsecured operating credit facility to provide financial flexibility and liquidity which can be drawn or repaid on short notice, reducing the need to hold liquid resources in cash and deposits.

Liquidity risk refers to the potential inability of the Trust to secure sufficient debt and equity capital to meet its financial obligations as they become due. The Trust mitigates its liquidity risk by staggering the maturity dates of its long-term debt, actively renewing expiring credit arrangements, utilizing undrawn operating lines of credit, maintaining a large number of assets unencumbered by debt, and issuing equity when considered appropriate.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

As at June 30, 2025, RioCan had \$1.3 billion of Liquidity as summarized in the following table:

(thousands of dollars)		IFRS basis		RioCan's proportionate share (i)	
		June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
As at					
Undrawn revolving unsecured operating line of credit	\$	1,060,000	\$ 1,250,000	\$ 1,060,000	\$ 1,250,000
Undrawn construction lines and other bank loans		100,358	146,024	191,964	243,916
Cash and cash equivalents		72,318	190,243	84,012	200,133
<b>Liquidity (i)</b>	<b>\$</b>	<b>1,232,676</b>	<b>\$ 1,586,267</b>	<b>\$ 1,335,976</b>	<b>\$ 1,694,049</b>

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

The \$358.1 million decrease in Liquidity on a proportionate share basis over the prior year end was mainly due to the timing of financing activities and the utilization of cash, credit facilities, and construction lines for investments, including acquisitions and development completions.

Pursuant to the terms of its credit agreement, the Trust has an option to increase the commitment under its revolving unsecured line of credit by \$250.0 million.

## Unencumbered Assets

Through its unencumbered investment properties, RioCan has the potential to obtain additional mortgages to bolster liquidity, if needed, and preserve credit availability under its revolving unsecured line of credit, while maintaining compliance with debt covenants under various credit facilities. Unencumbered investment property assets as at June 30, 2025 were as follows:

(thousands of dollars)		IFRS basis		RioCan's proportionate share (i)	
		June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
As at					
Unencumbered Assets	\$	8,917,772	\$ 8,135,120	\$ 8,955,975	\$ 8,201,345

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

The increase in the Unencumbered Assets from December 31, 2024 was mainly due to repayment of maturing mortgages payable.

Following the repayment of the mortgages that matured subsequent to quarter end, RioCan's Unencumbered Assets pool increased by \$323.9 million.

## Contractual Commitments

The Trust's Liquidity is impacted by contractual debt commitments and committed expenditures on active development projects. Its contractual debt commitments and committed development expenditures for the next five years are as follows:

(thousands of dollars)	2025 (i)	2026	2027	2028	2029	Thereafter	Total
Contractual obligations:							
Lines of credit and other bank loans	\$ 10,000	\$ 112,522	\$ 13,500	\$ —	\$ —	\$ 638,665	\$ 774,687
Mortgages payable	242,040	150,710	240,786	437,260	588,373	887,600	2,546,769
Debentures payable	—	600,000	800,000	650,000	550,000	1,550,000	4,150,000
Lease liabilities (ii)	921	1,937	2,047	2,102	2,205	18,320	27,532
Other operating lease obligations	174	257	136	98	36	2	703
<b>Total Contractual Obligations</b>	<b>\$ 253,135</b>	<b>\$ 865,426</b>	<b>\$ 1,056,469</b>	<b>\$ 1,089,460</b>	<b>\$ 1,140,614</b>	<b>\$ 3,094,587</b>	<b>\$ 7,499,691</b>
Total estimated cost-to-complete projects under construction (iii) (iv)	72,181	22,609	—	—	—	—	94,790
<b>Total Commitments (v)</b>	<b>\$ 325,316</b>	<b>\$ 888,035</b>	<b>\$ 1,056,469</b>	<b>\$ 1,089,460</b>	<b>\$ 1,140,614</b>	<b>\$ 3,094,587</b>	<b>\$ 7,594,481</b>

(i) Amounts pertain to the remaining six months of 2025.

(ii) Represents the discounted minimum lease payments of lease liabilities under IFRS 16.

(iii) This includes RioCan's Proportionate Share in Equity-Accounted Investments Joint Ventures. Refer to the *Development Activities - Development Projects Under Construction* section of this MD&A.

(iv) Includes costs that do not have committed construction contracts.

(v) The table above excludes unfunded investment commitments of \$82.7 million relating to equity-accounted investments and other investments for which timing is unknown.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

The Trust's contractual debt obligations and total estimated cost-to-complete projects under construction can be funded by existing cash on hand, net proceeds from the sale of assets, draws on construction lines, proceeds from mortgage refinancing, the revolving unsecured operating line of credit, proceeds from the issuance of unsecured debentures and other similar debt instruments or issuance of equity Units.

RioCan has also entered into firm purchase obligations to acquire interests in certain investment properties in future periods as further described below:

The Trust has agreed to purchase 100% of the retail portion of the 11YV project upon completion, currently estimated to be during 2025, at a 6.0% capitalization rate or a current estimated purchase price of \$24 - \$26 million for the 87.5% interest the Trust will acquire. The Trust currently owns a 12.5% interest in the project through an equity-accounted investment. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for further details.

The Trust has agreed to purchase its partners' interest in the retail and residential rental components of Queen & Ashbridge™ upon stabilization, currently estimated to be during 2026, at the greater of pre-determined capitalization rates of 4.75% and 4.15%, respectively, or total cost plus 5%.

The Trust has agreed to purchase a 100% interest in Bellevue Phase Three provided certain conditions are met, currently estimated to be in the third quarter of 2025, for an estimated purchase price of \$28.0 million.

RioCan, as a mutual fund trust, expects to make monthly distributions to Unitholders with the cash generated from ongoing operating activities. For more information on monthly distributions see the *Capital Resources and Liquidity - Distributions to Unitholders* section of this MD&A.

## Off-Balance Sheet Arrangements

### Guarantees

As at June 30, 2025, the maximum exposure to credit loss resulting from the Trust's debt guarantees, on behalf of certain of our co-owners' or joint-venture partners' interests and mortgages assumed by purchasers on property dispositions, is \$356.2 million (December 31, 2024 - \$600.7 million), with expiries between 2025 and 2026. The Trust expects its debt guarantees to decrease further by the end of 2025 as development projects are completed and the related third-party debt is repaid. The maximum exposure to credit risk relating to a guarantee is the maximum risk of loss if there was a total default, without consideration of recoveries under recourse provisions against the aforementioned parties or the properties secured.

RioCan has provided \$87.3 million of guarantees, inclusive of RioCan's interest, to third-party lenders in conjunction with the 2024 refinancing of two mortgages within RC-HBC LP. In exchange for these guarantees, RioCan received security interests in several other assets of RC-HBC LP. RioCan also obtained termination rights relating to the HBC leases at three properties, that were at below market rent, of which two have since been disclaimed. RC-HBC LP loans guaranteed by RioCan are currently in default. However, as mutually agreed upon by the receiver and lenders, the Receivership Proceedings stays the corresponding lenders from commencing any enforcement proceedings against RC-HBC LP, in its capacity as borrower. As of June 30, 2025, based on the current estimated fair value of the security interest received, the Trust has not recorded an allowance for credit loss for these guarantees. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for more information.

The parties on behalf of which RioCan has outstanding guarantees are as follows:

(thousands of dollars)

As at			June 30, 2025	December 31, 2024
Property Type	Partners and co-owners	Expected maturity date		
Development Projects:				
11YV project	Metropia, Capital Development and other partners	2025 Q3	\$ 75,895	\$ 322,022
Verge (i)	Various partners	2025 Q3 - 2026 Q1	80,640	120,136
Queen & Ashbridge (i) (ii)	Context Development	2025 Q3 - 2026 Q4	122,924	92,416
			279,459	534,574
Grocery Anchored Centre	Harden	2026 Q3 - 2026 Q4	18,208	7,575
RC-HBC LP (iii)	HBC	On Demand	58,510	58,510
			\$ 356,177	\$ 600,659

- (i) For these development projects, the expected maturity date is based on the estimated date of project completion, and reflects management's best estimate based on the construction progress as at the date of this MD&A. Repayment of related third-party debt and the release of the respective guarantee is expected to occur approximately 6 to 9 months following these project completion dates. The last contractual maturity date is in 2026.
- (ii) Includes a \$48.7 million guarantee related to joint and several loan obligations between RioCan Living and Context Development on the rental component of the project, which is expected to be released in Q4 2026 upon meeting certain income thresholds.
- (iii) Amounts represent the guaranteed amounts in excess of RioCan's ownership interest in the RC-HBC LP. In exchange for RioCan's guarantee to a third-party lender on a RC-HBC LP loan, the Trust has received security interests in several joint venture properties, including a large, well-located property with redevelopment potential, an unencumbered asset, and a multi-tenanted property in which the Trust holds 50% direct ownership outside of the joint venture. The Trust has also obtained a pledge of limited partnership units on certain properties in the GTA as additional security. As discussed above, the RC-HBC LP loans are in default, as a result of the CCAA Proceedings and Receivership Proceedings. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for more information.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Letter of Credit Facilities and Surety Bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling \$75.3 million (December 31, 2024 - \$75.3 million). As at June 30, 2025, the Trust's outstanding letters of credit under these facilities was \$30.3 million (December 31, 2024 - \$34.5 million). Subsequent to quarter end, in aggregate, the letter of credit facilities were reduced by \$15.0 million to \$60.3 million.

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of \$153.4 million (December 31, 2024 - \$219.1 million).

## Hedging Activities

### Interest Rate Risk

The Trust is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The majority of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risk. As at June 30, 2025, approximately 7.4% (December 31, 2024 - 2.0%) of the Trust's debt is financed at variable rates (including mortgages payable associated with assets held for sale, if applicable, and excluding debt that has been hedged to fixed rates), exposing the Trust to interest rate risk. In addition, the Trust is exposed to interest rate risk on fixed rate debt upon refinancing at maturity. The current portion of fixed rate long-term debt is \$1.0 billion as at June 30, 2025 (December 31, 2024 - \$1.1 billion).

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate debt. The Trust will generally consider entering into bond forward contracts to reduce interest rate risk during periods of interest rate volatility.

As at June 30, 2025, the outstanding notional amount of floating-to-fixed interest rate swaps was \$570.0 million (December 31, 2024 - \$300.0 million) and the term to maturity of these agreements ranges from March 2026 to January 2030.

The fair value of the interest rate swaps is a financial liability of approximately \$1.7 million (December 31, 2024 - net financial asset of approximately \$0.1 million).

As at June 30, 2025 and December 31, 2024, the Trust did not have any unrealized bond forward contracts outstanding.

The Trust assesses the effectiveness of its continuing hedging relationships on a quarterly basis and has determined all such designated hedging relationships were effective as at June 30, 2025. Refer to Note 24 of the Condensed Consolidated Financial Statements for further details.

### Currency risk on U.S. dollar borrowings

From time to time, the Trust funds its Canadian assets by electing to draw on the revolving unsecured operating line of credit in U.S. dollars, bearing interest at USD-SOFR when it is determined that it is economically advantageous to do so. The Trust will concurrently enter into cross-currency swaps to hedge foreign exchange risk on these U.S. dollar borrowings. As at June 30, 2025 and December 31, 2024, the Trust has no cross-currency swaps outstanding.

## Trust Units

As at June 30, 2025, there are 294.9 million Units outstanding, including exchangeable limited partnership units. All Units outstanding have equal rights and privileges and entitle the holder to one vote for each Unit at all meetings of Unitholders. During the three and six months ended June 30, 2025 and 2024, we issued and repurchased Units as follows:

(in thousands)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Units outstanding, beginning of period (i)	297,230	300,460	300,469	300,455
Units issued:				
Direct purchase plan	3	3	5	8
Units repurchased and cancelled	(2,318)	—	(5,559)	—
<b>Units outstanding, end of period (i)</b>	<b>294,915</b>	<b>300,463</b>	<b>294,915</b>	<b>300,463</b>

(i) Included in Units outstanding are exchangeable limited partnership units of three limited partnerships that are subsidiaries of the Trust (the LP units) which were issued to vendors, as partial consideration for investment properties acquired by RioCan (June 30, 2025 – 499,754 LP units, June 30, 2024 – 499,754 LP units).

As of August 7, 2025, there are 294.9 million Units issued and outstanding. In addition, 3.1 million Unit options were issued under the Trust's incentive Unit Option Plan and 0.8 million deferred Units were issued and outstanding under the Trust's Trustee Deferred Unit Plan. The convertible securities are convertible into, or exercisable for, Units of the Trust, of which 3.1 million Unit options were exercisable at June 30, 2025, at a weighted average exercise price of \$22.76.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

As at June 30, 2025, the Trust also had 0.5 million Senior Executive Restricted Equity Units (REU), 0.7 million Employee REUs, and 0.5 million Performance Equity Units (PEU) that are outstanding, which, in normal course, will be settled three years after the grant date by delivery of an equivalent number of Units purchased on the secondary market, and if elected, net of applicable withholding taxes.

Further information regarding the incentive Unit Option Plan, Trustee Deferred Unit Plan, Senior Executive REUs, Employee REUs, PEUs and the related performance metrics and other terms attributable to plans are set out in the Trust's Management Information Circular.

## Normal Course Issuer Bid

On November 8, 2024, RioCan announced that it received TSX approval of its notice of intention to renew its NCIB (the 2024/2025 NCIB), to acquire up to a maximum of 29,878,867 Units, or approximately 10% of the public float as at October 31, 2024, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 12, 2024.

The number of Units that can be purchased pursuant to the 2024/2025 NCIB is subject to a current daily maximum of 209,391 Units (which is equal to 25% of 837,564, being the average daily trading volume for the six months preceding October 31, 2024), subject to RioCan's ability to make one block purchase of Units per calendar week that exceeds such limits.

RioCan has an automatic securities purchase plan (ASPP) in connection with the 2024/2025 NCIB applicable to its outstanding Units. The ASPP is intended to allow for the purchase of Units under the NCIB at times when RioCan would ordinarily not be permitted to purchase Units due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, purchases will be made by RioCan's designated broker based on periodically pre-established purchasing parameters, in accordance with the rules of the TSX and applicable securities laws. Outside of pre-determined blackout periods, Units may be purchased under the NCIB at such times as RioCan determines to be appropriate in compliance with TSX rules and applicable securities laws.

During the six months ended June 30, 2025, the Trust purchased and cancelled 5,559,193 Units at a weighted average price of \$17.99 per unit for a total cost, including \$2.0 million of estimated equity buyback tax, of \$102.1 million. These purchases were made pursuant to the Trust's 2024/2025 NCIB and the ASPP adopted in connection with the Trust's 2024/2025 NCIB.

## Distributions to Unitholders

RioCan qualifies as a mutual fund trust and a "real estate investment trust" (REIT Exemption) for Canadian income tax purposes. We expect to distribute all of our taxable income to Unitholders and are entitled to deduct such distributions for Canadian income tax purposes. From time to time, RioCan may retain some taxable income and net capital gains, when appropriate, in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in our incorporated Canadian subsidiaries.

The Trust consolidates certain wholly-owned incorporated entities that are subject to tax. Any tax disclosures, expense and deferred tax balances relate only to these entities.

If the Trust were to cease to qualify for the REIT Exemption for Canadian income tax purposes, certain distributions (taxable distributions) would not be deductible in computing income for Canadian income tax purposes and it would be subject to tax on such distributions at a rate substantially equivalent to the general corporate income tax rate. Any remaining distributions, other than taxable distributions, would generally continue to be treated as returns of capital to Unitholders. From year-to-year, the taxability of the Trust's distributions may fluctuate depending upon the timing of recognition of certain gains and losses based on the activities of the Trust.

The Trust's monthly distribution, effective February 2025, was \$0.0965 per unit, which increased from \$0.0925 per unit. Distributions declared to Unitholders were as follows:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Distributions declared to Unitholders	\$ 85,601	\$ 83,378	\$ 170,460	\$ 166,004

Total distributions declared increased for the three and six months ended June 30, 2025 when compared to the same period in the prior year due to the distribution increase effective February 2025.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## ***Difference between cash flows provided by operating activities and distributions to Unitholders***

A comparison of distributions to Unitholders with cash flows provided by operating activities and distributions is as follows:

(thousands of dollars)	Three months ended June 30		Twelve months ended June 30	
	2025	2024	2025	2024
Cash flows provided by operating activities	\$ 197,122	\$ 70,757	\$ 487,805	\$ 360,294
Add/(deduct) the decrease/(increase) from non-cash working capital items	(70,853)	45,532	(3,389)	90,585
Cash flows provided by operating activities, excluding non-cash working capital items	126,269	116,289	484,416	450,879
Less: Distributions declared to Unitholders	(85,601)	(83,378)	(337,219)	(328,228)
Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared (i)	\$ 40,668	\$ 32,911	\$ 147,197	\$ 122,651

(i) This is a non-GAAP financial measure. Refer to *Non-GAAP Measures* section of this MD&A for more information.

For the three months ended June 30, 2025, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by \$40.7 million. For the twelve months ended June 30, 2025, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by \$147.2 million.

Included in the change of the non-cash working capital items for the three months and twelve months ended June 30, 2025, are a \$60.3 million increase and a \$49.8 million decrease from residential inventory related non-cash working capital changes, respectively (\$24.7 million and \$71.7 million decreases for the three months and twelve months ended June 30, 2024, respectively).

## ***Distribution increase effective February 2025***

RioCan's Board of Trustees approved a 4.3% increase to the monthly distribution to Unitholders from \$0.0925 to \$0.0965 per unit commencing with the February 2025 distribution, payable in March 2025, bringing RioCan's annualized distribution to \$1.1580 per unit. This increase is in keeping with the Trust's objectives to provide sustainable distribution increases supported by FFO per unit growth while maintaining a consistent FFO Payout Ratio of approximately 55% to 65% over the long-term. The retained cash flow will be used to support strategic initiatives and future growth and to pay down debt. The Trust expects to achieve its payout ratio objective.

The Trust does not use net income (loss) in accordance with IFRS as the basis to establish the level of Unitholders' distributions as net income (loss) includes, among other items, non-cash fair value adjustments related to its investment property portfolio.

The Board continuously reevaluates the level of distributions to Unitholders, considering various factors which include but are not limited to: cash flow from operating activities, forward-looking cash flow information including forecasts and budgets and the future business prospects of the Trust, the interest rate environment and cost of capital, estimated development completions and development spending, the impact of future acquisitions and dispositions, maintenance capital expenditures and leasing expenditures related to our income producing portfolio, taxable income, and debt covenants.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## OTHER DISCLOSURES

### Related Party Transactions

In the ordinary course of business, we may enter into transactions with entities whose directors or trustees are also RioCan trustees and/or part of RioCan's senior management. All such transactions are in the normal course of operations and are measured at market-based exchange amounts.

RioCan's related parties include the following persons and/or entities:

- Associates, joint ventures, or entities which are controlled or significantly influenced by the Trust; and
- Key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan, directly or indirectly.

Activity and transactions with associates and joint ventures are disclosed in Note 4 of the Condensed Consolidated Financial Statements and *Asset Profile - Joint Arrangements* section of this MD&A.

As at June 30, 2025 and 2024, the Trust's key management personnel include each of the Trustees and the following officers: President and Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and Chief Operating Officer.

Ms. Bonnie Brooks did not stand for re-election as a Trustee at RioCan's annual meeting of Unitholders held on June 10, 2025. Effective June 30, 2025, Richard Dansereau resigned from his position as a Trustee on RioCan's Board of Trustees. As a result of Ms. Brooks' retirement and Mr. Dansereau's resignation, RioCan's Board of Trustees is now comprised of nine members.

Remuneration of the Trust's Trustees and Key Executives during the three and six months ended June 30, 2025 and 2024 are as follows:

(thousands of dollars)	Three months ended June 30				Six months ended June 30			
	Trustees		Key Executives		Trustees		Key Executives	
	2025	2024	2025	2024 (i)	2025	2024	2025	2024 (i)
Compensation and benefits	\$ 87	\$ 107	\$ 1,325	\$ 1,254	\$ 195	\$ 215	\$ 2,784	\$ 2,658
Unit-based compensation	1,422	1,475	594	678	1,784	1,797	1,663	1,736
Post-employment benefit costs	—	—	60	59	—	—	115	114
	\$ 1,509	\$ 1,582	\$ 1,979	\$ 1,991	\$ 1,979	\$ 2,012	\$ 4,562	\$ 4,508

(i) The comparatives for unit-based compensation and post-employment benefit costs for three and six months ended June 30, 2024 have been restated.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Selected Quarterly Results and Trend Analysis

(millions of dollars, except where otherwise noted)

	2025			2024			2023	
As at and for the quarter ended (i)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$ 362	\$ 356	\$ 358	\$ 286	\$ 292	\$ 303	\$ 297	\$ 271
Net income (loss) attributable to Unitholders	\$ 146	\$ (84)	\$ 126	\$ 97	\$ 122	\$ 129	\$ (118)	\$ (74)
NOI (ii)	\$ 181	\$ 179	\$ 184	\$ 179	\$ 179	\$ 170	\$ 176	\$ 175
FFO (ii)	\$ 139	\$ 146	\$ 134	\$ 138	\$ 128	\$ 136	\$ 133	\$ 135
FFO Adjusted (ii)	\$ 139	\$ 146	\$ 142	\$ 137	\$ 128	\$ 137	\$ 133	\$ 136
AFFO (ii)	\$ 119	\$ 126	\$ 113	\$ 118	\$ 109	\$ 116	\$ 114	\$ 117
AFFO Adjusted (ii)	\$ 119	\$ 126	\$ 121	\$ 118	\$ 109	\$ 116	\$ 114	\$ 118
Unitholder distributions	\$ 86	\$ 85	\$ 83	\$ 83	\$ 83	\$ 83	\$ 81	\$ 81
Weighted average Units outstanding – diluted (in thousands)	296,093	297,688	300,524	300,486	300,463	300,469	300,417	300,471
<b>Per unit basis (diluted)</b>								
Net income (loss) attributable to Unitholders	\$ 0.49	\$ (0.28)	\$ 0.42	\$ 0.32	\$ 0.41	\$ 0.43	\$ (0.39)	\$ (0.24)
FFO (ii)	\$ 0.47	\$ 0.49	\$ 0.45	\$ 0.46	\$ 0.43	\$ 0.45	\$ 0.44	\$ 0.45
FFO Adjusted (ii)	\$ 0.47	\$ 0.49	\$ 0.47	\$ 0.46	\$ 0.43	\$ 0.45	\$ 0.44	\$ 0.45
Unitholder distributions	\$ 0.2895	\$ 0.2855	\$ 0.2775	\$ 0.2775	\$ 0.2775	\$ 0.2750	\$ 0.2700	\$ 0.2700
Net book value per unit	\$ 24.89	\$ 24.62	\$ 25.16	\$ 25.01	\$ 25.02	\$ 24.89	\$ 24.76	\$ 25.49
Closing market price per unit	\$ 17.71	\$ 17.15	\$ 18.28	\$ 20.38	\$ 16.81	\$ 18.47	\$ 18.62	\$ 18.07
<b>Key Performance Indicator Ratios</b>								
FFO Payout Ratio (ii)	60.5%	61.2%	61.9%	61.7%	61.5%	60.7%	60.5%	60.4%
FFO Adjusted Payout Ratio (ii)	59.6%	60.4%	61.0%	61.7%	61.4%	60.5%	60.3%	60.1%
AFFO Payout Ratio (ii)	70.7%	71.6%	72.8%	72.1%	71.8%	70.6%	70.0%	69.5%
AFFO Adjusted Payout Ratio (ii)	69.5%	70.4%	71.5%	72.1%	71.6%	70.4%	69.7%	69.2%
Total assets	\$ 15,381	\$ 15,312	\$ 15,472	\$ 15,285	\$ 15,223	\$ 15,037	\$ 14,842	\$ 15,086
Total debt	\$ 7,436	\$ 7,404	\$ 7,324	\$ 7,192	\$ 7,141	\$ 6,998	\$ 6,861	\$ 6,889
Adjusted Spot Debt to Adjusted EBITDA (RioCan's Proportionate Share)	9.02	9.21	9.12	9.32	9.46	9.38	9.35	9.68
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (ii)	8.88	8.96	8.98	9.11	9.18	9.17	9.28	9.45
<b>Other</b>								
Total portfolio NLA (in thousands)	32,295	32,188	32,179	32,516	32,631	32,603	32,586	33,583
Number of properties	178	177	178	186	187	188	188	192
Number of employees (iii)	504	496	500	543	554	565	568	565
Residency of Unitholders (iv)								
– Canadian	69.6%	69.8%	68.9%	70.2%	69.2%	67.9%	68.4%	67.3%
– Non-resident	30.4%	30.2%	31.1%	29.8%	30.8%	32.1%	31.6%	32.7%

(i) Refer to RioCan's respective annual and interim MD&As issued for a discussion and analysis relating to those periods.

(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

(iii) The number of employees reported excludes individuals working exclusively with the third-party residential rental property managers. As at June 30, 2025, there are 23 individuals who work exclusively with third-party residential rental property managers.

(iv) Estimates based on Unitholder mailing addresses on record at the end of each reporting period.

Our revenue and operating results are not materially impacted by seasonal factors. However, macroeconomic and market trends impact the demand for space, occupancy levels, cost of funds and consequently, the Trust's revenue, financial performance and property valuations.

The Trust's quarterly changes in revenue, FFO, AFFO and net income (loss) were primarily impacted by acquisitions and dispositions, the timing and magnitude of its residential condominium and townhouse projects closings, the magnitude and pace of development expenditures, project completions and the cost of debt financing/refinancing.

Net income (loss) was further impacted by the changes in the fair values of investment properties. Net income for Q1 2025 was also impacted by Total RC-HBC Valuation Losses. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for further details.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Accounting Policies and Estimates

Our material accounting policies are described in Note 2 of RioCan's Condensed Consolidated Financial Statements. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions.

### Estimation Uncertainty

In the preparation of RioCan's Condensed Consolidated Financial Statements, the Trust has incorporated the potential impact of the current macroeconomic environment, characterized by factors such as fluctuating interest rates and market volatility, into its significant estimates and assumptions that affect the reported amounts of its assets, liabilities, net income and related disclosures using available information as at June 30, 2025. Estimates and assumptions that are most subject to increased uncertainty caused by the current macroeconomic environment relate to the valuation of investment properties as more fully discussed in Note 3 of the Condensed Consolidated Financial Statements. Due to the continuing risks and uncertainties arising from the current macroeconomic environment, actual results may differ from these estimates and assumptions.

### Equity-accounted investments

The Trust is required to assess its equity method investments for impairment when events or circumstances suggest that the carrying amount of the investment may be impaired by comparing its recoverable amount with its carrying amount. In determining the recoverable amount, estimates and assumptions include the timing of the cash flows and the value of the underlying investment properties. A change to assumptions may significantly alter the recoverable amount and any impairment loss.

### Future Changes in Accounting Policies

RioCan monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on RioCan's operations. Standards issued, but not yet effective, up to the date of issuance of the Condensed Consolidated Financial Statements for the six months ended June 30, 2025, are described below. This description is of standards and interpretations issued, which we reasonably expect to be applicable at a future date. We intend to adopt these standards when they become effective.

### IFRS 18, *Presentation and Disclosure in Financial Statements*

The IASB has issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

In addition, narrow-scope amendments have been made to IAS 7, *Statement of Cash Flows*, which includes changing the starting point for determining cash flows from operations under the indirect method from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

# MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Controls and Procedures

### Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to RioCan is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

### Internal Controls over Financial Reporting (ICFR)

Management is also responsible for establishing and maintaining appropriate internal controls over financial reporting to provide reasonable assurance regarding the reliability of RioCan’s financial reporting and preparation of its consolidated financial statements for external purposes in accordance with IFRS.

All internal control systems, no matter how well designed and operated, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements or provide absolute assurance that all control issues, including instances of fraud, if any, have been detected.

### Changes in ICFR

During the six months ended June 30, 2025, there have been no changes in RioCan’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, RioCan’s internal controls over financial reporting.

### Canadian REIT Status and Monitoring

RioCan currently qualifies for the REIT Exemption for purposes of the *Income Tax Act (Canada)*. Accordingly, RioCan continues to be able to flow taxable income through to Unitholders on a tax effective basis. Generally, to qualify for the REIT Exemption, RioCan’s Canadian assets must be comprised primarily of real estate and substantially all of our Canadian source revenues must be derived from rental revenue, capital gains and fee income from properties in which we have an interest.

RioCan monitors its REIT Exemption status to ensure that we continue to qualify as a Canadian REIT. From time to time, the members of the Board of Trustees, Audit Committee and senior management are updated on RioCan’s continued REIT Exemption qualification, including any significant legislation updates.

## Climate-Related Financial Disclosures

### Commitment to Climate Change

Climate change poses environmental, social and business risks. RioCan understands that investing in climate-resilient real estate is essential to sustainable growth, delivering on the UN Sustainable Development Goals, reducing climate-related risks and enhancing enterprise value. Since 2020, we have used the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) to guide us in addressing our climate change-related risks and opportunities. We also continue to monitor the development of applicable laws in this area and the evolution of disclosure requirements for public issuers such as RioCan, including the International Sustainability Standards Board’s sustainability disclosure standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosures and IFRS S2 Climate-related Disclosures and the Canadian Sustainability Standards Board exposure drafts, Canadian Sustainability Disclosure Standard (CSDS) 1 and CSDS 2. For a detailed discussion of RioCan’s Climate-Related Financial Disclosures surrounding Governance, Strategy, Risk Management, Metrics and Targets, refer to the 2024 Annual Report and RioCan’s AIF, which can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) or RioCan’s website at [www.riocan.com](http://www.riocan.com).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## NON-GAAP MEASURES

The financial statements of RioCan are prepared in accordance with IFRS. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-GAAP financial performance measures described below. Management believes that these measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, we also use these measures internally to measure the operating performance of our investment property portfolio. These non-GAAP measures, and related per unit amounts, should not be construed as alternatives to net income (loss) or comparable metrics determined in accordance with IFRS as indicators of RioCan's performance, liquidity, cash flows and profitability. Non-GAAP financial measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures presented by other issuers. These non-GAAP measures are defined below and are cross-referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS measure. RioCan believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust for the reasons outlined below.

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<i>RioCan's Proportionate Share</i>	<p>All references to "RioCan's Proportionate Share" refer to a non-GAAP financial measure representing RioCan's proportionate interest of the financial condition and results of operations of its entire portfolio, including equity-accounted investments. Management considers certain results presented on a proportionate share basis to be a meaningful measure because it is consistent with how RioCan and its partners assess the operating performance of each of its co-owned and equity-accounted properties. The Trust currently accounts for its investments in joint ventures and associates using the equity method of accounting.</p> <p>The remaining definitions outlined below pertain to measures that are key metrics that we use to manage capital and to assess our liquidity, borrowing capacity and cost of capital. Certain measures identified in the definitions that follow in this section are calculated on the basis of both a RioCan's Proportionate Share and IFRS reported amounts to convey a more meaningful measure of financial performance with respect to the periods reported.</p>	<i>(i) RioCan's Proportionate Share</i>
<i>RioCan's Proportionate Share in Equity-Accounted Investments Joint Ventures (EAI JV)</i> or <i>RioCan's Proportionate Share in EAI JV</i>	<p>All references to "RioCan's Proportionate Share in Equity-Accounted Investments Joint Ventures" refers to a non-GAAP financial measure representing RioCan's proportionate interest of the financial condition and results of operations of its portfolio, including Equity-Accounted Investments Joint Ventures (EAI JV). Management considers certain results presented on a proportionate share basis including EAI JV to be meaningful, because it is consistent with how RioCan operates and manages its development program. The Trust currently accounts for its investments in joint ventures using the equity method of accounting.</p>	<i>Asset Profile-Joint Arrangements</i> and <i>Development Activities</i> sections

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<p><i>Net Operating Income (NOI), Stabilized NOI, and NOI (RioCan's Proportionate Share)</i></p>	<p>NOI is a non-GAAP financial measure and is defined by RioCan as rental revenue from income producing properties less property operating costs, and adds sublease rents and straight-line rents classified as finance leases.</p> <p>NOI at RioCan's Proportionate Share is a non-GAAP financial measure and includes RioCan's proportionate interest in NOI of its entire portfolio, including equity-accounted investments, but excludes the write-off of straight-line rent receivable in the RC-HBC LP as it does not represent normal recurring operations.</p> <p>Stabilized NOI is a forward-looking non-GAAP financial measure based on budgeted rents and expenses and is supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, and management fees based on current and expected future market conditions after expiry of any current lease. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining Stabilized NOI.</p> <p>For the calculation of NOI, rental revenue includes all amounts earned from tenants related to lease agreements, including property tax and operating cost recoveries, to the extent recoverable under tenant leases. Amounts payable by tenants to terminate their lease prior to the contractual expiry date (lease cancellation fees) are included in rental revenue for the calculation of NOI.</p> <p>Management believes that NOI is a useful non-GAAP financial measure of operating performance of the Trust's income producing properties in addition to the most comparable IFRS measure, which we believe is operating income. The IFRS measure of operating income also includes residential inventory gains and losses and property and asset management fees earned from co-owners. While management considers its residential inventory and portfolio management activities parts of its business operations, and thus operating income, such revenues are not part of how we evaluate the operating performance of our income producing properties. As such, we report NOI as a useful non-GAAP financial measure to report the operating performance of our income producing properties.</p> <p>NOI is an important measure of the income generated from the income producing properties and is used by the Trust in evaluating the performance of the portfolio, as well as being a key input in determining the value of the income producing properties portfolio.</p>	<p>(ii) NOI</p>
<p><i>Same Property NOI (SPNOI)</i></p> <p><i>Commercial Same Property NOI (Commercial SPNOI)</i></p> <p><i>Residential Same Property NOI (Residential SPNOI)</i></p>	<p>Same Property NOI is comprised of Commercial Same Property NOI and Residential Same Property NOI.</p> <p>Commercial Same Property NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of the commercial properties owned and operated by RioCan in both periods. In calculating Commercial Same Property NOI growth, NOI for the period is adjusted to remove the impact of lease cancellation fees and straight-line rent revenue in order to highlight the 'cash impact' of rent-free periods and contractual rent increases embedded in the underlying lease agreements. Commercial Same Property NOI also excludes NOI for a limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification.</p> <p>Residential Same Property NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of the stabilized residential rental properties owned and operated by RioCan in both periods. A property is considered to have reached stabilization upon the earlier of (i) achieving 95% occupancy or (ii) 24 months after first occupancy.</p> <p>Commercial Same Property NOI and Residential Same Property NOI are meaningful measures of operating performance because they allow management to assess rent growth and leasing activity of its portfolio on a same property basis, including the impact of capital investments.</p>	<p>(iii) Same Property NOI</p>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<p><i>Funds From Operations (FFO)</i></p> <p><i>FFO Adjusted</i></p> <p><i>FFO per unit</i></p> <p><i>and</i></p> <p><i>FFO Adjusted per unit</i></p>	<p>FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. It is RioCan's view that IFRS net income does not necessarily provide a complete measure of RioCan's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations, unrealized gains or losses on marketable securities, gains and losses on the disposal of investment properties, including associated transaction costs, ERP implementation costs (net of amortization), Other RC-HBC LP Valuation Losses, and also excludes the principal portion of rent payments and straight-line rent for subleases classified as finance leases, all of which are not representative of recurring operating performance.</p> <p>RioCan's method of calculating FFO is in compliance with REALPAC's definition of FFO except that RioCan excludes unrealized fair value gains or losses on marketable securities, ERP implementation costs (net of amortization) and Other RC-HBC LP Valuation Losses, in its calculation of FFO. The Trust believes that including such unrealized fair value gains or losses on marketable securities, ERP implementation costs (net of amortization) and Other RC-HBC LP Valuation Losses, in FFO does not represent the recurring operating performance of the Trust.</p> <p>FFO Adjusted starts with FFO but adds back net debt prepayment (gain) costs and restructuring costs, to normalize FFO. Debt prepayment (gain) costs incurred on the early termination of debt include yield maintenance, write-off of deferred financing costs and discounts/premiums, and related swap settlements that are not related to investment property dispositions. Restructuring costs are related to elimination of certain positions.</p> <p>FFO per unit and FFO Adjusted per unit are defined as FFO and FFO Adjusted divided by weighted averaged number of Units.</p> <p>RioCan regards FFO as a key measure of operating performance and as a key measure for determining the level of employee incentive based compensation. RioCan also uses FFO in assessing its distribution paying capacity.</p> <p>FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS.</p>	(iv) FFO
<p><i>Adjusted Funds From Operations (AFFO)</i></p> <p><i>AFFO Adjusted</i></p> <p><i>AFFO per unit</i></p> <p><i>and</i></p> <p><i>AFFO Adjusted per unit</i></p>	<p>AFFO is a non-GAAP financial measure of operating performance widely used by the real estate industry in Canada. AFFO is calculated as FFO less straight-line rent, normalized capital expenditures and internal leasing costs. RioCan calculates AFFO in accordance with the recommendations of REALPAC's January 2022 guidance, except RioCan excludes unrealized fair value gains or losses on marketable securities, ERP implementation costs (net of amortization) and Other RC-HBC LP Valuation Losses, from FFO and by extension AFFO. Management considers AFFO a meaningful measure of recurring economic earnings and relevant in understanding RioCan's ability to service its debt, fund capital expenditures and determine an appropriate level of sustainable common Unitholder distributions over the long run.</p> <p>AFFO per unit and AFFO Adjusted per unit are defined as AFFO and AFFO Adjusted divided by weighted average number of Units.</p> <p>AFFO Adjusted starts with AFFO but adds back net debt prepayment (gain) costs and restructuring costs, to normalize AFFO. Debt prepayment (gain) costs and restructuring costs are described in FFO above.</p>	(v) AFFO
<p><i>Other RC-HBC LP Valuation Losses</i></p> <p><i>and</i></p> <p><i>Total RC-HBC LP Valuation Losses</i></p>	<p>Other RC-HBC LP Valuation Losses is a non-GAAP financial measure calculated as the sum of total provision for expected credit losses on finance lease receivables, write-off of straight-line rent receivable, and impairment of the carrying value of the RC-HBC LP. Total RC-HBC LP Valuation Losses is a non-GAAP financial measure calculated as the sum of Other RC-HBC LP Valuation Losses and fair value losses on investment properties in the RC-HBC LP.</p> <p>Other RC-HBC LP Valuation Losses and Total RC-HBC LP Valuation Losses represent the valuation impacts on the RC-HBC LP resulting from the CCAA Proceedings and Receivership Proceedings, based on information currently available to the Trust and the estimates and assumptions of RioCan, which management believes are reasonable.</p>	(vi) Total RC-HBC LP Valuation Losses



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<p><i>FFO and AFFO Payout Ratios</i></p> <p>and</p> <p><i>FFO and AFFO Adjusted Payout Ratios</i></p>	<p>FFO and AFFO Payout Ratios, and FFO and AFFO Adjusted Payout Ratios are supplementary non-GAAP measures of a REIT's distribution paying capacity. These payout ratios are computed on a rolling twelve-month basis by dividing total Unitholder distributions paid (including distributions paid under RioCan's distribution reinvestment program) by FFO and AFFO and FFO Adjusted and AFFO Adjusted, respectively, over the same period.</p> <p>RioCan management uses the FFO Payout Ratio and AFFO Payout Ratio in assessing its distribution paying capacity.</p>	<p>(iv) FFO and</p> <p>(v) AFFO</p>
<p><i>Adjusted G&amp;A Expense</i></p> <p>and</p> <p><i>Adjusted G&amp;A Expense as a percentage of rental revenue</i></p>	<p>Adjusted G&amp;A Expense is a non-GAAP financial measure calculated as total general and administrative expense at RioCan's Proportionate Share less ERP implementation costs net of ERP amortization costs, and restructuring costs. Adjusted G&amp;A Expense as a percentage of rental revenue is a non-GAAP ratio calculated as Adjusted G&amp;A Expense at RioCan's Proportionate Share divided by rental revenue at RioCan's Proportionate Share, excluding the write-off of straight-line rent receivable in the RC-HBC LP as it does not represent normal recurring operations. This ratio is a useful measure of the Trust's ongoing general and administrative expenses as a percentage of rental revenue.</p>	<p>(vii) Adjusted G&amp;A Expense</p>
<p><i>Normalized Capital Expenditures</i></p>	<p>Normalized Capital Expenditures is an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Management considers a number of factors in estimating Normalized Capital Expenditures relative to the growth in the age and size of the Trust's property portfolio. Such factors include, but are not limited to, a portfolio assessment to prioritize assets and the type of capital expenditures, a review and analysis of historical capital spending, comparison of each quarter's annualized actual spending activity to the annual budgeted capital expenditures as approved by our Board of Trustees at the beginning of each year and management's expectations and/or plans for the properties. Property capital expenditures that are generally expected to add to the overall earnings capacity of the property are considered revenue enhancing capital expenditures by management and are also excluded in determining the Normalized Capital Expenditures estimate.</p> <p>RioCan does not obtain support from independent sources for its Normalized Capital Expenditures but relies on internal diligence and expertise in arriving at this management estimate. RioCan's long-tenured management team has extensive experience in commercial real estate and in-depth knowledge of the property portfolio. As a result, RioCan believes that management is best suited to make the assessment of Normalized Capital Expenditures without independent third-party sources.</p> <p>Since actual capital expenditures can vary widely from quarter-to-quarter depending on a number of factors, management believes that Normalized Capital Expenditures is a more relevant input than actual capital expenditures in assessing a REIT's distribution payout ratio and for determining an appropriate level of sustainable distributions over the long run.</p> <p>The Trust's estimate for Normalized Capital Expenditures for 2025 reflects its pursuit of its strategic objectives of resilient retail and better serving its tenants. The Trust has determined that \$55.0 million is a reasonable Normalized Capital Expenditures estimate for 2025, although quarterly fluctuations between the \$13.8 million quarterly Normalized Capital Expenditures spend and actual spend are expected. Normalized Capital Expenditures does not include estimated capital expenditures for mixed-use residential projects given that these are newly constructed buildings.</p>	<p><i>Asset Profile-Capital Expenditures on Income Producing Properties</i> section</p>
<p><i>Total joint operations and equity-accounted investments - Income Producing Properties, PUD, Residential Inventory, Other, Total Assets, Total NOI</i></p>	<p>This is a non-GAAP measure which represents the sum of RioCan's interest of joint operations and proportionate share of equity-accounted investments.</p> <p>This is a useful measure indicating the amount of Income Producing Properties, PUD, Residential Inventory, Other, Total Assets and Total NOI that are jointly controlled or where RioCan has significant influence.</p>	<p><i>Asset Profile-Joint Arrangements</i> section</p>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<i>Development Spending</i>	<p>Development Spending is a non-GAAP financial measure defined as the sum of total development expenditures incurred for various properties under development and for residential inventory and RioCan's proportionate share of Development Spending from EAI JVs. Development Spending is disaggregated into residential inventory (typically, the development of current residential condominiums), mixed-use projects (typically, the complete or partial redevelopment of a property that consists of retail, office, residential rental and/or residential condominiums), retail in-fill projects (typically, add-on pad/building or repurposing a section of an existing retail property) and pipeline advancements projects (typically, properties that have been identified for future development).</p> <p>Development Spending is a useful measure of development progress and investment in properties under development and residential inventory.</p>	<i>(viii) Development Spending</i>
<i>Net Cost Transfer from PUD to IPP</i>	<p>Net Cost Transfer from PUD to IPP is a non-GAAP financial measure defined as IFRS cost transfer from PUD to IPP, net of adjustments to cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.</p> <p>Net Cost Transfer from PUD to IPP is a useful measure of cash investment in the development projects.</p>	<i>(ix) Net Cost Transfer from PUD to IPP</i>
<i>Total Development at Cost</i>	<p>Total Development at Cost is a non-GAAP financial measure defined as the sum of the cost of residential inventory and related prepaid selling commissions, and properties under development, and the cost of RioCan's proportionate share of residential inventory and related prepaid selling commissions, and properties under development from EAI JVs.</p> <p>This metric is a useful measure in determining RioCan's development costs incurred.</p>	<i>(x) Total Development at Cost</i>
<i>Total Acquisitions</i>	<p>Total Acquisitions is a non-GAAP financial measure defined as the sum of total acquisitions incurred for investment properties, residential inventory and RioCan's proportionate share of investment property and residential inventory acquisitions from EAI JVs. Total Acquisitions is a useful measure of RioCan's total acquisition activity.</p>	<i>(xi) Total Acquisitions</i>
<i>Total Contractual Debt</i> and <i>Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share)</i>	<p>Total Contractual Debt is a non-GAAP financial measure defined as the sum of contractual obligations (excluding unamortized deferred financing costs and discounts/premiums) of debentures payable, mortgages payable, mortgages payable associated with assets held for sale and lines of credit and other bank loans.</p> <p>Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share) are non-GAAP financial measures that include RioCan's proportionate interest in the total debt and Total Contractual Debt of its entire portfolio, including equity-accounted investments.</p> <p>These measures are useful in assisting us in monitoring various attributes of secured/unsecured debt in our debt portfolio.</p>	<i>(xii) Total Debt and Total Contractual Debt</i>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
<p><i>Adjusted EBITDA</i></p> <p>and</p> <p><i>Adjusted EBITDA (RioCan's Proportionate Share)</i></p>	<p>Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are non-GAAP financial measures that are used by management as an input in a key debt metric that we use in measuring our debt profile and assessing our ability to service our debt.</p> <p>Adjusted EBITDA (RioCan's Proportionate Share) includes RioCan's proportionate interest in Adjusted EBITDA of its entire portfolio, including equity-accounted investments.</p> <p>Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are used as an alternative to IFRS net income, because they exclude major non-cash items (including, but not limited to, depreciation and amortization expense, unit-based compensation costs, fair value gains and losses on investment properties, the change in unrealized gains and losses on marketable securities), interest costs, income tax expenses and recoveries, transaction gains and losses on the disposition of investment properties, transaction costs, ERP implementation costs and other items that management considers either non-operating in nature or related to the capital cost of our investment properties, net debt prepayment costs and restructuring costs, and adds the principal portion of sublease rents and straight-line rent for subleases classified as finance leases, such that the rent receipt or payment is reflected consistently with that under an operating lease. Adjusted EBITDA also excludes Total RC-HBC LP Valuation Losses and Adjusted EBITDA (RioCan's Proportionate Share) excludes Other RC-HBC LP Valuation Losses as these are not considered part of normal recurring operations.</p>	<p>(xvi) <i>Adjusted EBITDA and Adjusted EBITDA Ratios</i></p>
<p><i>Adjusted Spot Debt</i></p> <p><i>Adjusted Spot Debt to Adjusted EBITDA</i></p> <p><i>Adjusted Spot Debt to Adjusted EBITDA (RioCan's Proportionate Share)</i></p> <p>and</p> <p><i>Adjusted Debt</i></p> <p><i>Adjusted Debt to Adjusted EBITDA</i></p> <p><i>Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share)</i></p>	<p>Adjusted Spot Debt is a non-GAAP measure calculated based on total debt less cash and cash equivalents.</p> <p>Adjusted Spot Debt to Adjusted EBITDA and Adjusted Spot Debt to Adjusted EBITDA (RioCan's Proportionate Share) are both non-GAAP ratios of our financial leverage calculated as Adjusted Spot Debt divided by a trailing twelve-month Adjusted EBITDA.</p> <p>Adjusted Debt is a non-GAAP measure defined as the quarterly average of Adjusted Spot Debt calculated on a trailing twelve-month basis.</p> <p>Adjusted Debt to Adjusted EBITDA and Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) are both non-GAAP ratios of our financial leverage calculated on a trailing twelve-month basis and are defined as our Adjusted Debt divided by Adjusted EBITDA.</p> <p>In the case of Adjusted Spot Debt to Adjusted EBITDA (RioCan's Proportionate Share) and Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share), the numerator and denominator factor in RioCan's entire portfolio, including equity-accounted investments.</p> <p>These ratios are useful measures of the Trust's ability to satisfy debt obligations.</p>	<p>(xvi) <i>Adjusted EBITDA and Adjusted EBITDA Ratios</i></p>
<p><i>Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share)</i></p> <p>and</p> <p><i>Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share)</i></p>	<p>Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total floating rate debt of RioCan's entire portfolio, including equity-accounted investments divided by Total Debt (RioCan's Proportionate Share).</p> <p>Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total fixed rate debt of RioCan's entire portfolio, including equity-accounted investments divided by Total Debt (RioCan's Proportionate Share).</p> <p>These ratios are useful measures of the Trust's relative exposure to fixed and floating rate debt.</p>	<p>(xiii) <i>Floating Rate Debt and Fixed Rate Debt</i></p>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
Non-GAAP Financial Measure		Description							Quantitative Reconciliation	
<b>Liquidity</b> <b>and</b> <b>Liquidity (RioCan's Proportionate Share)</b>		<p>Liquidity is a non-GAAP measure calculated based on the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans.</p> <p>Liquidity (RioCan's Proportionate Share) is a non-GAAP measure that includes RioCan's Proportionate Share in the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans of RioCan's entire portfolio, including equity-accounted investments.</p> <p>These measures are useful measures of the Trust's cash resources and credit available under committed credit facilities.</p>							(xv) <i>Liquidity</i>	
<b>Ratio of Unsecured Debt to Total Contractual Debt and Ratio of Secured Debt to Total Contractual Debt</b> <b>and</b> <b>Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) and Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share)</b>		<p>Ratio of Unsecured Debt to Total Contractual Debt is a non-GAAP ratio calculated as total Unsecured Debt (contractual amount of unsecured debt) divided by Total Contractual Debt.</p> <p>Ratio of Secured Debt to Total Contractual Debt is a non-GAAP ratio calculated as total Secured Debt (contractual amount of secured debt) divided by Total Contractual Debt.</p> <p>Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total Unsecured Debt of RioCan's entire portfolio, including equity-accounted investments, divided by Total Contractual Debt (RioCan's Proportionate Share).</p> <p>Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total Secured Debt of RioCan's entire portfolio, including equity-accounted investments, divided by Total Contractual Debt (RioCan's Proportionate Share).</p> <p>These ratios are useful measures of the Trust's relative exposure to secured and unsecured debt.</p>							(xiv) <i>Unsecured Debt and Secured Debt</i>	
<b>Unencumbered Assets</b>		<p>Unencumbered Assets is a non-GAAP measure calculated as total investment properties less encumbered investment properties. Unencumbered Assets are investment properties that have not been pledged as security for debt.</p> <p>This ratio is a useful measure of investment properties that can be mortgaged to increase Liquidity.</p>							(xvii) <i>Unencumbered Assets</i>	
<b>Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared</b>		<p>This is a non-GAAP measure calculated as total cash flows provided by operating activities excluding non-cash working capital items less the distributions declared to Unitholders.</p> <p>This is a useful measure of the excess cash the Trust has retained after distributions to fund operations, investments and capital activities.</p>							<i>Distributions to Unitholders</i> section	

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

Below are quantitative reconciliations for all non-GAAP measures indicated:

## (i) RioCan's Proportionate Share

The following table reconciles the consolidated balance sheets from IFRS to RioCan's proportionate share basis as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
<b>Assets</b>						
Investment properties	\$13,931,551	\$ 252,029	\$14,183,580	\$13,839,154	\$ 425,690	\$14,264,844
Equity-accounted investments	201,116	(201,116)	—	408,588	(408,588)	—
Mortgages and loans receivable	359,506	(9,119)	350,387	470,729	(5,321)	465,408
Residential inventory	327,110	304,337	631,447	284,050	337,920	621,970
Assets held for sale	179,726	—	179,726	16,707	—	16,707
Receivables and other assets	310,012	30,179	340,191	262,573	77,571	340,144
Cash and cash equivalents	72,318	11,694	84,012	190,243	9,890	200,133
<b>Total assets</b>	<b>\$15,381,339</b>	<b>\$ 388,004</b>	<b>\$15,769,343</b>	<b>\$15,472,044</b>	<b>\$ 437,162</b>	<b>\$15,909,206</b>
<b>Liabilities</b>						
Debentures payable	\$ 4,138,059	\$ —	\$ 4,138,059	\$ 4,088,654	\$ —	\$ 4,088,654
Mortgages payable	2,427,292	154,348	2,581,640	2,851,602	160,701	3,012,303
Mortgages payable associated with assets held for sale	98,815	—	98,815	—	—	—
Lines of credit and other bank loans	771,574	164,835	936,409	383,658	198,682	582,340
Accounts payable and other liabilities	604,334	68,821	673,155	589,792	77,779	667,571
<b>Total liabilities</b>	<b>\$ 8,040,074</b>	<b>\$ 388,004</b>	<b>\$ 8,428,078</b>	<b>\$ 7,913,706</b>	<b>\$ 437,162</b>	<b>\$ 8,350,868</b>
<b>Equity</b>						
Unitholders' equity	7,341,265	—	7,341,265	7,558,338	—	7,558,338
<b>Total liabilities and equity</b>	<b>\$15,381,339</b>	<b>\$ 388,004</b>	<b>\$15,769,343</b>	<b>\$15,472,044</b>	<b>\$ 437,162</b>	<b>\$15,909,206</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## RioCan's Proportionate Share (continued)

The following tables reconcile the consolidated statements of income from IFRS to RioCan's proportionate share basis for the three and six months ended June 30, 2025 and 2024:

Three months ended June 30	2025			2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
<b>Revenue</b>						
Rental revenue	\$ 291,254	\$ 7,173	\$ 298,427	\$ 275,863	\$ 8,089	\$ 283,952
Residential inventory sales	66,333	33,899	100,232	12,866	6,914	19,780
Property management and other service fees	4,067	(389)	3,678	3,469	(348)	3,121
	361,654	40,683	402,337	292,198	14,655	306,853
<b>Operating costs</b>						
Rental operating costs						
Recoverable under tenant leases	101,934	806	102,740	91,021	806	91,827
Non-recoverable costs	10,896	3,302	14,198	7,889	638	8,527
Residential inventory cost of sales	48,624	27,018	75,642	7,600	5,412	13,012
	161,454	31,126	192,580	106,510	6,856	113,366
<b>Operating income</b>	200,200	9,557	209,757	185,688	7,799	193,487
<b>Other income (loss)</b>						
Interest income	9,671	92	9,763	10,839	438	11,277
Income from equity-accounted investments	4,809	(4,809)	—	2,115	(2,115)	—
Fair value gain (loss) on investment properties, net	15,929	(1,570)	14,359	5,887	(1,810)	4,077
Investment and other income (loss), net	1,155	(1,346)	(191)	609	(1,378)	(769)
	31,564	(7,633)	23,931	19,450	(4,865)	14,585
<b>Other expenses</b>						
Interest costs, net	69,989	1,855	71,844	64,393	2,867	67,260
General and administrative	11,346	20	11,366	14,611	24	14,635
Internal leasing costs	3,242	—	3,242	3,092	—	3,092
Transaction and other costs	1,572	49	1,621	679	43	722
	86,149	1,924	88,073	82,775	2,934	85,709
<b>Income before income taxes</b>	\$ 145,615	\$ —	\$ 145,615	\$ 122,363	\$ —	\$ 122,363
<b>Net income</b>	\$ 145,615	\$ —	\$ 145,615	\$ 122,363	\$ —	\$ 122,363

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## RioCan's Proportionate Share (continued)

Six months ended June 30	2025			2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
<b>Revenue</b>						
Rental revenue	\$ 587,995	\$ (8,177)	\$ 579,818	\$ 564,243	\$ 16,262	\$ 580,505
Residential inventory sales	121,275	57,093	178,368	23,334	77,931	101,265
Property management and other service fees	8,215	(779)	7,436	8,008	(597)	7,411
	717,485	48,137	765,622	595,585	93,596	689,181
<b>Operating costs</b>						
Rental operating costs						
Recoverable under tenant leases	211,929	1,770	213,699	202,220	1,731	203,951
Non-recoverable costs	21,296	5,066	26,362	16,640	1,343	17,983
Residential inventory cost of sales	81,981	48,372	130,353	14,622	62,934	77,556
	315,206	55,208	370,414	233,482	66,008	299,490
<b>Operating income (loss)</b>	402,279	(7,071)	395,208	362,103	27,588	389,691
<b>Other income (loss)</b>						
Interest income	21,073	595	21,668	19,786	1,075	20,861
Income (Loss) from equity-accounted investments	(199,257)	199,257	—	18,821	(18,821)	—
Fair value gain (loss) on investment properties, net	1,151	(154,059)	(152,908)	9,138	(2,202)	6,936
Investment and other income (loss), net	3,579	(34,384)	(30,805)	3,639	(1,831)	1,808
	(173,454)	11,409	(162,045)	51,384	(21,779)	29,605
<b>Other expenses</b>						
Interest costs, net	136,669	4,428	141,097	125,832	5,902	131,734
General and administrative	21,739	36	21,775	28,527	25	28,552
Internal leasing costs	6,498	—	6,498	6,685	—	6,685
Transaction and other costs	2,460	(126)	2,334	2,278	(118)	2,160
	167,366	4,338	171,704	163,322	5,809	169,131
<b>Income before income taxes</b>	\$ 61,459	\$ —	\$ 61,459	\$ 250,165	\$ —	\$ 250,165
Current income tax recovery	—	—	—	(794)	—	(794)
<b>Net income</b>	\$ 61,459	\$ —	\$ 61,459	\$ 250,959	\$ —	\$ 250,959

## (ii) NOI

The following table reconciles operating income to NOI for the three and six months ended June 30, 2025 and 2024:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
<b>Operating Income</b>	\$ 200,200	\$ 185,688	\$ 402,279	\$ 362,103
<i>Adjusted for the following:</i>				
Property management and other service fees	(4,067)	(3,469)	(8,215)	(8,008)
Residential inventory gains	(17,709)	(5,266)	(39,294)	(8,712)
Operational lease revenue from ROU assets, net (i)	2,317	1,783	4,656	3,478
<b>NOI</b>	\$ 180,741	\$ 178,736	\$ 359,426	\$ 348,861

- (i) Includes \$0.6 million and \$1.2 million of straight-line rent from operational lease revenue from right-of-use (ROU) assets for the three and six months ended June 30, 2025.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## NOI at RioCan's Proportionate Share

The following table reconciles operating income to NOI for equity-accounted investments for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30		Six months ended June 30	
(thousands of dollars)	2025	2024	2025	2024
<b>NOI at IFRS basis</b>	\$ 180,741	\$ 178,736	\$ 359,426	\$ 348,861
Add equity-accounted investments:				
<b>Operating Income</b>	\$ 9,557	\$ 7,799	\$ (7,071)	\$ 27,588
Adjusted for the following:				
Property management and other service fees	389	348	779	597
Residential inventory gains	(6,881)	(1,502)	(8,721)	(14,997)
Write-off of straight-line rent receivable in RC-HBC LP	—	—	23,300	—
Operational lease expenses from ROU assets, net	(222)	(222)	(444)	(444)
<b>NOI from equity-accounted investments</b>	\$ 2,843	\$ 6,423	\$ 7,843	\$ 12,744
<b>NOI at RioCan's proportionate share</b>	\$ 183,584	\$ 185,159	\$ 367,269	\$ 361,605

## (iii) Same Property NOI

The following table reconciles Same Property NOI to NOI for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30		Six months ended June 30	
(thousands of dollars)	2025	2024	2025	2024
<b>Commercial</b>				
Commercial Same Property NOI	\$ 152,491	\$ 149,571	\$ 299,510	\$ 291,617
NOI from income producing properties:				
Acquired (i)	27	13	1,770	1,496
Disposed (i)	733	2,242	1,753	4,880
	760	2,255	3,523	6,376
NOI from completed commercial developments	10,819	11,044	22,072	20,582
NOI from properties under de-leasing (ii)	4,752	4,873	9,883	9,575
Lease cancellation fees	117	1,600	2,324	1,711
Straight-line rent adjustment (iv)	2,783	2,179	5,619	5,426
NOI from commercial properties	171,722	171,522	342,931	335,287
<b>Residential</b>				
Residential Same Property NOI	5,320	5,476	10,414	10,586
NOI from income producing properties:				
Acquired (i)	1,676	522	2,155	864
Disposed (i)	11	174	—	320
	1,687	696	2,155	1,184
NOI from completed residential developments	2,012	1,042	3,926	1,804
NOI from residential rental	9,019	7,214	16,495	13,574
<b>NOI (iii)</b>	\$ 180,741	\$ 178,736	\$ 359,426	\$ 348,861

(i) Includes properties acquired or disposed of during the periods being compared.

(ii) NOI from limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification.

(iii) Refer to (ii) NOI in this *Non-GAAP Measures* section of this MD&A for reconciliation from NOI to operating income.

(iv) Includes \$0.6 million and \$1.2 million of straight-line rent from operational lease revenue from ROU assets for the three and six months ended June 30, 2025.

	Three months ended June 30		Six months ended June 30	
(thousands of dollars)	2025	2024	2025	2024
Commercial Same Property NOI	\$ 152,491	\$ 149,571	\$ 299,510	\$ 291,617
Residential Same Property NOI	5,320	5,476	10,414	10,586
<b>Same Property NOI</b>	\$ 157,811	\$ 155,047	\$ 309,924	\$ 302,203



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (iv) FFO

The following table reconciles net income attributable to Unitholders to FFO for the three and six months ended June 30, 2025 and 2024:

(thousands of dollars, except where otherwise noted)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income attributable to Unitholders	\$ 145,615	\$ 122,363	\$ 61,459	\$ 250,959
Add back (deduct):				
Fair value (gains), net	(15,929)	(5,887)	(1,151)	(9,138)
Fair value losses included in equity-accounted investments	1,570	1,810	154,059	2,202
Other RC-HBC LP Valuation Losses	154	—	56,450	—
Internal leasing costs	3,242	3,092	6,498	6,685
Transaction losses on investment properties, net (i)	714	1,508	281	1,457
Transaction gains on equity-accounted investments	—	—	—	(31)
Transaction costs on sale of investment properties	614	73	1,045	947
ERP implementation costs	—	1,874	—	4,410
ERP amortization	(434)	(409)	(868)	(409)
Change in unrealized fair value on marketable securities	—	142	—	1,260
Current income tax recovery	—	—	—	(794)
Operational lease revenue from ROU assets, net	1,914	1,427	3,821	2,772
Operational lease expenses from ROU assets in equity-accounted investments, net	(18)	(17)	(36)	(34)
Capitalized interest related to equity-accounted investments (ii):				
Capitalized interest related to properties under development	53	117	92	249
Capitalized interest related to residential inventory	1,011	1,693	2,420	3,206
<b>FFO</b>	<b>\$ 138,506</b>	<b>\$ 127,786</b>	<b>\$ 284,070</b>	<b>\$ 263,741</b>
Add back (deduct):				
Restructuring costs	—	—	255	646
<b>FFO Adjusted</b>	<b>\$ 138,506</b>	<b>\$ 127,786</b>	<b>\$ 284,325</b>	<b>\$ 264,387</b>
<b>FFO per unit - basic</b>	<b>\$ 0.47</b>	<b>\$ 0.43</b>	<b>\$ 0.96</b>	<b>\$ 0.88</b>
<b>FFO per unit - diluted</b>	<b>\$ 0.47</b>	<b>\$ 0.43</b>	<b>\$ 0.96</b>	<b>\$ 0.88</b>
<b>FFO Adjusted per unit - diluted</b>	<b>\$ 0.47</b>	<b>\$ 0.43</b>	<b>\$ 0.96</b>	<b>\$ 0.88</b>
<b>Weighted average number of Units - basic (in thousands)</b>	<b>296,093</b>	<b>300,463</b>	<b>296,873</b>	<b>300,461</b>
<b>Weighted average number of Units - diluted (in thousands)</b>	<b>296,093</b>	<b>300,463</b>	<b>296,873</b>	<b>300,461</b>

(i) Represents net transaction gains or losses connected to certain investment properties during the period.

(ii) Refer to table below.

## FFO from equity-accounted investments

The following table reconciles income from equity-accounted investments to FFO from equity-accounted investments for the three and six months ended June 30, 2025 and 2024:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Income from equity-accounted investments	\$ 4,809	\$ 2,115	\$ (199,257)	\$ 18,821
Fair value losses included in equity-accounted investments	1,570	1,810	154,059	2,202
Other RC-HBC LP Valuation Losses	154	—	56,450	—
Transaction gains on equity-accounted investments	—	—	—	(31)
Operational lease expenses from ROU assets in equity-accounted investments, net	(18)	(17)	(36)	(34)
Capitalized interest related to equity-accounted investments (i)	1,064	1,810	2,512	3,455
<b>FFO from equity-accounted investments</b>	<b>\$ 7,579</b>	<b>\$ 5,718</b>	<b>\$ 13,728</b>	<b>\$ 24,413</b>

(i) This amount represents the interest capitalized to RioCan's equity-accounted investment in WhiteCastle New Urban Fund 2, LP, WhiteCastle New Urban Fund 3, LP, WhiteCastle New Urban Fund 4, LP, WhiteCastle New Urban Fund 5, LP, RioCan-Fieldgate JV, RC (Queensway) LP, PR Bloor Street LP and RC Yorkville LP. This amount is not capitalized to development projects under IFRS but is allowed as an adjustment under REALPAC's definition of FFO.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Quarterly FFO, FFO Adjusted, FFO Payout Ratio and FFO Adjusted Payout Ratio

The following tables reconcile quarterly net income attributable to Unitholders to FFO for the rolling twelve-month ended June 30, 2025 and 2024:

<i>(thousands of dollars, except where otherwise noted)</i>	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Twelve months ended June 30, 2025
Net income (loss) attributable to Unitholders	\$ 145,615	\$ (84,156)	\$ 125,648	\$ 96,858	\$ 283,965
Add back (deduct):					
Fair value losses (gains), net	(15,929)	14,778	(2,004)	40,495	37,340
Fair value losses (gains) included in equity-accounted investments	1,570	152,489	1,855	(473)	155,441
Other RC-HBC LP Valuation Losses	154	56,296	—	—	56,450
Internal leasing costs	3,242	3,256	3,262	3,346	13,106
Transaction (gains) losses on investment properties, net	714	(433)	(1,345)	422	(642)
Transaction gains on equity-accounted investments	—	—	—	(21)	(21)
Transaction costs on sale of investment properties	614	431	2,435	284	3,764
ERP implementation costs	—	—	—	958	958
ERP amortization	(434)	(434)	(484)	(409)	(1,761)
Change in unrealized fair value on marketable securities	—	—	—	(5,908)	(5,908)
Operational lease revenue from ROU assets, net	1,914	1,907	3,534	1,508	8,863
Operational lease expenses from ROU assets in equity-accounted investments, net	(18)	(18)	(18)	(17)	(71)
Capitalized interest related to equity-accounted investments, net					
Capitalized interest related to properties under development	53	39	110	67	269
Capitalized interest related to residential inventory	1,011	1,409	1,386	741	4,547
<b>FFO</b>	<b>\$ 138,506</b>	<b>\$ 145,564</b>	<b>\$ 134,379</b>	<b>\$ 137,851</b>	<b>\$ 556,300</b>
Add back (deduct):					
Debt prepayment cost, net	—	—	912	(457)	455
Restructuring costs	—	255	7,202	4	7,461
<b>FFO Adjusted</b>	<b>\$ 138,506</b>	<b>\$ 145,819</b>	<b>\$ 142,493</b>	<b>\$ 137,398</b>	<b>\$ 564,216</b>
<b>Distribution paid</b>	<b>\$ 85,824</b>	<b>\$ 83,970</b>	<b>\$ 83,379</b>	<b>\$ 83,380</b>	<b>\$ 336,553</b>
<b>FFO for last four quarters</b>	<b>\$ 556,300</b>	<b>\$ 545,580</b>	<b>\$ 535,971</b>	<b>\$ 534,482</b>	
<b>FFO Adjusted for last four quarters</b>	<b>\$ 564,216</b>	<b>\$ 553,496</b>	<b>\$ 544,278</b>	<b>\$ 534,699</b>	
<b>Distributions for last four quarters</b>	<b>\$ 336,553</b>	<b>\$ 334,106</b>	<b>\$ 332,011</b>	<b>\$ 329,741</b>	
<b>FFO Payout Ratio</b>					<b>60.5%</b>
<b>FFO Adjusted Payout Ratio</b>					<b>59.6%</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Quarterly FFO, FFO Adjusted, FFO Payout Ratio and FFO Adjusted Payout Ratio (continued)

(thousands of dollars, except per unit amounts)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Twelve months ended June 30, 2024
Net income (loss) attributable to Unitholders	\$ 122,363	\$ 128,596	\$ (117,659)	\$ (73,510)	\$ 59,790
Add back (deduct):					
Fair value losses (gains), net	(5,887)	(3,251)	222,921	199,528	413,311
Fair value losses included in equity-accounted investments	1,810	392	13,506	167	15,875
Internal leasing costs	3,092	3,593	3,156	3,020	12,861
Transaction losses (gains) on investment properties, net	1,508	(51)	1,147	(77)	2,527
Transaction (gains) losses on equity-accounted investments	—	(31)	(14)	(69)	(114)
Transaction costs (recoveries) on sale of investment properties	73	874	5,094	(4)	6,037
ERP implementation costs	1,874	2,536	3,503	2,121	10,034
ERP amortization	(409)	—	—	—	(409)
Change in unrealized fair value on marketable securities	142	1,118	(1,846)	1,898	1,312
Current income tax (recovery) expense	—	(794)	(18)	20	(792)
Operational lease revenue from ROU assets, net	1,427	1,345	1,283	1,283	5,338
Operational lease expenses from ROU assets in equity-accounted investments, net	(17)	(17)	(16)	(14)	(64)
Capitalized interest related to equity-accounted investments:					
Capitalized interest related to properties under development	117	132	134	31	414
Capitalized interest related to residential inventory	1,693	1,513	1,699	1,028	5,933
FFO	\$ 127,786	\$ 135,955	\$ 132,890	\$ 135,422	\$ 532,053
Add back:					
Restructuring costs	—	646	24	720	1,390
FFO Adjusted	\$ 127,786	\$ 136,601	\$ 132,914	\$ 136,142	\$ 533,443
Distribution paid	\$ 83,377	\$ 81,875	\$ 81,109	\$ 81,110	\$ 327,471
FFO for last four quarters	\$ 532,053	\$ 535,899	\$ 531,281	\$ 526,034	
FFO Adjusted for last four quarters	\$ 533,443	\$ 537,300	\$ 532,649	\$ 527,888	
Distributions for last four quarters	\$ 327,471	\$ 325,195	\$ 321,414	\$ 317,500	
FFO Payout Ratio					61.5%
FFO Adjusted Payout Ratio					61.4%

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (v) AFFO

The following table reconciles FFO to AFFO for the three and six months ended June 30, 2025 and 2024:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
FFO (i)	\$ 138,506	\$ 127,786	\$ 284,070	\$ 263,741
Add back (deduct):				
Straight-line rent	(2,783)	(2,179)	(5,619)	(5,426)
Straight-line rent in equity-accounted investments	(50)	(235)	23,110	(468)
Write-off of straight-line rent receivable in RC-HBC LP	—	—	(23,300)	—
Normalized capital expenditures:				
Leasing commissions and tenant improvements	(8,000)	(6,500)	(16,000)	(13,000)
Capital expenditures recoverable from tenants	(4,500)	(6,750)	(9,000)	(13,500)
Capital expenditures not recoverable from tenants	(1,250)	(500)	(2,500)	(1,000)
Internal leasing costs	(3,242)	(3,092)	(6,498)	(6,685)
Internal leasing costs related to development properties	357	570	958	1,233
<b>AFFO</b>	<b>119,038</b>	<b>109,100</b>	<b>245,221</b>	<b>224,895</b>
Add back (deduct):				
Restructuring costs	—	—	255	646
<b>AFFO Adjusted</b>	<b>\$ 119,038</b>	<b>\$ 109,100</b>	<b>\$ 245,476</b>	<b>\$ 225,541</b>

(i) Refer to (iv) FFO in this Non-GAAP Measures section of this MD&A for reconciliation from net income to FFO.

## Quarterly AFFO, AFFO Payout Ratio and AFFO Adjusted Payout Ratio

The following tables reconcile FFO to AFFO for the rolling twelve-month ended June 30, 2025 and 2024:

(thousands of dollars, except where otherwise noted)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Twelve months ended June 30, 2025
FFO (i)	\$ 138,506	\$ 145,564	\$ 134,379	\$ 137,851	\$ 556,300
Add back (deduct):					
Straight-line rent	(2,783)	(2,836)	(5,226)	(2,707)	(13,552)
Straight-line rent in equity-accounted investments	(50)	23,160	(139)	(169)	22,802
Write-off of straight-line rent receivable in RC-HBC LP	—	(23,300)	—	—	(23,300)
Normalized capital expenditures:					
Leasing commissions and tenant improvements	(8,000)	(8,000)	(6,500)	(6,500)	(29,000)
Capital expenditures recoverable from tenants	(4,500)	(4,500)	(6,750)	(6,750)	(22,500)
Capital expenditures not recoverable from tenants	(1,250)	(1,250)	(500)	(500)	(3,500)
Internal leasing costs	(3,242)	(3,256)	(3,262)	(3,346)	(13,106)
Internal leasing costs related to development properties	357	601	602	617	2,177
<b>AFFO</b>	<b>\$ 119,038</b>	<b>\$ 126,183</b>	<b>\$ 112,604</b>	<b>\$ 118,496</b>	<b>\$ 476,321</b>
Add back (deduct):					
Debt prepayment cost, net	—	—	912	(457)	455
Restructuring costs	—	255	7,202	4	7,461
<b>AFFO Adjusted</b>	<b>\$ 119,038</b>	<b>\$ 126,438</b>	<b>\$ 120,718</b>	<b>\$ 118,043</b>	<b>\$ 484,237</b>
<b>Distributions paid</b>	<b>\$ 85,824</b>	<b>\$ 83,970</b>	<b>\$ 83,379</b>	<b>\$ 83,380</b>	<b>\$ 336,553</b>
<b>AFFO last four quarters</b>	<b>\$ 476,321</b>	<b>\$ 466,383</b>	<b>\$ 455,995</b>	<b>\$ 457,061</b>	
<b>AFFO Adjusted for last four quarters</b>	<b>\$ 484,237</b>	<b>\$ 474,299</b>	<b>\$ 464,302</b>	<b>\$ 457,278</b>	
<b>Distributions last four quarters</b>	<b>\$ 336,553</b>	<b>\$ 334,106</b>	<b>\$ 332,011</b>	<b>\$ 329,741</b>	
<b>AFFO Payout Ratio</b>					<b>70.7 %</b>
<b>AFFO Adjusted Payout Ratio</b>					<b>69.5 %</b>

(i) Refer to (iv) FFO in this Non-GAAP Measures section of this MD&A for reconciliation from net income to FFO.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Quarterly AFFO, AFFO Payout Ratio and AFFO Adjusted Payout Ratio (continued)

(thousands of dollars, except where otherwise noted)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Twelve months ended June 30, 2024
FFO (i)	\$ 127,786	\$ 135,955	\$ 132,890	\$ 135,422	\$ 532,053
Add back (deduct):					
Straight-line rent	(2,179)	(3,247)	(2,638)	(1,660)	(9,724)
Straight-line rent in equity-accounted investments	(235)	(233)	(258)	(262)	(988)
Normalized capital expenditures:					
Leasing commissions and tenant improvements	(6,500)	(6,500)	(7,075)	(7,075)	(27,150)
Capital expenditures recoverable from tenants	(6,750)	(6,750)	(5,875)	(5,875)	(25,250)
Capital expenditures not recoverable from tenants	(500)	(500)	(800)	(800)	(2,600)
Internal leasing costs	(3,092)	(3,593)	(3,156)	(3,020)	(12,861)
Internal leasing costs related to development properties	570	663	582	557	2,372
AFFO	\$ 109,100	\$ 115,795	\$ 113,670	\$ 117,287	\$ 455,852
Add back:					
Restructuring costs	—	646	24	720	1,390
AFFO Adjusted	\$ 109,100	\$ 116,441	\$ 113,694	\$ 118,007	\$ 457,242
Distributions paid	\$ 83,377	\$ 81,875	\$ 81,109	\$ 81,110	\$ 327,471
AFFO last four quarters	\$ 455,852	\$ 460,793	\$ 459,483	\$ 457,159	
AFFO Adjusted for last four quarters	\$ 457,242	\$ 462,194	\$ 460,851	\$ 459,013	
Distributions last four quarters	\$ 327,471	\$ 325,195	\$ 321,414	\$ 317,500	
AFFO Payout Ratio					71.8%
AFFO Adjusted Payout Ratio					71.6%

(i) Refer to (iv) FFO in this Non-GAAP Measures section of this MD&A for reconciliation from net income to FFO.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (vi) Total RC-HBC LP Valuation Losses

The following table reconciles Total RC-HBC LP Valuation Losses and Other RC-HBC LP Valuation Losses during the three and six months ended June 30, 2025 and 2024:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Share of net loss (income) from equity-accounted investments	\$ (4,809)	\$ (2,115)	\$ 199,257	\$ (18,821)
Add back (deduct):				
Share of income from RC-HBC LP operations	505	3,348	2,994	6,783
Share of fair value losses on investment properties from RC-HBC LP pre-CCAA Proceedings	—	(101)	—	(395)
Share of income from other equity-accounted investments	6,179	(1,132)	8,467	12,433
<b>Total RC-HBC LP Valuation Losses</b>	<b>\$ 1,875</b>	<b>\$ —</b>	<b>\$ 210,718</b>	<b>\$ —</b>
Deduct:				
Share of fair value losses on investment properties from RC-HBC LP post-CCAA Proceedings	(1,721)	—	(154,268)	—
<b>Other RC-HBC LP Valuation Losses</b>	<b>\$ 154</b>	<b>\$ —</b>	<b>\$ 56,450</b>	<b>\$ —</b>

Total RC-HBC LP Valuation Losses comprise of the following during the three and six months ended June 30, 2025 and 2024:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Provision for expected credit losses on finance lease receivables in RC-HBC LP	\$ 154	\$ —	\$ 24,671	\$ —
Write-off of straight-line rent receivable in RC-HBC LP	—	—	23,300	—
Impairment losses on RC-HBC LP	—	—	8,479	—
<b>Other RC-HBC LP Valuation Losses</b>	<b>\$ 154</b>	<b>\$ —</b>	<b>\$ 56,450</b>	<b>\$ —</b>
Fair value losses on investment properties from RC-HBC LP	1,721	—	154,268	—
<b>Total RC-HBC LP Valuation Losses</b>	<b>\$ 1,875</b>	<b>\$ —</b>	<b>\$ 210,718</b>	<b>\$ —</b>

## (vii) Adjusted G&A Expense

Adjusted G&A Expense for the three and six months ended June 30, 2025 and 2024 are as follows:

(thousands of dollars, except where otherwise noted)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Total G&A expense - IFRS	\$ 11,346	\$ 14,611	\$ (3,265)	\$ 21,739	\$ 28,527	\$ (6,788)
Add back (deduct):						
ERP implementation costs	—	(1,874)	1,874	—	(4,410)	4,410
ERP amortization	434	409	25	868	409	459
Restructuring costs	—	—	—	(255)	(646)	391
Adjusted G&A Expense - IFRS	11,780	13,146	(1,366)	22,352	23,880	(1,528)
Add:						
G&A expense from equity-accounted investments	20	24	(4)	36	25	11
<b>Adjusted G&amp;A Expense - RioCan's proportionate share</b>	<b>\$ 11,800</b>	<b>\$ 13,170</b>	<b>\$ (1,370)</b>	<b>\$ 22,388</b>	<b>\$ 23,905</b>	<b>\$ (1,517)</b>
Rental revenue - IFRS	291,254	275,863	15,391	587,995	564,243	23,752
Add back (deduct):						
Rental revenue from equity-accounted investments	7,173	8,089	(916)	(8,177)	16,262	(24,439)
Write-off of straight-line rent receivable in RC-HBC LP	—	—	—	23,300	—	23,300
<b>Rental revenue - RioCan's proportionate share</b>	<b>\$ 298,427</b>	<b>\$ 283,952</b>	<b>\$ 14,475</b>	<b>\$ 603,118</b>	<b>\$ 580,505</b>	<b>\$ 22,613</b>
<b>Adjusted G&amp;A Expense as a percentage of rental revenue</b>	<b>4.0%</b>	<b>4.6%</b>	<b>(0.6)%</b>	<b>3.7%</b>	<b>4.1%</b>	<b>(0.4)%</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (viii) Development Spending

Total Development Spending for the three and six months ended June 30, 2025 and 2024 are as follows:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Development expenditures on balance sheet:				
Properties under development	\$ 34,062	\$ 52,475	\$ 75,504	\$ 96,748
Residential inventory	14,897	33,108	59,120	63,592
RioCan's share of Development Spending from equity-accounted joint ventures	6,426	17,289	13,892	32,002
<b>Total Development Spending</b>	<b>\$ 55,385</b>	<b>\$ 102,872</b>	<b>\$ 148,516</b>	<b>\$ 192,342</b>

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Residential inventory	\$ 18,543	\$ 46,359	\$ 61,584	\$ 88,331
Retail in-fill	14,250	6,884	27,855	11,573
Mixed-use	12,758	38,239	30,824	73,422
Pipeline advancement	9,834	11,390	28,253	19,016
<b>Total Development Spending</b>	<b>\$ 55,385</b>	<b>\$ 102,872</b>	<b>\$ 148,516</b>	<b>\$ 192,342</b>

## (ix) Net Cost Transfer from PUD to IPP

(thousands of dollars)

Year ended December 31	2024	2023
IFRS cost transfer from PUD to IPP	\$ 291,500	530,600
Adjustments to cash basis (i)	(46,900)	(63,800)
<b>Net Cost Transfer from PUD to IPP</b>	<b>\$ 244,600</b>	<b>\$ 466,800</b>

(i) Includes vacant land costs, invested costs on retail redevelopment at date of transfer, proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.

## (x) Total Development at Cost

Total Development at Cost as at June 30, 2025 is as follows:

(thousands of dollars)	Residential inventory cost to date				PUD cost to date			Total Residential inventory and PUD cost to date
	IFRS basis		Adjustments for EAI JV (ii)	Total	IFRS basis		Total	
	Cost	Commissions (i)			Cost	Adjustments for EAI JV		
Projects under construction	\$157,343	\$ 3,504	\$ 80,878	\$241,725	\$ 243,062	\$ 7,154	\$ 250,216	\$ 491,941
Shovel ready development sites	7,131	—	—	7,131	174,208	—	174,208	181,339
Zoning approved	128,925	—	99,901	228,826	223,927	2,471	226,398	455,224
Zoning application submitted	29,427	753	17,421	47,601	77,706	2,010	79,716	127,317
Future developments	4,284	—	—	4,284	120,504	—	120,504	124,788
Development lands & others	—	—	—	—	93,511	8,083	101,594	101,594
Total Development at Cost	\$327,110	\$ 4,257	\$ 198,200	\$529,567	\$ 932,918	\$ 19,718	\$ 952,636	\$ 1,482,203
Cumulative fair value change on properties under development (iii)					(60,061)	(2,609)	(62,670)	
Total properties under development at fair value					\$ 872,857	\$ 17,109	\$ 889,966	

(i) Includes selling commissions that are included in prepaid expenses and other assets.

(ii) Includes \$2.4 million in commissions for EAI JV.

(iii) IPP is transferred to PUD at fair value. As at June 30, 2025, fair value losses of \$47.8 million on an IFRS basis relate to the on-balance sheet net cumulative fair value losses in IPP that were transferred to PUD.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (xi) Total Acquisitions

Total Acquisitions for the three and six months ended June 30, 2025 and 2024 are as follows:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Income producing properties	\$ 125,315	\$ 3,631	\$ 125,708	\$ 118,192
Properties under development	—	—	53,851	42,539
RioCan's share of acquisitions from equity-accounted joint ventures	—	—	59,308	—
<b>Total Acquisitions (i)</b>	<b>\$ 125,315</b>	<b>\$ 3,631</b>	<b>\$ 238,867</b>	<b>\$ 160,731</b>

(i) Includes transaction costs.

## (xii) Total Debt and Total Contractual Debt

RioCan uses both debt and equity in its capital structure, which is summarized as follows as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Debentures payable	\$ 4,138,059	\$ —	\$ 4,138,059	\$ 4,088,654	\$ —	\$ 4,088,654
Mortgages payable	2,427,292	154,348	2,581,640	2,851,602	160,701	3,012,303
Lines of credit and other bank loans	771,574	164,835	936,409	383,658	198,682	582,340
Mortgages payable associated with assets held for sale	98,815	—	98,815	—	—	—
<b>Total debt</b>	<b>\$ 7,435,740</b>	<b>\$ 319,183</b>	<b>\$ 7,754,923</b>	<b>\$ 7,323,914</b>	<b>\$ 359,383</b>	<b>\$ 7,683,297</b>
Total equity	7,341,265	—	7,341,265	7,558,338	—	7,558,338
<b>Total capital</b>	<b>\$ 14,777,005</b>	<b>\$ 319,183</b>	<b>\$ 15,096,188</b>	<b>\$ 14,882,252</b>	<b>\$ 359,383</b>	<b>\$ 15,241,635</b>

As at	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total debt	\$ 7,435,740	\$ 319,183	\$ 7,754,923	\$ 7,323,914	\$ 359,383	\$ 7,683,297
Less:						
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(35,716)	(344)	(36,060)	(35,490)	(526)	(36,016)
<b>Total Contractual Debt</b>	<b>\$ 7,471,456</b>	<b>\$ 319,527</b>	<b>\$ 7,790,983</b>	<b>\$ 7,359,404</b>	<b>\$ 359,909</b>	<b>\$ 7,719,313</b>



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## (xiii) Floating Rate Debt and Fixed Rate Debt

The following table reconciles total fixed rate debt and floating rate debt as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total fixed rate debt	\$ 6,887,467	\$ 87,674	\$ 6,975,141	\$ 7,177,150	\$ 172,925	\$ 7,350,075
Total floating rate debt	548,273	231,509	779,782	146,764	186,458	333,222
Total debt	\$ 7,435,740	\$ 319,183	\$ 7,754,923	\$ 7,323,914	\$ 359,383	\$ 7,683,297
Ratio of floating rate debt to total debt	7.4%		10.1%	2.0%		4.3%

## (xiv) Unsecured Debt and Secured Debt

The following table reconciles Total Unsecured and Secured Debt to Total Contractual Debt as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total Unsecured Debt	\$ 4,740,000	\$ —	\$ 4,740,000	\$ 4,300,000	\$ —	\$ 4,300,000
Total Secured Debt	2,731,456	319,527	3,050,983	3,059,404	359,909	3,419,313
<b>Total Contractual Debt</b>	<b>\$ 7,471,456</b>	<b>\$ 319,527</b>	<b>\$ 7,790,983</b>	<b>\$ 7,359,404</b>	<b>\$ 359,909</b>	<b>\$ 7,719,313</b>
Percentage of Total Contractual Debt:						
Unsecured Debt	63.4%		60.8%	58.4%		55.7%
Secured Debt	36.6%		39.2%	41.6%		44.3%
<b>Total Unsecured Debt</b>	<b>\$ 4,740,000</b>	<b>\$ —</b>	<b>\$ 4,740,000</b>			
Increase (decrease) subsequent to quarter end:						
Utilizing revolving unsecured line of credit to repay maturing mortgages payable	122,105	—	122,105			
Net sales proceeds from assets held for sale (i)	(71,972)	—	(71,972)			
<b>Total Unsecured Debt - pro forma</b>	<b>\$ 4,790,133</b>	<b>\$ —</b>	<b>\$ 4,790,133</b>			
<b>Total Secured Debt</b>	<b>\$ 2,731,456</b>	<b>\$ 319,527</b>	<b>\$ 3,050,983</b>			
Decrease subsequent to quarter end:						
Mortgages payable associated with assets held for sale	(101,378)	—	(101,378)			
Maturing mortgages repayment	(122,105)	—	(122,105)			
Construction lines repayment	—	(7,274)	(7,274)			
<b>Total Secured Debt - pro forma</b>	<b>\$ 2,507,973</b>	<b>\$ 312,253</b>	<b>\$ 2,820,226</b>			
<b>Total Contractual Debt - pro forma</b>	<b>\$ 7,298,106</b>	<b>\$ 312,253</b>	<b>\$ 7,610,359</b>			
Percentage of Total Contractual Debt - pro forma						
Unsecured Debt - pro forma	66%		63%			
Secured Debt - pro forma	34%		37%			

(i) sales proceeds net of mortgages payable associated with assets held for sale assumed by purchaser.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## (xv) Liquidity

As at June 30, 2025, RioCan had \$1.3 billion of Liquidity as summarized in the following table:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Undrawn revolving unsecured operating line of credit	\$ 1,060,000	\$ —	\$ 1,060,000	\$ 1,250,000	\$ —	\$ 1,250,000
Undrawn construction lines and other bank loans	100,358	91,606	191,964	146,024	97,892	243,916
Cash and cash equivalents	72,318	11,694	84,012	190,243	9,890	200,133
<b>Liquidity</b>	<b>\$ 1,232,676</b>	<b>\$ 103,300</b>	<b>\$ 1,335,976</b>	<b>\$ 1,586,267</b>	<b>\$ 107,782</b>	<b>\$ 1,694,049</b>

## (xvi) Adjusted EBITDA and Adjusted EBITDA Ratios

The following table reconciles consolidated net income attributable to Unitholders to Adjusted EBITDA:

Twelve months ended	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	\$ 283,965	\$ —	\$ 283,965	\$ 473,465	\$ —	\$ 473,465
Add (deduct) the following items:						
Income tax recovery:						
Current	—	—	—	(794)	—	(794)
Fair value losses on investment properties, net	37,340	155,439	192,779	29,353	3,582	32,935
Total RC-HBC LP Valuation Losses	210,718	(154,268)	56,450	—	—	—
Change in unrealized fair value on marketable securities (i)	(5,908)	—	(5,908)	(4,648)	—	(4,648)
Internal leasing costs	13,106	—	13,106	13,293	—	13,293
Non-cash unit-based compensation expense	10,256	—	10,256	10,385	—	10,385
Interest costs, net	268,381	10,070	278,451	257,544	11,544	269,088
Debt prepayment loss, net	455	—	455	455	—	455
Restructuring costs	7,461	—	7,461	7,852	—	7,852
ERP implementation costs	958	—	958	5,368	—	5,368
Depreciation and amortization	1,349	—	1,349	1,450	—	1,450
Transaction (gains) losses on the sale of investment properties, net (ii)	(1,284)	(21)	(1,305)	2	(52)	(50)
Transaction costs on investment properties	3,770	1	3,771	3,672	1	3,673
Operational lease revenue (expenses) from ROU assets	8,863	(71)	8,792	7,814	(69)	7,745
<b>Adjusted EBITDA</b>	<b>\$ 839,430</b>	<b>\$ 11,150</b>	<b>\$ 850,580</b>	<b>\$ 805,211</b>	<b>\$ 15,006</b>	<b>\$ 820,217</b>

- (i) The fair value gains and losses on marketable securities may include both the change in unrealized fair value and realized gains and losses on the sale of marketable securities. By adding back the change in unrealized fair value on marketable securities, RioCan effectively continues to include realized gains and losses on the sale of marketable securities in Adjusted EBITDA and excludes unrealized fair value gains and losses on marketable securities in Adjusted EBITDA.
- (ii) Includes transaction gains and losses realized on the disposition of investment properties.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
--------------	---	--	-----------------------------	-----------------------	---------------	------------------------	---------------------------------	-------------------	-------------------	-------------------------

## Adjusted EBITDA Ratios

Adjusted Debt to Adjusted EBITDA ratio is calculated as follows:

Twelve months ended	June 30, 2025			December 31, 2024		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
<b>Adjusted Debt to Adjusted EBITDA</b>						
Average total debt outstanding	\$ 7,299,231	\$ 349,492	\$ 7,648,723	\$ 7,103,232	\$ 365,916	\$ 7,469,148
Less: average cash and cash equivalents	(82,516)	(9,162)	(91,678)	(89,937)	(10,307)	(100,244)
Adjusted Debt	\$ 7,216,715	\$ 340,330	\$ 7,557,045	\$ 7,013,295	\$ 355,609	\$ 7,368,904
Adjusted EBITDA	\$ 839,430	\$ 11,150	\$ 850,580	\$ 805,211	\$ 15,006	\$ 820,217
<b>Adjusted Debt to Adjusted EBITDA</b>	<b>8.60</b>		<b>8.88</b>	<b>8.71</b>		<b>8.98</b>

Adjusted Spot Debt to Adjusted EBITDA ratio is calculated as follows:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
<b>Adjusted Spot Debt to Adjusted EBITDA</b>						
Total debt outstanding	\$ 7,435,740	\$ 319,183	\$ 7,754,923	\$ 7,323,914	\$ 359,383	\$ 7,683,297
Less: cash and cash equivalents	(72,318)	(11,694)	(84,012)	(190,243)	(9,890)	(200,133)
Adjusted Spot Debt	\$ 7,363,422	\$ 307,489	\$ 7,670,911	\$ 7,133,671	\$ 349,493	\$ 7,483,164
Adjusted EBITDA (i)	\$ 839,430	\$ 11,150	\$ 850,580	\$ 805,211	\$ 15,006	\$ 820,217
<b>Adjusted Spot Debt to Adjusted EBITDA</b>	<b>8.77</b>		<b>9.02</b>	<b>8.86</b>		<b>9.12</b>

(i) Adjusted EBITDA is on a rolling twelve-month basis.

## (xvii) Unencumbered Assets

The table below summarizes RioCan's Unencumbered Assets as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Investment properties	\$ 13,931,551	\$ 252,029	\$ 14,183,580	\$ 13,839,154	\$ 425,690	\$ 14,264,844
Less: Encumbered investment properties	(5,013,779)	(213,826)	(5,227,605)	(5,704,034)	(359,465)	(6,063,499)
<b>Unencumbered Assets</b>	<b>\$ 8,917,772</b>	<b>\$ 38,203</b>	<b>\$ 8,955,975</b>	<b>\$ 8,135,120</b>	<b>\$ 66,225</b>	<b>\$ 8,201,345</b>

## Selected Quarterly Non-GAAP measures

### NOI

(thousands of dollars)	2025		2024				2023	
Three months ended	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Operating Income</b>	<b>\$ 200,200</b>	<b>\$ 202,079</b>	<b>\$ 195,973</b>	<b>\$ 182,873</b>	<b>\$ 185,688</b>	<b>\$ 176,415</b>	<b>\$ 186,074</b>	<b>\$ 176,255</b>
Adjusted for the following:								
Property management and other service fees	(4,067)	(4,148)	(4,606)	(5,303)	(3,469)	(4,539)	(6,611)	(2,408)
Residential inventory gains	(17,709)	(21,585)	(11,026)	(356)	(5,266)	(3,446)	(4,795)	—
Operational lease revenue from ROU assets	2,317	2,339	3,889	1,850	1,783	1,695	1,638	1,650
<b>NOI</b>	<b>\$ 180,741</b>	<b>\$ 178,685</b>	<b>\$ 184,230</b>	<b>\$ 179,064</b>	<b>\$ 178,736</b>	<b>\$ 170,125</b>	<b>\$ 176,306</b>	<b>\$ 175,497</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Adjusted Debt to Adjusted EBITDA at RioCan's proportionate share

Twelve months ended	2025		2024				2023	
(thousands of dollars, except where otherwise noted)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net income attributable to Unitholders	\$ 283,965	\$ 260,713	\$ 473,465	\$ 230,158	\$ 59,790	\$ 49,394	\$ 38,802	\$ 151,500
Add (deduct) the following items:								
Income tax (recovery) expense:								
Current	—	—	(794)	(812)	(792)	(761)	(13,365)	(13,531)
Fair value losses on investment properties, net	37,340	47,382	29,353	254,278	413,311	429,792	450,408	342,994
Total RC-HBC LP Valuation Losses	210,718	208,843	—	—	—	—	—	—
Change in unrealized fair value on marketable securities	(5,908)	(5,766)	(4,648)	(6,494)	1,312	997	865	3,094
Internal leasing costs	13,106	12,956	13,293	13,187	12,861	12,787	11,919	12,069
Non-cash unit-based compensation expense	10,256	10,404	10,385	10,085	10,007	10,436	10,154	10,002
Interest costs, net	268,381	262,785	257,544	250,444	236,823	222,404	208,948	198,328
Debt prepayment loss (gain), net	455	455	455	(457)	—	—	—	—
Restructuring costs	7,461	7,461	7,852	674	1,390	1,401	1,368	1,854
ERP implementation costs	958	2,832	5,368	8,870	10,034	10,614	12,032	8,530
Depreciation and amortization	1,349	1,485	1,450	1,737	2,057	2,251	2,632	2,712
Transaction (gains) losses on the sale of investment properties, net	(1,284)	(485)	2	2,654	2,312	1,136	1,180	594
Transaction costs on investment properties	3,770	3,229	3,672	6,331	6,043	6,314	5,606	3,162
Operational lease revenue from ROU assets	8,863	8,376	7,814	5,563	5,338	5,107	5,116	4,955
<b>Adjusted EBITDA - IFRS basis</b>	<b>\$ 839,430</b>	<b>\$ 820,670</b>	<b>\$ 805,211</b>	<b>\$ 776,218</b>	<b>\$ 760,486</b>	<b>\$ 751,872</b>	<b>\$ 735,665</b>	<b>\$ 726,263</b>
Add: equity-accounted investments								
Fair value losses on investment properties from RC-HBC LP	(154,268)	(152,547)	—	—	—	—	—	—
Fair value losses on investment properties, net	155,439	155,679	3,582	15,233	15,874	15,136	14,123	9,023
Interest costs, net	10,070	11,083	11,544	11,929	12,023	11,879	11,339	10,624
Transaction gains on equity-accounted investments	(21)	(21)	(52)	(65)	(114)	(114)	(83)	(69)
Transaction costs on investment properties	1	1	1	1	1	—	1	(1)
Operational lease expenses from ROU assets	(71)	(70)	(69)	(67)	(64)	(60)	(55)	(51)
<b>Adjusted EBITDA - RioCan's proportionate share</b>	<b>\$ 850,580</b>	<b>\$ 834,795</b>	<b>\$ 820,217</b>	<b>\$ 803,249</b>	<b>\$ 788,206</b>	<b>\$ 778,713</b>	<b>\$ 760,990</b>	<b>\$ 745,789</b>
IFRS basis:								
Average total debt outstanding	\$ 7,299,231	\$ 7,211,717	\$ 7,103,232	\$ 7,016,318	\$ 6,995,346	\$ 6,930,252	\$ 6,879,087	\$ 6,875,311
Less: average cash and cash equivalents	(82,516)	(76,988)	(89,937)	(60,532)	(103,374)	(112,642)	(120,952)	(106,768)
Adjusted Debt	\$ 7,216,715	\$ 7,134,729	\$ 7,013,295	\$ 6,955,786	\$ 6,891,972	\$ 6,817,610	\$ 6,758,135	\$ 6,768,543
Add: equity-accounted investments								
Average total debt outstanding	\$ 349,492	\$ 357,826	\$ 365,916	\$ 369,811	\$ 358,122	\$ 337,145	\$ 317,231	\$ 292,517
Less: average cash and cash equivalents	(9,162)	(8,834)	(10,307)	(10,200)	(10,911)	(11,818)	(11,408)	(10,343)
Adjusted Debt - Equity-accounted investments	\$ 340,330	\$ 348,992	\$ 355,609	\$ 359,611	\$ 347,211	\$ 325,327	\$ 305,823	\$ 282,174
<b>Adjusted Debt - RioCan's proportionate share</b>	<b>\$ 7,557,045</b>	<b>\$ 7,483,721</b>	<b>\$ 7,368,904</b>	<b>\$ 7,315,397</b>	<b>\$ 7,239,183</b>	<b>\$ 7,142,937</b>	<b>\$ 7,063,958</b>	<b>\$ 7,050,717</b>
<b>Adjusted Debt to Adjusted EBITDA - RioCan's proportionate share</b>	<b>8.88</b>	<b>8.96</b>	<b>8.98</b>	<b>9.11</b>	<b>9.18</b>	<b>9.17</b>	<b>9.28</b>	<b>9.45</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## Adjusted Spot Debt to Adjusted EBITDA at RioCan's proportionate share

As at	2025		2024				2023	
(thousands of dollars, except where otherwise noted)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
IFRS basis:								
Total debt outstanding	\$ 7,435,740	\$ 7,403,536	\$ 7,323,914	\$ 7,191,696	\$ 7,141,269	\$ 6,998,170	\$ 6,861,113	\$ 6,889,340
Less: average cash and cash equivalents	(72,318)	(59,492)	(190,243)	(39,737)	(50,789)	(44,681)	(124,234)	(43,220)
Adjusted Spot Debt - IFRS basis	\$ 7,363,422	\$ 7,344,044	\$ 7,133,671	\$ 7,151,959	\$ 7,090,480	\$ 6,953,489	\$ 6,736,879	\$ 6,846,120
Add: equity-accounted investments								
Total debt outstanding	\$ 319,183	\$ 349,807	\$ 359,383	\$ 344,110	\$ 374,975	\$ 360,855	\$ 390,255	\$ 378,862
Less: average cash and cash equivalents	(11,694)	(7,137)	(9,890)	(9,768)	(7,321)	(10,051)	(14,506)	(9,355)
Adjusted Spot Debt - Equity-accounted investments	\$ 307,489	\$ 342,670	\$ 349,493	\$ 334,342	\$ 367,654	\$ 350,804	\$ 375,749	\$ 369,507
<b>Adjusted Spot Debt - RioCan's proportionate share</b>	<b>\$ 7,670,911</b>	<b>\$ 7,686,714</b>	<b>\$ 7,483,164</b>	<b>\$ 7,486,301</b>	<b>\$ 7,458,134</b>	<b>\$ 7,304,293</b>	<b>\$ 7,112,628</b>	<b>\$ 7,215,627</b>
<b>Adjusted Spot Debt to Adjusted EBITDA - IFRS basis</b>	<b>8.77</b>	<b>8.95</b>	<b>8.86</b>	<b>9.21</b>	<b>9.32</b>	<b>9.25</b>	<b>9.16</b>	<b>9.43</b>
<b>Adjusted Spot Debt to Adjusted EBITDA - RioCan's proportionate share</b>	<b>9.02</b>	<b>9.21</b>	<b>9.12</b>	<b>9.32</b>	<b>9.46</b>	<b>9.38</b>	<b>9.35</b>	<b>9.68</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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## RISKS AND UNCERTAINTIES

The achievement of RioCan's objectives is, in part, dependent on the successful mitigation of business risks identified. Real estate investments are subject to a degree of risk. They are affected by various factors including changes in general economic and local market conditions, equity and credit markets, fluctuations in interest costs, the attractiveness of the properties to tenants, competition from other available space, the stability and creditworthiness of tenants, and various other factors.

The rights granted in RioCan's amended and restated Declaration of Trust are granted as contractual rights afforded to Unitholders (rather than as statutory rights). Similar to other existing rights contained in the Declaration of Trust (i.e. the take-over bid provisions and conflict of interest provisions), making these rights and remedies and certain procedures available by contract is structurally different from the manner in which the equivalent rights and remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from those rights and remedies or procedures by the corporate statute that governs the corporation, such as the *Canada Business Corporations Act* (CBCA). As such, there is no certainty how these rights, remedies or procedures may be treated by the courts in the non-corporate context or that a Unitholder will be able to enforce the rights and remedies in the manner contemplated by the amendments. Furthermore, how the courts will treat these rights, remedies and procedures will be in the discretion of the court, and the courts may choose to not accept jurisdiction to consider any claim contemplated in the provisions.

For a detailed discussion of risk factors that have been identified by RioCan, refer to the 2024 Annual Report and RioCan's AIF, which can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) or on RioCan's website at [www.riocan.com](http://www.riocan.com), together with the below risk factors.

### Trade Tariffs

Tariffs could increase prices for imported goods between Canada and the U.S., leading to reduced margins, higher consumer prices, decreased demand and economic volatility. While this may prompt the Bank of Canada to lower interest rates, the resulting uncertainty adds to interest rate risk. RioCan's portfolio and balance sheet provide the Trust with the flexibility needed to navigate volatile economic conditions. RioCan's properties are mainly comprised of national, necessity-based retailers with strong covenants which tend to be less susceptible to economic volatility. In addition, RioCan maintains a balanced fixed/floating debt ratio, uses derivatives to lock in long-term fixed rates, and ensures it has a well-distributed debt ladder. Ample Liquidity of \$1.3 billion and Unencumbered Assets of \$9.0 billion provide additional financial flexibility to the Trust in the current economic environment.

Risks and uncertainties arising from prolonged tariffs include, but are not limited to, economic instability which may negatively affect certain tenant categories, potentially leading to downward pressure on occupancy and leasing spreads; changing consumer demands for tenants' products or services; tenants' ability to pay rent as required under their leases; and disruptions in domestic and global supply chains. The duration and severity of any tariffs could adversely affect global economies, including credit and capital markets, resulting in a short-term or long-term economic downturn, which could potentially increase the difficulty and cost of accessing capital.

### Interest Rate and Financing Risk

The terms of RioCan's credit agreements require the Trust to comply with a number of customary financial and other covenants, such as maintaining Debt Service Coverage and leverage ratios, adequate insurance coverage and certain credit ratings. These covenants may limit our flexibility in conducting our operations and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness.

Diversifying funding sources, maintaining a strong liquidity position, and maintaining a well-distributed debt maturity profile mitigate (re)financing risk. The \$1.25 billion revolving unsecured line of credit acts as a backstop to refinance maturing debt, provides financial flexibility to execute the strategic plan, provides a low cost bridge to "permanent" financing, and safeguards against a liquidity / financial crisis. Limiting floating rate debt exposure and maintaining a well-distributed debt maturity profile also help to mitigate interest rate risk.

RioCan's operations are also impacted by interest rates, as interest expense represents a significant cost in the ownership of real estate investments. Although the Bank of Canada has reduced the overnight lending rate by 225 basis points since June 2024, it held the rate steady in its most recent decision on July 30, 2025. An increase in interest rates may result in a significant increase in the amount paid by the Trust to service debt, which could in turn adversely affect RioCan's financial condition and results of operations. Further, in a higher interest rate environment, the cost of acquiring, financing, developing, expanding and renovating investment property also increases, and together with upward pressure on capitalization rates and decreased investment property demand, the Trust's investment property values may decline as a result.

RioCan has proactively employed a variety of financial tactics to protect against interest rate risk including staggering the maturities of long-term debt and limiting the use of floating rate debt to minimize exposure to interest rate fluctuations. As at June 30, 2025, 10.1% of the Trust's total debt was at floating interest rates on RioCan's proportionate basis. From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate

# MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction	Our Business and Our Business Environment	Environmental, Social and Governance (ESG) Initiatives	Property Portfolio Overview	Results of Operations	Asset Profile	Development Activities	Capital Resources and Liquidity	Other Disclosures	Non-GAAP Measures	Risks and Uncertainties
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debt. As at June 30, 2025, the carrying value of our floating rate debt not subject to a hedging strategy is \$548.3 million (December 31, 2024 - \$146.8 million). A 50 basis point increase or decrease in interest rates would result in an annualized increase or decrease in interest expensed or capitalized in aggregate of \$2.7 million (December 31, 2024 - \$0.7 million).

### Joint Ventures and Co-ownerships

RioCan participates in joint ventures, partnerships and similar arrangements that may involve risks and uncertainties not present absent third-party involvement, including, but not limited to, RioCan's dependency on partners, co-tenants or co-venturers that are not under our control and that might compete with RioCan for opportunities, become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on the Trust. Additionally, our partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of the Trust, and we may be required to take actions that are in the interest of the partners collectively, but not in RioCan's sole best interests. Accordingly, we may not be able to favourably resolve issues with respect to such decisions, or we could become engaged in a dispute with any of them that might affect our ability to operate the business or assets in question. RioCan has proactively employed a variety of contractual provisions to protect against joint venture and co-ownership risk. The Trust's joint venture arrangements are typically governed by limited partnership agreements and/or shareholders' agreements. RioCan's standard joint arrangement contracts provide exit and transfer provisions, including, but not limited to, buy/sell and/or right-of-first offers or refusals that allow for the unwinding of these joint arrangements should the circumstances necessitate. In addition, joint arrangement agreements will typically provide RioCan with an option to remedy any non-performance by a defaulting co-owner/partner.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

# TABLE OF CONTENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS	82
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME	83
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	84
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	85
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	86
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	87
1 . General Information	87
2 . Material Accounting Policy Information	87
3 . Investment Properties	88
4 . Equity-accounted Investments	92
5 . Residential Inventory	95
6 . Mortgages and Loans Receivable	95
7 . Receivables and Other Assets	96
8 . Leases	96
9 . Debentures Payable	97
10 . Mortgages Payable	97
11 . Lines of Credit and Other Bank Loans	98
12 . Accounts Payable and Other Liabilities	99
13 . Unitholders' Equity	99
14 . Unit-based Compensation Plans	100
15 . Distributions to Unitholders	101
16 . Revenue	102
17 . Investment and Other Income	103
18 . Interest Income	103
19 . Interest Costs	103
20 . General and Administrative	103
21 . Transaction and Other Costs	104
22 . Net Income per Unit	104
23 . Fair Value Measurement	104
24 . Risk Management	105
25 . Capital Management	107
26 . Supplemental Cash Flow Information	108
27 . Related Party Transactions	109
28 . Segmented Information	109
29 . Contingencies and Other Commitments	109
30 . Events after the Consolidated Balance Sheets Date	110



**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands of Canadian dollars)

As at	Note	June 30, 2025	December 31, 2024
<b>Assets</b>			
Investment properties	3	\$ 13,931,551	\$ 13,839,154
Equity-accounted investments	4	201,116	408,588
Mortgages and loans receivable	6	359,506	470,729
Residential inventory	5	327,110	284,050
Assets held for sale	3	179,726	16,707
Receivables and other assets	7	310,012	262,573
Cash and cash equivalents		72,318	190,243
<b>Total assets</b>		<b>\$ 15,381,339</b>	<b>\$ 15,472,044</b>
<b>Liabilities</b>			
Debentures payable	9	\$ 4,138,059	\$ 4,088,654
Mortgages payable	10	2,427,292	2,851,602
Mortgages payable associated with assets held for sale	3, 10	98,815	—
Lines of credit and other bank loans	11	771,574	383,658
Accounts payable and other liabilities	12	604,334	589,792
<b>Total liabilities</b>		<b>\$ 8,040,074</b>	<b>\$ 7,913,706</b>
<b>Equity</b>			
Unitholders' equity		7,341,265	7,558,338
<b>Total liabilities and equity</b>		<b>\$ 15,381,339</b>	<b>\$ 15,472,044</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Approved on behalf of the Board of Trustees

(signed) Janice Fukakusa  
Janice Fukakusa  
Chair of the Audit Committee  
Trustee

(signed) Jonathan Gitlin  
Jonathan Gitlin  
President and Chief Executive Officer  
Trustee

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands of Canadian dollars, except per unit amounts)

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
<b>Revenue</b>					
Rental revenue	16	\$ 291,254	\$ 275,863	\$ 587,995	\$ 564,243
Residential inventory sales	5	66,333	12,866	121,275	23,334
Property management and other service fees	16	4,067	3,469	8,215	8,008
		<b>361,654</b>	<b>292,198</b>	<b>717,485</b>	<b>595,585</b>
<b>Operating costs</b>					
Rental operating costs					
Recoverable under tenant leases		101,934	91,021	211,929	202,220
Non-recoverable costs		10,896	7,889	21,296	16,640
Residential inventory cost of sales	5	48,624	7,600	81,981	14,622
		<b>161,454</b>	<b>106,510</b>	<b>315,206</b>	<b>233,482</b>
<b>Operating income</b>		<b>200,200</b>	<b>185,688</b>	<b>402,279</b>	<b>362,103</b>
<b>Other income (loss)</b>					
Interest income	18	9,671	10,839	21,073	19,786
Income (loss) from equity-accounted investments	4	4,809	2,115	(199,257)	18,821
Fair value gain on investment properties, net	3	15,929	5,887	1,151	9,138
Investment and other income, net	17	1,155	609	3,579	3,639
		<b>31,564</b>	<b>19,450</b>	<b>(173,454)</b>	<b>51,384</b>
<b>Other expenses</b>					
Interest costs, net	19	69,989	64,393	136,669	125,832
General and administrative	20	11,346	14,611	21,739	28,527
Internal leasing costs		3,242	3,092	6,498	6,685
Transaction and other costs	21	1,572	679	2,460	2,278
		<b>86,149</b>	<b>82,775</b>	<b>167,366</b>	<b>163,322</b>
<b>Income before income taxes</b>		<b>145,615</b>	<b>122,363</b>	<b>61,459</b>	<b>250,165</b>
Current income tax recovery		—	—	—	(794)
<b>Net income</b>		<b>\$ 145,615</b>	<b>\$ 122,363</b>	<b>\$ 61,459</b>	<b>\$ 250,959</b>
<b>Net income per unit</b>					
Basic	22	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84
Diluted	22	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands of Canadian dollars)

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
<b>Net income</b>		<b>\$ 145,615</b>	<b>\$ 122,363</b>	<b>\$ 61,459</b>	<b>\$ 250,959</b>
<b>Other comprehensive income (loss)</b>					
Items that may be reclassified subsequently to income, net of tax:					
Interest rate swap agreements:					
Unrealized gain (loss) during the period	13	3,399	628	(502)	4,377
Reclassified during the period to income	13	(675)	(3,214)	(1,304)	(6,830)
Bond forward agreement:					
Unrealized gain during the period	13	—	3,419	—	5,416
Realized gain during the period	13	—	—	—	945
Reclassified during the period to income	13	(1,861)	(2,125)	(3,715)	(4,198)
Other comprehensive income (loss) from equity-accounted investments	4, 13	208	(280)	337	(178)
<b>Other comprehensive income (loss), net of tax</b>		<b>1,071</b>	<b>(1,572)</b>	<b>(5,184)</b>	<b>(468)</b>
<b>Comprehensive income, net of tax</b>		<b>\$ 146,686</b>	<b>\$ 120,791</b>	<b>\$ 56,275</b>	<b>\$ 250,491</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In thousands of Canadian dollars)

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 31, 2023		\$ 4,560,166	\$ 55,951	\$ 2,770,404	\$ 51,249	\$ 7,437,770
Changes during the period:						
Net income		—	—	250,959	—	250,959
Other comprehensive loss	13	—	—	—	(468)	(468)
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	13	(250)	(10,486)	—	—	(10,736)
Units issued, net of issuance costs	13	145	—	—	—	145
Unit-based compensation awards	13	—	6,867	—	—	6,867
Distributions to Unitholders	15	—	—	(166,004)	—	(166,004)
Balance, June 30, 2024		\$ 4,560,061	\$ 52,332	\$ 2,855,359	\$ 50,781	\$ 7,518,533

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 31, 2024		\$ 4,560,361	\$ 57,512	\$ 2,911,106	\$ 29,359	\$ 7,558,338
Changes during the period:						
Net income		—	—	61,459	—	61,459
Other comprehensive loss	13	—	—	—	(5,184)	(5,184)
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	13	2,718	(10,377)	—	—	(7,659)
Units issued, net of issuance costs	13	87	—	—	—	87
Units purchased and cancelled	13	(84,395)	—	(17,661)	—	(102,056)
Unit-based compensation awards	13	—	6,740	—	—	6,740
Distributions to Unitholders	15	—	—	(170,460)	—	(170,460)
<b>Balance, June 30, 2025</b>		<b>\$ 4,478,771</b>	<b>\$ 53,875</b>	<b>\$ 2,784,444</b>	<b>\$ 24,175</b>	<b>\$ 7,341,265</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
<b>Operating activities</b>				
Net income	\$ 145,615	\$ 122,363	\$ 61,459	\$ 250,959
Items not affecting cash:				
Depreciation and amortization	314	450	629	730
Amortization of straight-line rent	(2,164)	(2,179)	(4,403)	(5,426)
Amortization of bond forward hedge settlement	(1,861)	(2,125)	(3,715)	(4,198)
Amortization of deferred financing charges	1,614	1,191	2,898	2,420
Unit-based compensation expense	2,948	3,096	5,273	5,402
(Income) loss from equity-accounted investments	(4,809)	(2,115)	199,257	(18,821)
Fair value gain on investment properties, net	(15,929)	(5,887)	(1,151)	(9,138)
Fair value loss on marketable securities	—	142	—	1,260
Transaction losses (gains), net on disposition of investment properties	541	1,353	(54)	1,245
Proceeds from bond forward hedge settlement in hedge reserve	—	—	—	945
Adjustments for changes in other working capital items	70,853	(45,532)	8,174	(66,536)
<b>Cash provided by operating activities</b>	<b>197,122</b>	<b>70,757</b>	<b>268,367</b>	<b>158,842</b>
<b>Investing activities</b>				
Acquisitions of investment properties	(121,706)	(3,584)	(137,775)	(41,642)
Construction expenditures on properties under development	(36,328)	(56,181)	(74,192)	(110,737)
Capital expenditures on income producing properties	(20,601)	(12,816)	(52,128)	(44,777)
Proceeds from sale of investment properties	35,590	4,880	60,634	24,370
Earn-outs on investment properties	(180)	—	(180)	—
Acquisitions of and/or contributions to equity-accounted investments	(710)	(3,174)	(62,685)	(3,664)
Distributions received from equity-accounted investments	90	3,035	1,556	6,578
Proceeds from disposition of equity-accounted investments	—	—	—	15,000
Advances of mortgages and loans receivable	(12,395)	(55,588)	(32,262)	(133,426)
Repayments of mortgages and loans receivable	66,748	260	133,950	30,973
Purchase of other investments	—	(400)	(20,450)	(400)
Proceeds from other investments	744	—	744	589
Lease payments received from finance lease receivables	1,336	1,461	2,683	2,839
<b>Cash used in investing activities</b>	<b>(87,412)</b>	<b>(122,107)</b>	<b>(180,105)</b>	<b>(254,297)</b>
<b>Financing activities</b>				
Proceeds from mortgage financing, net of issue costs	24,915	65,577	26,149	257,236
Repayments of mortgage principal	(205,438)	(42,870)	(352,999)	(265,817)
Advances from bank credit lines, net of issue costs	299,086	80,954	441,351	375,643
Repayment of bank credit lines	(87,827)	(260,193)	(87,827)	(610,193)
Proceeds from issuance of debentures, net of issue costs	—	297,908	547,851	746,906
Repayment of unsecured debentures	—	—	(500,000)	(300,000)
Distributions paid to Unitholders	(85,824)	(83,377)	(169,794)	(165,252)
Units repurchased under normal course issuer bid	(40,823)	—	(102,056)	—
Units repurchased for settlement of Unit compensation exercises and proceeds received from issuance of Units, net of issue costs	(520)	(75)	(7,572)	(10,591)
Repayment of lease liabilities	(453)	(466)	(1,290)	(5,922)
<b>Cash (used in) provided by financing activities</b>	<b>(96,884)</b>	<b>57,458</b>	<b>(206,187)</b>	<b>22,010</b>
<b>Net change in cash and cash equivalents</b>	<b>12,826</b>	<b>6,108</b>	<b>(117,925)</b>	<b>(73,445)</b>
Cash and cash equivalents, beginning of period	59,492	44,681	190,243	124,234
<b>Cash and cash equivalents, end of period</b>	<b>\$ 72,318</b>	<b>\$ 50,789</b>	<b>\$ 72,318</b>	<b>\$ 50,789</b>
Supplemental cash flow information	Note 26			

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

# **RIOCAN REAL ESTATE INVESTMENT TRUST**

## **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

## **1. GENERAL INFORMATION**

RioCan Real Estate Investment Trust and its consolidated subsidiaries (collectively, the Trust or RioCan) own, develop and operate one of Canada's largest portfolios of retail-focused and mixed-use properties. The parent trust, RioCan Real Estate Investment Trust, is an unincorporated closed-end trust governed under the laws of the Province of Ontario, Canada, and constituted pursuant to a Declaration of Trust (Declaration) dated November 30, 1993, as most recently amended and restated on June 2, 2020. The Trust's corporate headquarters and registered head office are located at the RioCan Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario, Canada.

RioCan's trust units (Units) are listed on the Toronto Stock Exchange (TSX) under the ticker symbol REI.UN.

These unaudited interim condensed consolidated financial statements (Condensed Consolidated Financial Statements) were authorized for issue by RioCan's Audit Committee on August 7, 2025.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

### **2.1 Statement of compliance**

RioCan's Condensed Consolidated Financial Statements have been prepared by management in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements and, therefore, these Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with the notes to the Trust's audited annual consolidated financial statements as at and for the years ended December 31, 2024 and 2023 (2024 Annual Financial Statements) as set out on pages 108 to 162 of the 2024 Annual Report.

### **2.2 Basis of presentation**

The material accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Trust's 2024 Annual Financial Statements.

### **2.3 Use of estimates and assumptions**

The preparation of RioCan's Condensed Consolidated Financial Statements requires management to make estimates and assumptions that have a significant risk of causing a material adjustment to the reported amounts of assets, liabilities, net income and related disclosures over the following reporting period. Estimates made by management are based on events and circumstances and the latest reliable information available to management that existed as at the consolidated balance sheets dates. Accordingly, actual results may differ from these estimates.

Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of changes in inflation and interest rates and their combined effects on demand and economic growth. Estimates and assumptions that are most subject to increased uncertainty caused by the current macroeconomic environment relate to the valuation of investment properties (Note 3).

#### *Equity-accounted investments*

The Trust is required to assess its equity method investments for impairment when events or circumstances suggest that the carrying amount of the investment may be impaired by comparing its recoverable amount with its carrying amount. In determining the recoverable amount, estimates and assumptions include the timing of the cash flows and the value of the underlying investment properties. A change to assumptions may significantly alter the recoverable amount and any impairment loss.

### **2.4 Future changes in accounting policies**

#### *IFRS 18, Presentation and Disclosure in Financial Statements*

The IASB has issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

In addition, narrow-scope amendments have been made to IAS 7, *Statement of Cash Flows*, which includes changing the starting point for determining cash flows from operations under the indirect method from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**3. INVESTMENT PROPERTIES**

As at	June 30, 2025		December 31, 2024	
Income producing properties (IPP)	\$	13,061,370	\$	12,994,238
Properties under development (PUD)		870,181		844,916
	\$	13,931,551	\$	13,839,154

	Six months ended June 30, 2025			Year ended December 31, 2024
	Income producing properties	Properties under development	Total (iii)	Total (iii)
Balance, beginning of period	\$ 13,010,945	\$ 844,916	\$ 13,855,861	\$ 13,580,793
Acquisitions	125,708	53,851	179,559	160,731
Dispositions	(52,950)	—	(52,950)	(120,747)
Development expenditures	—	75,504	75,504	164,658
Capital expenditures:				
Recoverable and non-recoverable expenditures	9,252	—	9,252	47,369
Leasing commissions and tenant improvements	38,040	—	38,040	67,916
Transfers, net (i)	58,941	(58,941)	—	—
Fair value gain (loss), net	43,624	(42,473)	1,151	(29,353)
Straight-line rent (ii)	4,403	—	4,403	11,234
Transfers to finance lease receivables	(1,704)	—	(1,704)	(10,150)
Transfer to equity-accounted investment	—	—	—	(11,891)
Other changes	2,190	—	2,190	(4,432)
Earn-out consideration	(29)	—	(29)	(267)
Balance, end of period	\$ 13,238,420	\$ 872,857	\$ 14,111,277	\$ 13,855,861
Investment properties	\$ 13,061,370	\$ 870,181	\$ 13,931,551	\$ 13,839,154
Properties held for sale	177,050	2,676	179,726	16,707
	\$ 13,238,420	\$ 872,857	\$ 14,111,277	\$ 13,855,861

- (i) During the six months ended June 30, 2025, transfers to income producing properties from properties under development totalled \$104.8 million, reflecting completed developments. Transfers from income producing properties to properties under development totalled \$45.9 million, reflecting the commencement of active development on certain income producing properties during the period.
- (ii) Included in investment properties is \$135.3 million of net rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease term (December 31, 2024 - \$130.7 million).
- (iii) Included in investment properties are seven properties held as right-of-use (ROU) assets as at June 30, 2025 (December 31, 2024 - eight properties).

**Acquisitions**

The following table summarizes the Trust's acquisitions of properties:

	Income producing properties		Properties under development	
Six months ended June 30,	2025	2024	2025	2024
Properties acquired during the period:				
Total consideration	\$ 125,708	\$ 118,192	\$ 53,851	\$ 42,539
Vendor take-back mortgage (VTB) or debt assumed	—	(73,146)	(34,084)	—
Purchase price payable	—	—	(3,673)	—
Total consideration, net of VTB, purchase price payable and/or debt assumed	\$ 125,708	\$ 45,046	\$ 16,094	\$ 42,539

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

*Investment properties acquisitions*

Property name and location	Date acquired	Interest acquired	IPP purchase price (i)	PUD purchase price (i)	VTB mortgage, purchase price payable and/or debt assumed
<b>Q2 2025</b>					
Market Phase Two and Three, Laval, QC	April 1	90.0 %	\$ 125,315	\$ —	\$ —
			\$ 125,315	\$ —	\$ —
<b>Q1 2025</b>					
Land lease at Galeries Laurentides, Saint-Jérôme, QC (ii)	March 17	100.0 %	\$ 393	\$ —	\$ —
4th Street Lofts, Calgary, AB (iii)	February 3	50.0 %	—	53,851	37,757
			\$ 393	\$ 53,851	\$ 37,757
<b>Total acquisitions for the six months ended June 30, 2025</b>			<b>\$ 125,708</b>	<b>\$ 53,851</b>	<b>\$ 37,757</b>

(i) Purchase price includes transaction costs.

(ii) RioCan exercised the purchase option in a land lease to acquire a parcel of land at the property. Refer to Note 8.

(iii) Purchase price before transaction costs of \$0.4 million was \$53.5 million. Upon closing, RioCan assumed a \$34.1 million construction loan and a \$3.0 million construction payable and recorded \$0.7 million in contingent consideration. A mezzanine loan receivable due to RioCan from the vendor of \$15.7 million was settled upon closing.

*Purchase obligations*

The Trust has agreed to purchase 100% of the retail portion of the 11YV project upon completion, currently estimated to be during 2025, at a 6.0% capitalization rate or a current estimated purchase price of \$24 - \$26 million for the 87.5% interest the Trust will acquire. The Trust currently owns a 12.5% interest in the project through an equity-accounted investment. Refer to Note 4 for further details.

The Trust has agreed to purchase its partners' interest in the retail and residential rental components of Queen & Ashbridge™ upon stabilization, currently estimated to be during 2026, at the greater of pre-determined capitalization rates of 4.75% and 4.15%, respectively, or total cost plus 5%.

The Trust has agreed to purchase a 100% interest in Bellevue Phase Three provided certain conditions are met, currently estimated to be in the third quarter of 2025, for an estimated purchase price of \$28.0 million.

Refer to Note 30 for properties acquired subsequent to the consolidated balance sheets date.



**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**Dispositions**

The following table summarizes the Trust's dispositions of investment properties:

	Income producing properties		Properties under development	
Six months ended June 30	2025	2024	2025	2024
Properties disposed during the period:				
Total consideration	\$ 52,950	\$ 20,886	\$ —	\$ 290
VTB mortgages receivable on dispositions	(850)	(976)	—	—
Total consideration, net of related debt	\$ 52,100	\$ 19,910	\$ —	\$ 290

*Investment properties dispositions*

Property name and location	Date disposed	Interest disposed	IPP sales proceeds	PUD sales proceeds
<b>Q2 2025</b>				
Mega Centre Notre-Dame - North Parcel Lands, Laval, QC	April 22	50.0 %	\$ 36,250	\$ —
			\$ 36,250	\$ —
<b>Q1 2025</b>				
1946 Robertson Road, Ottawa, ON (i)	February 28	100.0 %	\$ 1,700	\$ —
North Edmonton Cineplex, Edmonton, AB	February 20	100.0 %	15,000	—
			\$ 16,700	\$ —
<b>Total dispositions for the six months ended June 30, 2025</b>			<b>\$ 52,950</b>	<b>\$ —</b>

(i) RioCan provided a VTB mortgage of \$0.9 million.

**Properties held for sale**

Presented below are details of the Trust's properties held for sale:

As at	June 30, 2025	December 31, 2024
<b>Assets</b>		
Income producing properties	\$ 177,050	\$ 16,707
Properties under development	2,676	—
Total assets held for sale	\$ 179,726	\$ 16,707
<b>Liabilities</b>		
Mortgages payable associated with assets held for sale	\$ 98,815	\$ —
Total mortgages payable associated with assets held for sale	98,815	—
<b>Net assets</b>	<b>\$ 80,911</b>	<b>\$ 16,707</b>

As at June 30, 2025, RioCan has five investment properties held for sale with a carrying value of \$179.7 million. As at December 31, 2024, RioCan had two investment properties held for sale with a carrying value of \$16.7 million.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**Valuation methodology**

The majority of the Trust's portfolio is valued using the direct capitalization income approach. This methodology uses inputs, which include capitalization rate, stabilized net operating income (SNOI), and, if applicable, cost-to-complete, that are considered Level 3 because significant unobservable inputs are required to determine fair value.

As at June 30, 2025, the weighted average capitalization rate for the Trust's investment properties and properties held for sale is 5.39% (December 31, 2024 - 5.41%). The carrying value of the Trust's investment properties reflects its best estimate for the highest and best use as at June 30, 2025.

The Trust has reviewed the valuation of its properties in light of the difficulty in anticipating the impact of the current global macroeconomic environment on property cash flows and capitalization rates. The impact on demand and economic growth of changes in inflation, fluctuations in interest rates and trade tariffs continue to be uncertain. Such effects could be material to investment properties valuations. As events associated with the current macroeconomic environment continue to unfold, further adjustments to the Trust's IFRS value of investment properties, which could be negative or positive, may be required. Refer to below for a sensitivity analysis of investment properties valuations.

**External valuations**

During the six months ended June 30, 2025, the Trust obtained a total of ten external property appraisals, which supported an IFRS fair value of approximately \$0.8 billion, or 5.3% of the Trust's investment property portfolio (at 100% interest), as at June 30, 2025. In 2025, the Trust intends to select approximately five income producing properties for external appraisal on a quarterly basis.

**Sensitivity analysis of changes in SNOI, capitalization rates and costs to complete**

The following table is a sensitivity analysis applied to the portion of the Trust's investment properties and properties held for sale carrying value that is measured using the direct capitalization approach and, therefore, is sensitive to changes in capitalization rates:

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value variance
(1.00 %)	4.39 %	\$ 3,348,110
(0.75 %)	4.64 %	2,328,975
(0.50 %)	4.89 %	1,459,295
(0.25 %)	5.14 %	690,475
<b>June 30, 2025</b>	<b>5.39 %</b>	<b>—</b>
0.25 %	5.64 %	(624,645)
0.50 %	5.89 %	(1,192,055)
0.75 %	6.14 %	(1,710,400)
1.00 %	6.39 %	(2,185,985)

A 0.25% increase in capitalization rate would result in a lower portfolio fair value of \$624.6 million. A 0.25% decrease in capitalization rate would result in a higher portfolio fair value of \$690.5 million. In addition, a 1% increase in SNOI would result in a higher portfolio fair value of \$134.6 million. A 1% decrease in SNOI would result in a lower portfolio fair value of \$135.7 million. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in a higher portfolio fair value of \$831.6 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a lower portfolio fair value of \$753.5 million. A 1% increase in costs to complete for the development properties would result in a lower portfolio fair value of \$1.4 million, and a 1% decrease in costs to complete for the development properties would result in a higher portfolio fair value of \$1.4 million.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**4. EQUITY-ACCOUNTED INVESTMENTS**

**Equity-accounted investments**

The Trust has certain equity-accounted investments in associates and joint ventures. The following table details the Trust's ownership interest in each equity investee:

Equity investee	Principal activity	June 30, 2025	December 31, 2024
RC Yorkville LP (i)	Development of mixed-use project and sale of residential inventory	25.0 %	25.0 %
PR Bloor Street LP	Development of mixed-use project and sale of residential inventory	50.0 %	50.0 %
RioCan-Fieldgate LP	Development of mixed-use project and sale of residential inventory	50.0 %	50.0 %
Dawson-Yonge LP	Owens and operates an income producing property	40.0 %	40.0 %
RC-HBC LP	Owens and operates investment properties	22.0 %	22.0 %
RC (Queensway) LP	Development and sale of residential inventory	20.0 %	20.0 %
RC (Leaside) LP - Class B	Development and sale of residential inventory	— %	25.0 %
RCLC King and Sherbourne LP	Development and sale of residential rental	50.0 %	50.0 %
WhiteCastle New Urban Fund 2, LP (WNUF 2)		19.3 %	19.3 %
WhiteCastle New Urban Fund 3, LP (WNUF 3)	Development of mixed-use project and sale of residential inventory	20.0 %	20.0 %
WhiteCastle New Urban Fund 4, LP (WNUF 4)		18.4 %	18.4 %
WhiteCastle New Urban Fund 5, LP (WNUF 5)		14.2 %	14.2 %

(i) RioCan's effective ownership interest in the underlying 11YV project was 12.5% as at June 30, 2025 (December 31, 2024 - 12.5%).

The following table shows the changes in the aggregate carrying value of RioCan's investment in associates and joint ventures:

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period	\$ 408,588	\$ 383,883
Acquisitions of and/or contributions to equity-accounted investments (i) (iii)	62,685	20,077
Distributions	(1,556)	(13,166)
Disposition of units	—	(29,601)
Total cash flow activities	61,129	(22,690)
Non-cash contributions:		
Acquisitions of and/or contributions accrual to equity-accounted investments	520	1,153
New joint venture from previously consolidated subsidiary	—	9,262
Discontinuation of equity-accounted investment (iii)	(69,884)	—
Share of net income (loss) from equity-accounted investments (ii)	(199,257)	38,507
Other comprehensive income (loss) from equity-accounted investments	337	(769)
Other	(317)	(758)
Balance, end of period (iv)	\$ 201,116	\$ 408,588

(i) During the six months ended June 30, 2025, the Trust made no contributions to the RC-HBC LP and \$3.6 million to the other equity-accounted investments.

(ii)

	Six months ended June 30, 2025	Year ended December 31, 2024
Share of net income (loss) from equity-accounted investments		
RC-HBC LP fair value losses on investment properties	\$ (154,268)	\$ (2,105)
RC-HBC LP write-off of straight-line rent receivable and expected credit losses on finance lease receivables	(47,971)	—
RC-HBC LP income from operations	2,994	13,689
Other equity-accounted investments	8,467	3,058
Share of net income (loss) from equity-accounted investments	(190,778)	14,642
Impairment loss on RC-HBC LP	(8,479)	—
Gains from partial disposition of RC Yorkville LP	—	23,865
Share of net income (loss) and gain/losses from impairments and redemption of units	\$ (199,257)	\$ 38,507

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

(iii) Refer to RC (Leaside) LP - Class B section below for further details.

(iv) In addition to its net equity in equity-accounted investments, RioCan has guaranteed certain debt in proportion to its ownership interest within equity-accounted investments to third-party lenders in the aggregate amount of \$121.1 million (December 31, 2024 - \$160.1 million), of which \$28.8 million is debt guaranteed within the RC-HBC LP (December 31, 2024 - \$28.8 million).

**Financial results of equity-accounted investees**

The following tables present the financial results of RioCan's equity-accounted investees on a 100% basis:

As at	June 30, 2025			December 31, 2024		
	RC-HBC LP (vi)	Other	Total	RC-HBC LP	Other	Total
Current assets (i)	\$ 18,189	\$ 1,363,448	\$ 1,381,637	\$ 12,375	\$ 1,537,047	\$ 1,549,422
Non-current assets (ii)	953,355	115,319	1,068,674	1,869,003	114,169	1,983,172
Current liabilities (iii)	741,771	704,892	1,446,663	518,220	934,308	1,452,528
Non-current liabilities (iv)	47,652	210,081	257,733	269,288	173,840	443,128
Net assets	\$ 182,121	\$ 563,794	\$ 745,915	\$ 1,093,870	\$ 543,068	\$ 1,636,938
<b>Equity-accounted investments</b>	<b>\$ 40,182</b>	<b>\$ 160,934</b>	<b>\$ 201,116</b>	<b>\$ 248,983</b>	<b>\$ 159,605</b>	<b>\$ 408,588</b>

Three months ended June 30,	2025			2024		
	RC-HBC LP (vi)	Other	Total	RC-HBC LP	Other	Total
Revenue	\$ 30,571	\$ 128,532	\$ 159,103	\$ 36,217	\$ 7,507	\$ 43,724
Operating expenses	(17,090)	(107,787)	(124,877)	(5,430)	(3,296)	(8,726)
Fair value (losses) gains	(7,828)	739	(7,089)	(462)	(3,413)	(3,875)
Provision for expected credit losses on finance lease receivables	(700)	—	(700)	—	—	—
Interest expense	(11,180)	(114)	(11,294)	(15,556)	(99)	(15,655)
Net income (loss)	\$ (6,227)	\$ 21,370	\$ 15,143	\$ 14,769	\$ 699	\$ 15,468
<b>Income (loss) from equity-accounted investments</b>	<b>\$ (1,370)</b>	<b>\$ 6,179</b>	<b>\$ 4,809</b>	<b>\$ 3,247</b>	<b>\$ (1,132)</b>	<b>\$ 2,115</b>

Six months ended June 30,	2025			2024		
	RC-HBC LP (vi)	Other	Total	RC-HBC LP	Other	Total
Revenue	\$ 67,191	\$ 182,984	\$ 250,175	\$ 72,793	\$ 15,017	\$ 87,810
Operating expenses	(27,958)	(152,146)	(180,104)	(11,363)	(6,782)	(18,145)
Fair value (losses) gains	(701,650)	735	(700,915)	(1,797)	(3,401)	(5,198)
Write-off of straight-line rent receivable	(105,959)	—	(105,959)	—	—	—
Provision for expected credit losses on finance lease receivables	(112,208)	—	(112,208)	—	—	—
Interest expense	(25,629)	(223)	(25,852)	(30,584)	(197)	(30,781)
Net income (loss)	\$ (906,213)	\$ 31,350	\$ (874,863)	\$ 29,049	\$ 4,637	\$ 33,686
<b>Income (loss) from equity-accounted investments (v)</b>	<b>\$ (207,724)</b>	<b>\$ 8,467</b>	<b>\$ (199,257)</b>	<b>\$ 6,388</b>	<b>\$ 12,433</b>	<b>\$ 18,821</b>

- (i) As at June 30, 2025, total current assets include \$1.2 billion of residential inventory (December 31, 2024 - \$1.3 billion), for which the expected completion and sale may be greater than 12 months.
- (ii) As at June 30, 2025, the RC-HBC LP non-current assets include 12 investment properties with a carrying value of \$1.0 billion and no finance lease receivables (December 31, 2024 - \$1.7 billion and \$0.2 billion, respectively).
- (iii) As at June 30, 2025, total current liabilities include \$1.3 billion of mortgages payable and other loans, of which \$721.0 million relates to the RC-HBC LP (December 31, 2024 - \$1.2 billion, of which \$500.4 million relates to the RC-HBC LP).
- (iv) As at June 30, 2025, total non-current liabilities include \$145.2 million of mortgages payable and lines of credit with maturities beyond 12 months, of which nil relates to the RC-HBC LP (December 31, 2024 - \$0.3 billion, of which \$221.5 million relates to the RC-HBC LP).
- (v) Includes impairment losses on RC-HBC LP of \$8.5 million for the six months ended June 30, 2025 (includes gain from disposition of interest in the 11YV project of \$12.2 million for the six months ended June 30, 2024).
- (vi) On March 7, 2025, Hudson's Bay Company ULC (HBC) and certain of its affiliates obtained relief under the Companies' Creditors Arrangement Act, (the CCAA Proceedings). On June 3, 2025, the RC-HBC LP entered into receivership (the Receivership Proceedings). The RC-HBC LP had a management agreement with HBC, under which HBC provided advisory and administrative services to the RC-HBC LP, including the preparation of its consolidated financial statements. Given the CCAA Proceedings, HBC provided limited information for the period from January 31, 2025 to mid-June 2025. Under the Receivership Proceedings, RioCan is providing property management services. RioCan has prepared this information table based on certain estimates and assumptions of RioCan, which management believes are reasonable. Readers are cautioned that the information referenced in this information table with respect to the RC-HBC LP may vary materially, including, without limitation, as a result of the CCAA Proceedings and Receivership Proceedings.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

***RC-HBC LP***

Through its investment in the RC-HBC LP, RioCan indirectly holds a 22% interest in ten locations where HBC was the sole tenant and an 11% interest in two co-owned multi-tenanted locations (the RC-HBC LP owns 50% of these two multi-tenanted locations and RioCan owns 50% directly).

On March 7, 2025, HBC and certain of its affiliates filed and obtained CCAA protection (the "CCAA Proceedings"). The RC-HBC LP is not an applicant in the CCAA Proceedings.

Pursuant to the CCAA Proceedings, HBC made monthly rent payments to the RC-HBC LP from March to mid-June 2025 sufficient to cover expenses, debt service obligations and fees, including fees and debt service that is payable to RioCan, vacating all 12 locations by mid-June.

On June 3, 2025, RC-HBC LP was transitioned into a court-approved receivership (the "Receivership Proceedings") and as a result RioCan no longer has joint-control over the RC-HBC LP, but continues to have significant influence. RioCan is working with the receiver and other stakeholders to advance and execute solutions for the RC-HBC LP's properties to benefit the limited partners and its stakeholders.

For the six months ended June 30, 2025, the RC-HBC LP recorded \$154.3 million fair value loss on investment properties, a \$24.7 million provision for expected credit losses on finance lease receivables, and a \$23.3 million write-down of straight-line rent receivable at RioCan's 22% proportionate share (or \$701.7 million, \$112.2 million, and \$106.0 million at 100%, respectively) to reflect the assumption of re-leasing the investment properties and finance lease receivables to new tenants at market rents below the HBC rents at sole tenant locations. In addition, RioCan recorded an impairment loss on its carrying value of its net investment in the RC-HBC LP of \$8.5 million, to reflect a decrease in the recoverable amount of its investment in the joint venture below the carrying amount as a result of the CCAA Proceedings.

As part of the Receivership Proceedings, RioCan has provided \$3.1 million in Debtor-In-Possession financing ("DIP Loan") to the RC-HBC LP as at June 30, 2025, bearing an interest rate of Prime + 6%. The DIP Loan ranks in priority to the security interests of all other loans in the RC-HBC LP.

RC-HBC LP debt secured by the HBC sole-tenanted locations are in default, but have been stayed by the Receivership Proceedings. In addition, RC-HBC LP debt secured by the co-owned multi-tenanted locations are in technical default, however, these continue to be serviced.

In 2024, RioCan advanced two mezzanine loans to the RC-HBC LP for a total of \$38.4 million as at June 30, 2025, both maturing on November 30, 2025, at a rate of Canadian Overnight Repo Rate Average (CORRA) + 7.75% with a weighted average CORRA floor of 4.73%. Both loans are secured by a second mortgage on the related income producing property. The current estimated fair values of the related income producing properties support the full repayment or settlement of the mezzanine loans.

Also during 2024, RioCan provided \$87.3 million of guarantees to third-party lenders for two mortgages within the RC-HBC LP, inclusive of RioCan's interest in the RC-HBC LP. In exchange for these guarantees, RioCan received security interests in several other assets of the RC-HBC LP. As at June 30, 2025, based on the current estimated fair value of the security interest received, the Trust has not recorded an allowance for credit loss for these guarantees. RioCan also obtained termination rights relating to the HBC leases at three properties, which were at below market rent, of which two have since been disclaimed.

RioCan also guarantees 50% of the mortgages on Georgian Mall and Oakville Place, the two co-owned multi-tenanted locations, equal to its 50% direct co-ownership interest.

The remaining debt within the RC-HBC LP is non-recourse to the Trust.

Changes in assumptions and estimates, and the resolution of the CCAA Proceedings and Receivership Proceedings, may result in outcomes that require a material adjustment to the carrying amount of the assets held within the RC-HBC LP, RioCan's net investment in the RC-HBC LP of \$40.2 million and the recoverability of mezzanine loans and guarantees.

For the three and six months ended June 30, 2025, RioCan earned \$1.8 million and \$3.6 million in fees in respect of certain financing services, property management fees and other consulting fees provided to the RC-HBC LP (three and six months ended June 30, 2024 - \$1.6 million and \$3.3 million, respectively).

***RC (Leaside) LP - Class B***

On January 1, 2025, RioCan acquired its partner's 75% interest of Class B units in RC (Leaside) LP for the purchase price of \$59.3 million including transaction costs and assumed \$0.3 million of net working capital deficit. A mezzanine loan receivable due to RioCan from the vendor of \$59.1 million was settled upon closing. As a result of the acquisition, RioCan owns 100% interest of the Class B units in RC (Leaside) LP and the underlying condominium density at RioCan Leaside Centre in Toronto, Ontario. RioCan has discontinued equity investment accounting for the Class B units in RC (Leaside) LP and recognized \$70.0 million of residential inventory and \$0.4 million of net working capital deficit on consolidation as part of the asset acquisition, inclusive of RioCan's original 25% interest of the Class B units in RC (Leaside) LP.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**5. RESIDENTIAL INVENTORY**

Residential inventory consists of assets that are developed by RioCan for sale in the ordinary course of business. Where market conditions result in the carrying value exceeding net realizable value, a valuation allowance is made. As at June 30, 2025, no valuation allowance has been recorded.

The following table shows the changes in the aggregate carrying value of RioCan's residential inventory:

	<b>Six months ended June 30, 2025</b>	Year ended December 31, 2024
Balance, beginning of period	\$ 284,050	\$ 217,186
Step acquisition of Class B units in RC (Leaside) LP (i)	69,988	—
Dispositions	(86,048)	(61,350)
Development expenditures	59,120	128,214
Balance, end of period	\$ 327,110	\$ 284,050

(i) Refer to Note 4 for further details.

The following table provides details on residential inventory gains for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30		Six months ended June 30	
	<b>2025</b>	2024	<b>2025</b>	2024
Residential inventory sales	\$ 66,333	\$ 12,866	\$ 121,275	\$ 23,334
Residential inventory cost of sales:				
Dispositions	45,538	7,380	86,048	14,101
Commission cost and other	2,313	220	4,122	521
Provision for bad debts on amounts due on condominium final closings (i)	773	—	3,025	—
Release of cost contingencies on completed projects	—	—	(11,214)	—
Residential inventory cost of sales	\$ 48,624	\$ 7,600	\$ 81,981	\$ 14,622
Residential inventory gains	\$ 17,709	\$ 5,266	\$ 39,294	\$ 8,712

(i) Refer to Note 7 for further details.

**6. MORTGAGES AND LOANS RECEIVABLE**

As at	<b>June 30, 2025</b>	December 31, 2024
Current	\$ 167,225	\$ 218,495
Non-current	192,281	252,234
Mortgages and loans receivable measured at amortized cost	\$ 359,506	\$ 470,729

As at June 30, 2025, mortgages and loans receivable bear interest at a weighted average effective and contractual rate of 8.76% and 8.31% per annum, respectively (December 31, 2024 - 9.13% and 8.81%, respectively), and mature between 2025 and 2033. Mortgages and loans receivable are either directly or indirectly secured by real property, and as at June 30, 2025, \$86.4 million are full recourse to or guaranteed by the project/property sponsors.

The DIP Loan and two secured mezzanine loans receivable from the RC-HBC LP totalling \$41.4 million are categorized as current in the table above. As at June 30, 2025, the current estimated fair values of the underlying real property support the full repayment or settlement of these loans. Refer to Note 4 for additional details.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**7. RECEIVABLES AND OTHER ASSETS**

The following table details the Trust's receivables and other assets as at June 30, 2025 and December 31, 2024:

As at	June 30, 2025			December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Prepaid expenses and other assets (i)	\$ 53,429	\$ 79,243	\$ 132,672	\$ 20,685	\$ 58,498	\$ 79,183
Amounts due on condominium final closings	54,450	—	54,450	51,619	—	51,619
Net contractual rents and other tenant receivables	43,690	—	43,690	45,856	—	45,856
Finance lease receivables	6,898	36,556	43,454	5,327	39,106	44,433
Other receivables (ii)	10,842	13,549	24,391	19,182	13,569	32,751
Funds held in trust	5,592	5,763	11,355	3,883	4,565	8,448
Interest rate swap assets	—	—	—	—	283	283
	\$ 174,901	\$ 135,111	\$ 310,012	\$ 146,552	\$ 116,021	\$ 262,573

(i) Prepaid expenses and other assets primarily include other investments of \$64.0 million as at June 30, 2025 (December 31, 2024 - \$44.5 million), prepaid property taxes, and office furniture and equipment.

(ii) Other receivables primarily include fees and cost reimbursements receivable from partners, and disposition proceeds receivable.

**Net contractual rents and other tenant receivables**

Net contractual rents and other tenant receivables include common area maintenance (CAM), realty tax and insurance recoveries and are presented net of an allowance for doubtful accounts of \$9.4 million as at June 30, 2025 (December 31, 2024 - \$8.5 million).

The Trust accrued a \$0.7 million and \$1.2 million net provision of rent abatements and bad debts for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 - net recovery of \$0.6 million and \$1.0 million, respectively). These provisions (recoveries) are recorded to non-recoverable operating costs.

**Amounts due on condominium final closings**

Amounts due on condominium final closings are presented net of an allowance for doubtful accounts related to condominium final closings of \$3.0 million as at June 30, 2025 (December 31, 2024 - nil). The Trust accrued \$0.8 million and \$3.0 million net provision of bad debts on amounts due on condominium final closings for the three and six months ended June 30, 2025 (three and six months ended June 30, 2024 - nil), respectively. These provisions were recorded to residential inventory cost of sales.

**8. LEASES**

**As lessee - Real estate leases**

Included in investment properties are seven properties held as ROU assets arising from land and/or building leases where RioCan is the lessee as at June 30, 2025 (December 31, 2024 - eight properties). On March 17, 2025, RioCan exercised a purchase option in a land lease at Galeries Laurentides and acquired land that was previously held as an ROU asset for \$0.4 million (refer to Note 3). The corresponding lease obligation and ROU assets of \$0.7 million were derecognized upon the closing of the acquisition.

As lessee, RioCan may lease a portion of a property (including access roads and parking lots) or the entire property (including land and building). The carrying value of total investment properties related to these leases, including the portions relating to RioCan's leasehold building interests, and certain other property or related property interests, and excluding sublease finance lease receivables (refer to Note 7), is \$125.5 million (December 31, 2024 - \$134.5 million). The corresponding lease liability in accounts payable and other liabilities is \$27.5 million (December 31, 2024 - \$27.8 million).

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**9. DEBENTURES PAYABLE**

As at	June 30, 2025	December 31, 2024
Current	\$ 600,000	\$ 500,000
Non-current	3,538,059	3,588,654
	<b>\$ 4,138,059</b>	<b>\$ 4,088,654</b>

As at June 30, 2025, total debentures payable bear interest at a weighted average contractual interest rate of 4.14% and a weighted average effective interest rate of 4.15% inclusive of bond forward hedges (December 31, 2024 - 3.96% and 3.97%, respectively).

**Issuance activity**

On February 12, 2025, RioCan issued \$550.0 million aggregate principal amount of senior unsecured debentures of the Trust in two series. The \$250.0 million Series AN senior unsecured debentures carry a coupon rate of Daily Compounded CORRA plus 0.85% per annum with an all-in swapped-to-fixed interest rate of 3.31%, and will mature on March 1, 2027. The \$300.0 million Series AO senior unsecured debentures carry a coupon rate of 4.671% per annum and will mature on March 1, 2032. The aggregate \$550.0 million of debentures have an all-in weighted average interest rate of 4.05% per annum, inclusive of the interest rate swap, and a weighted average term to maturity of 4.8 years.

**Redemption activity**

On February 12, 2025, RioCan repaid, in full, its \$500.0 million, 2.576% Series AB senior unsecured debentures upon maturity.

**Covenant compliance**

As at and during the six months ended June 30, 2025, the Trust is in compliance with its covenants pursuant to the Declaration and debenture indentures. Refer to Note 25 for further details.

**10. MORTGAGES PAYABLE**

Mortgages payable, net of deferred financing costs, consist of the following:

As at	June 30, 2025	December 31, 2024
Mortgages payable	\$ 2,427,292	\$ 2,851,602
Mortgages payable associated with assets held for sale	98,815	—
	<b>\$ 2,526,107</b>	<b>\$ 2,851,602</b>
Current	\$ 367,657	\$ 572,564
Non-current	2,158,450	2,279,038
	<b>\$ 2,526,107</b>	<b>\$ 2,851,602</b>

As at June 30, 2025, total mortgages payable bear interest at a weighted average contractual interest rate of 3.76% and a weighted average effective interest rate of 3.72% inclusive of bond forward hedges (December 31, 2024 - 3.67% and 3.68%, respectively), and mature between 2025 and 2034.

During the six months ended June 30, 2025, RioCan completed total new term mortgage borrowings of \$25.0 million and renewed a \$33.6 million maturing mortgage with a \$35.0 million mortgage at a combined weighted average contractual interest rate of 4.73% and a weighted average term of 3.6 years, and repaid \$353.0 million of mortgage balances and scheduled amortization.

As at June 30, 2025, included in current are two mortgages payable totalling \$96.5 million that are in technical default as a result of the Receivership Proceedings. These mortgages continue to be serviced. Refer to Note 4 for additional details.

**Pledged properties**

As at June 30, 2025, \$5.5 billion of the aggregate carrying value of investment properties, assets held for sale, residential inventory and certain other assets serves as security for RioCan's mortgages payable (December 31, 2024 - \$6.0 billion).



**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**11. LINES OF CREDIT AND OTHER BANK LOANS**

The Trust's revolving unsecured operating line of credit and secured construction lines and other bank loans, net of deferred financing costs, are as follows:

As at	June 30, 2025	December 31, 2024
Revolving unsecured operating line of credit (i)	\$ 187,917	\$ (1,905)
Non-revolving unsecured credit facilities	398,970	199,527
Construction lines and other bank loans	184,687	186,036
	<b>\$ 771,574</b>	<b>\$ 383,658</b>
Current	\$ 122,522	\$ 10,000
Non-current	649,052	373,658
	<b>\$ 771,574</b>	<b>\$ 383,658</b>

(i) There are no drawn amounts as at December 31, 2024. Balance represents unamortized deferred financing costs.

**Revolving unsecured operating line of credit**

As at June 30, 2025, RioCan has a \$190.0 million drawn balance, and \$1,060.0 million of credit is available to be drawn from this revolving unsecured operating line of credit (December 31, 2024 - nil and \$1,250.0 million, respectively). The weighted average contractual interest rate on amounts drawn under this facility is 4.50% as at June 30, 2025 (December 31, 2024 - nil).

On June 25, 2025, the Trust extended the maturity date on its operating line of credit to May 31, 2030. Certain covenants were amended to provide the Trust with additional operational and financial flexibility with all other material terms and conditions remaining the same.

**Non-revolving unsecured credit facilities**

On June 23, 2025, the Trust entered into a new \$200.0 million non-revolving unsecured credit facility with two Schedule I financial institutions, with a floating interest rate of 4.49% as at June 30, 2025 (December 31, 2024 - nil) and maturity date of October 1, 2030.

In addition, the Trust has a \$200.0 million non-revolving unsecured credit facility with two Schedule I financial institutions, with a weighted average all-in fixed interest rate of 4.47% (December 31, 2024 - all-in fixed interest rate of 4.47%) through interest rate swaps and maturity date of January 31, 2030.

As at June 30, 2025, all of the Trust's non-revolving unsecured credit facilities are fully drawn. The underlying spreads for the revolving unsecured operating line of credit and the non-revolving unsecured credit facilities are based on the Trust's credit ratings. The revolving unsecured operating line of credit and the non-revolving unsecured credit facilities agreements require the Trust to maintain certain financial covenants. Refer to Note 25 for additional details.

**Construction lines of credit and other bank loans**

In addition to the revolving unsecured operating line of credit and non-revolving unsecured credit facilities, the Trust has secured credit facilities and other bank loans, which include fixed rate and variable rate non-revolving secured construction and acquisition facilities for the funding of certain development properties. As at June 30, 2025, these facilities have drawn balances of \$184.7 million (December 31, 2024 - \$186.0 million), with an aggregate maximum borrowing capacity of \$285.0 million (December 31, 2024 - \$332.1 million) and maturity dates between September 2025 to March 2033. The weighted average contractual interest rate on amounts outstanding is 4.32% (December 31, 2024 - 4.95%).

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**12. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

As at	June 30, 2025			December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Property operating costs (i)	\$ 125,712	\$ 43,012	\$ 168,724	\$ 82,632	\$ 41,372	\$ 124,004
Development expenditures	115,237	—	115,237	111,730	—	111,730
Deferred revenue	66,220	13,150	79,370	85,730	17,087	102,817
Capital expenditures and leasing commissions on income producing properties	57,698	—	57,698	62,534	—	62,534
Interest payable	53,531	—	53,531	56,118	—	56,118
Contingent consideration (ii)	—	42,814	42,814	209	40,914	41,123
Unitholder distributions payable	28,456	—	28,456	27,790	—	27,790
Lease liability	1,876	25,656	27,532	1,757	26,051	27,808
Other payables and accruals	19,992	—	19,992	25,407	—	25,407
Unfunded employee future benefits	—	9,306	9,306	—	10,309	10,309
Interest rate swap agreements	21	1,653	1,674	—	152	152
	<b>\$ 468,743</b>	<b>\$ 135,591</b>	<b>\$ 604,334</b>	<b>\$ 453,907</b>	<b>\$ 135,885</b>	<b>\$ 589,792</b>

(i) Includes amounts billed in advance for CAM, realty taxes and insurance recoveries.

(ii) Contingent consideration includes \$40.9 million pertaining to the Lawrence Plaza acquisition.

**13. UNITHOLDERS' EQUITY**

**Trust Units**

The Trust is authorized to issue an unlimited number of Units. The Units are entitled to distributions, as and when declared by the Board (and upon liquidation), and to a pro-rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders and preferred Unitholders. As the Trust is a closed-end trust, the Units are not payable.

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the six months ended June 30, 2025 and 2024:

Six months ended June 30,	2025		2024	
	Units	\$	Units	\$
Balance, beginning of period	300,469	\$ 4,560,361	300,455	\$ 4,560,166
Units issued:				
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	—	2,718	—	(250)
Direct purchase plan	5	87	8	145
Units repurchased and cancelled	(5,559)	(84,395)	—	—
Balance, end of period	294,915	\$ 4,478,771	300,463	\$ 4,560,061

Included in Units outstanding as at June 30, 2025 are exchangeable limited partnership Units totalling 0.5 million (June 30, 2024 - 0.5 million Units) of three limited partnerships that are subsidiaries of the Trust (the LP Units), which were issued to vendors as partial consideration for income producing properties acquired by RioCan. RioCan is the general partner of the limited partnerships. The LP Units are entitled to distributions equivalent to distributions on RioCan Units and are exchangeable for RioCan Units on a one-for-one basis at any time at the option of the holder.

**Normal course issuer bid (NCIB)**

On November 8, 2024, RioCan announced that it received TSX approval of its notice of intention to renew its NCIB (the 2024/2025 NCIB), to acquire up to a maximum of 29,878,867 Units, or approximately 10% of the public float as at October 31, 2024, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 12, 2024.

The number of Units that can be purchased pursuant to the 2024/2025 NCIB is subject to a current daily maximum of 209,391 Units (which is equal to 25% of 837,564, being the average daily trading volume for the six months preceding October 31, 2024), subject to RioCan's ability to make one block purchase of Units per calendar week that exceeds such limits.

# **RIOCAN REAL ESTATE INVESTMENT TRUST** **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

RioCan has an automatic securities purchase plan (ASPP) in connection with the 2024/2025 NCIB applicable to its outstanding Units. The ASPP is intended to allow for the purchase of Units under the NCIB at times when RioCan would ordinarily not be permitted to purchase Units due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, purchases will be made by RioCan's designated broker based on periodically pre-established purchasing parameters, in accordance with the rules of the TSX and applicable securities laws. Outside of pre-determined blackout periods, Units may be purchased under the NCIB at such times as RioCan determines to be appropriate in compliance with TSX rules and applicable securities laws.

During the six months ended June 30, 2025, the Trust purchased and cancelled 5,559,193 Units at a weighted average price of \$17.99 per unit for a total cost, including \$2.0 million of estimated equity buyback tax, of \$102.1 million. These purchases were made pursuant to the Trust's 2024/2025 NCIB and the ASPP adopted in connection with the Trust's 2024/2025 NCIB.

## **Contributed surplus**

Awards under the Restricted Equity Unit Plans and Performance Equity Unit Plan of RioCan and its consolidated subsidiaries are settled by the delivery of Units purchased on the secondary market, net of applicable withholdings as further described in Note 14. The fair values of these equity-settled awards are recognized as an expense over the vesting period with a corresponding increase to contributed surplus, which is presented as a separate component of total Unitholders' equity.

For the six months ended June 30, 2025, RioCan recorded \$6.7 million in unit-based compensation costs (six months ended June 30, 2024 - \$6.9 million).

## **Accumulated other comprehensive income (loss)**

Accumulated other comprehensive income (loss) as at and for the six months ended June 30, 2025 consists of the following amounts:

	Actuarial loss on pension plan	Interest rate swap agreements (hedge reserve)	Equity-accounted investments	Bond forward agreement (hedge reserve)	Total
As at December 31, 2024	\$ (821)	\$ 622	\$ (381)	\$ 29,939	\$ 29,359
Other comprehensive income (loss)	—	(1,806)	337	(3,715)	(5,184)
As at June 30, 2025	\$ (821)	\$ (1,184)	\$ (44)	\$ 26,224	\$ 24,175

## **14. UNIT-BASED COMPENSATION PLANS**

### **Restricted Equity Unit Plans (REU Plans)**

#### **Senior Executive REU Plan**

As at June 30, 2025, 472,582 Senior Executive REUs are outstanding (December 31, 2024 - 430,218), of which 98,185 are vested (December 31, 2024 - 129,628).

During the six months ended June 30, 2025, the Trust granted 150,655 REUs under its Senior Executive REU Plan. The weighted average grant date price was \$19.64 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of \$3.0 million.

#### **Employee REU Plan**

As at June 30, 2025, 746,114 Employee REUs are unvested and outstanding (December 31, 2024 - 645,839).

During the six months ended June 30, 2025, the Trust granted 278,148 REUs under its Employee REU Plan. The weighted average grant date price was \$19.64 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of \$5.5 million.

### **Performance Equity Unit Plan (PEU Plan)**

As at June 30, 2025, 500,487 PEUs are unvested and outstanding (December 31, 2024 - 424,105).

During the six months ended June 30, 2025, the Trust granted 184,133 PEUs under its PEU Plan at a fair value of \$4.1 million.

The grant date fair value assumptions using a Monte-Carlo simulation model are as follows:

Six months ended June 30,	2025
Fair value of PEUs granted (in thousands)	\$ 4,101
PEUs granted	184,133
Weighted average grant date fair value per unit	\$ 22.27
Weighted average expected risk-free interest rate (i)	2.6%
Weighted average expected unit price volatility (ii)	20.3%
Weighted average initial total Unitholder return (iii)	8.0%

# **RIOCAN REAL ESTATE INVESTMENT TRUST** **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

- (i) Derived using the yield on Government of Canada benchmark bonds with an average term similar to the PEUs vesting period.
- (ii) Expected unit price volatility is calculated based on the average of the actual daily closing price of RioCan's trust units measured over a three-year historical period up to the grant date.
- (iii) PEUs are subject to certain internal and external measures of performance. The PEUs will vest based on the following performance metrics: 40% is subject to an internal performance hurdle over three-year funds from operations per unit growth, 40% is subject to a relative total Unitholder return (TUR) performance hurdle over a three-year performance period where vesting is dependent upon RioCan's TUR performance relative to a comparative group of peer companies, 10% is subject to an internal performance hurdle over three-year cumulative average net asset value per Unit growth and 10% is subject to an internal hurdle on achievement of BOMA Best/LEED certification or equivalent.

The initial TUR performance has incorporated actual historical TUR performance for RioCan and each entity in the comparator group over the period from January 1, 2025 to February 27, 2025 for the February grant.

## **Units Purchased for Settlement**

During the three and six months ended June 30, 2025, RioCan purchased 14,826 and 184,582 Units at an average price of \$17.70 and \$19.39, respectively, for satisfying RioCan's existing obligations under the REU and PEU Plans (three and six months ended June 30, 2024 - 3,315 and 269,206 Units at an average price of \$17.46 and \$18.52, respectively).

## **Incentive Unit Option Plan**

The Trust provides long-term incentives to certain employees by granting options through the Incentive Unit Option Plan (the Plan). RioCan is authorized to issue up to a maximum of 22 million Unit options under the Plan. As at June 30, 2025, 16.0 million Unit options remain available to be granted under the Plan (December 31, 2024 - 15.3 million Unit options). Pursuant to the Board resolution in October 2021, the Board has committed to no longer issue Unit options as part of RioCan's long-term incentive plan or as special awards.

The following summarizes the changes in Unit options outstanding during the three and six months ended June 30, 2025:

	Three months ended June 30, 2025		Six months ended June 30, 2025	
	Units (in thousands)	Weighted average exercise price	Units (in thousands)	Weighted average exercise price
Options				
Outstanding, beginning of period	<b>3,141</b>	<b>\$ 22.76</b>	<b>3,849</b>	<b>\$ 23.97</b>
Expired	<b>(25)</b>	<b>27.19</b>	<b>(733)</b>	<b>29.24</b>
Outstanding, end of period	<b>3,116</b>	<b>\$ 22.73</b>	<b>3,116</b>	<b>\$ 22.73</b>
Options exercisable at end of period	<b>3,116</b>	<b>\$ 22.73</b>	<b>3,116</b>	<b>\$ 22.73</b>

## **Trustee Unit Plan**

### **Deferred Unit Plan**

As at June 30, 2025, 820,518 deferred Units are vested and outstanding (December 31, 2024 - 719,820). Deferred Units will be redeemed and settled by the issuance of Units on or after the date on which the Trustee ceases to be a Trustee, provided any such redemption date is not later than two years following the date the participant ceases to be a Trustee.

During the three months ended June 30, 2025, 68,605 deferred Units were granted at a weighted average grant price of \$17.37 per unit, resulting in an aggregate fair value of \$1.2 million, and no deferred Units were exercised (three months ended June 30, 2024 - 75,971 deferred Units granted and no deferred Units exercised).

During the six months ended June 30, 2025, 77,307 deferred Units were granted at a weighted average grant price of \$17.50 per unit, resulting in an aggregate fair value of \$1.4 million, and no deferred Units were exercised (six months ended June 30, 2024 - 84,946 deferred Units granted and no deferred Units exercised).

Each weighted average grant price is based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to each grant date.

## **15. DISTRIBUTIONS TO UNITHOLDERS**

Total distributions declared to Unitholders are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Distributions declared to Unitholders	<b>\$ 85,601</b>	<b>\$ 83,378</b>	<b>\$ 170,460</b>	<b>\$ 166,004</b>
Distributions per unit	<b>\$ 0.2895</b>	<b>\$ 0.2775</b>	<b>\$ 0.5750</b>	<b>\$ 0.5525</b>

Commencing with the February 2025 distribution, payable in March 2025, the Trust increased its monthly distribution by \$0.0040 per unit to \$0.0965 per unit or \$1.1580 per unit on an annualized basis.

On July 15, 2025, RioCan declared a distribution payable of \$0.0965 per unit for the month of July 2025, which will be paid on August 8, 2025 to Unitholders of record as at July 31, 2025.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**16. REVENUE**

**Rental revenue**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Base rent	\$ 184,535	\$ 176,049	\$ 362,943	\$ 348,462
Realty tax and insurance recoveries	53,912	52,283	107,617	108,748
CAM	47,295	41,036	104,090	94,364
Percentage rent	1,613	1,387	3,193	2,914
Straight-line rent	2,164	2,179	4,403	5,426
Lease cancellation fees	117	1,600	2,324	1,711
Parking revenue	1,618	1,329	3,425	2,618
Rental revenue	\$ 291,254	\$ 275,863	\$ 587,995	\$ 564,243

The following tables provide additional disclosure of the Trust's various revenue streams:

**Revenue from contracts with customers**

Revenue from contracts with customers includes CAM recoveries and parking revenue that are included in rental revenue:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
CAM	\$ 47,295	\$ 41,036	\$ 104,090	\$ 94,364
Property management and other service fees	4,067	3,469	8,215	8,008
Parking revenue	1,618	1,329	3,425	2,618
Residential inventory sales	66,333	12,866	121,275	23,334
Revenue from contracts with customers	\$ 119,313	\$ 58,700	\$ 237,005	\$ 128,324

**Property management and other service fees**

Property management and other service fees consist of the following:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Property management fees (i)	\$ 1,015	\$ 786	\$ 2,029	\$ 1,809
Construction and development fees (i)	553	580	1,114	1,759
Leasing fees (ii)	144	55	280	229
Financing fees (iii)	1,950	1,601	3,985	3,301
Other (iv)	405	447	807	910
Property management and other service fees	\$ 4,067	\$ 3,469	\$ 8,215	\$ 8,008

(i) Recognized over time.

(ii) Recognized at a point in time.

(iii) During the three months ended June 30, 2025, nil was recognized at a point in time and \$2.0 million was recognized over time (three months ended June 30, 2024 - \$1.6 million and nil, respectively). During the six months ended June 30, 2025, no financing fees were recognized at a point in time and \$4.0 million was recognized over time (six months ended June 30, 2024 - \$2.8 million and \$0.6 million, respectively).

(iv) During the three months ended June 30, 2025, nil was recognized at a point in time and \$0.4 million was recognized over time (three months ended June 30, 2024 - nil and \$0.4 million, respectively). During the six months ended June 30, 2025, nil was recognized at a point in time and \$0.8 million was recognized over time (six months ended June 30, 2024 - nil and \$0.9 million, respectively).

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**17. INVESTMENT AND OTHER INCOME**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Income earned on marketable securities	\$ —	\$ 277	\$ —	\$ 552
Fair value loss on marketable securities	—	(142)	—	(1,260)
Transaction gains and other income, net	1,155	474	3,579	4,347
	\$ 1,155	\$ 609	\$ 3,579	\$ 3,639

The following table breaks down the fair value loss on marketable securities for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Change in unrealized fair value on marketable securities during the period	—	(142)	—	(1,260)
Fair value loss on marketable securities during the period	\$ —	\$ (142)	\$ —	\$ (1,260)

**18. INTEREST INCOME**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest income from mortgages and loans receivable	\$ 8,212	\$ 8,858	\$ 17,997	\$ 15,568
Other interest income (i)	1,459	1,981	3,076	4,218
	\$ 9,671	\$ 10,839	\$ 21,073	\$ 19,786

(i) Includes interest from finance subleases of \$0.6 million and \$1.3 million for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 - \$0.6 million and \$1.2 million, respectively).

**19. INTEREST COSTS**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Total interest (i)	\$ 76,937	\$ 72,417	\$ 150,832	\$ 141,519
Less: Interest capitalized	(6,948)	(8,024)	(14,163)	(15,687)
	\$ 69,989	\$ 64,393	\$ 136,669	\$ 125,832

(i) Includes interest from lease liabilities of \$0.4 million and \$0.7 million for the three and six months ended June 30, 2025 (three and six months ended June 30, 2024 - \$0.4 million and \$0.9 million, respectively).

For the three and six months ended June 30, 2025, interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 4.16% and 4.17%, respectively (three and six months ended June 30, 2024 - 4.16% and 4.04%, respectively).

**20. GENERAL AND ADMINISTRATIVE**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Non-recoverable salaries and benefits, net	\$ 4,939	\$ 5,739	\$ 9,832	\$ 12,187
Unit-based compensation expense	1,526	1,587	3,489	3,541
Depreciation and amortization	314	450	629	730
Other general and administrative expenses (i)	4,567	4,961	7,789	7,659
G&A expense before Enterprise Resource Planning (ERP) implementation costs	11,346	12,737	21,739	24,117
ERP implementation costs (ii)	—	1,874	—	4,410
Total G&A expense	\$ 11,346	\$ 14,611	\$ 21,739	\$ 28,527

(i) Other general and administrative costs include information technology costs, public company costs, professional fees, travel expenses, occupancy costs, donations, advertising, promotion and marketing costs.

(ii) ERP implementation costs include salaries and benefits, consultant and licensing costs.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**21. TRANSACTION AND OTHER COSTS**

For the three and six months ended June 30, 2025, transaction and other costs totalling \$1.6 million and \$2.5 million, respectively (three and six months ended June 30, 2024 - \$0.7 million and \$2.3 million, respectively) primarily include property disposition costs and marketing costs.

**22. NET INCOME PER UNIT**

Net income per basic and diluted unit is calculated based on net income available to Unitholders divided by the weighted average number of Units outstanding taking into account the dilution effect of Unit options.

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income attributable to Unitholders	\$ 145,615	\$ 122,363	\$ 61,459	\$ 250,959
Weighted average number of Units outstanding (in thousands):				
Basic	296,093	300,463	296,873	300,461
Diluted (i)	296,093	300,463	296,873	300,461
Net income per unit (basic)	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84
Net income per unit (diluted)	\$ 0.49	\$ 0.41	\$ 0.21	\$ 0.84

(i) The calculation of diluted weighted average number of Units outstanding excludes 3.1 million and 3.4 million Unit options for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 - 4.1 million and 4.3 million Unit options, respectively), as the exercise price of these Unit options was greater than the average market price of Units.

**23. FAIR VALUE MEASUREMENT**

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets is as follows:

As at	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value:						
Other investments	\$ 454	\$ —	\$ 63,590	\$ 594	\$ —	\$ 44,537
Investment properties:						
Income producing properties	—	—	13,061,370	—	—	12,994,238
Properties under development	—	—	870,181	—	—	844,916
Properties held for sale	—	—	179,726	—	—	16,707
Interest rate swaps	—	—	—	—	283	—
Total assets measured at fair value	\$ 454	\$ —	\$ 14,174,867	\$ 594	\$ 283	\$ 13,900,398
Liabilities measured at fair value:						
Interest rate swaps	—	1,674	—	—	152	—
Total liabilities measured at fair value	\$ —	\$ 1,674	\$ —	\$ —	\$ 152	\$ —

For assets and liabilities measured at fair value as at June 30, 2025, there were no transfers between Level 1, Level 2 and Level 3 during the three and six months ended June 30, 2025. For changes in fair value measurements of investment properties and properties held for sale included in Level 3 of the fair value hierarchy, refer to Note 3 for details on the changes in beginning and ending balances.

**Fair value of financial instruments**

The following presents the carrying values and fair values of the Trust's financial instruments, excluding those classified as amortized cost and whose carrying value reasonably approximates their fair value and lease liabilities. Financial instruments that are classified as amortized cost and whose carrying value reasonably approximates their fair value include net contractual rents and other tenant receivables, amounts due on condominium final closings, funds held in trust, other receivables, accounts payable related to property operating costs, development expenditures, capital expenditures and leasing commissions, other trade payables and accruals, and deposits received from customers on residential inventory.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

As at	June 30, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Other investments	\$ 64,044	\$ 64,044	\$ 45,131	\$ 45,131
Finance lease receivables	43,454	43,454	44,433	44,433
Mortgages and loans receivable	359,506	359,556	470,729	469,398
Interest rate swap assets	—	—	283	283
Financial liabilities:				
Debentures payable	\$ 4,138,059	\$ 4,217,598	\$ 4,088,654	\$ 4,139,512
Mortgages payable (i)	2,526,107	2,509,015	2,851,602	2,816,060
Lines of credit and other bank loans	771,574	773,120	383,658	385,083
Interest rate swap liabilities	1,674	1,674	152	152

(i) Includes \$98.8 million mortgages payable associated with assets held for sale.

The fair values of the Trust's financial instruments were determined as follows:

*Other investments*

Other investments primarily include an investment in a real estate debt investment fund for which fair value is determined based on the reported Net Asset Value, where the underlying assets are carried at fair value, provided by the investment fund manager and is considered a Level 3 input.

*Finance lease receivables*

The fair value of finance lease receivables is determined by the discounted cash flow method using applicable inputs such as prevailing discount rates. Fair value measurements of these instruments were estimated using Level 3 inputs.

*Mortgages and loans receivable*

The fair value of mortgages and loans receivable is determined by the discounted cash flow method using applicable inputs such as prevailing interest rates, contractual rates and discounts, and considers the fair value of the underlying collateral. Fair value measurements of these instruments were estimated using Level 3 inputs. The carrying values of short-term and variable rate loans generally approximate their fair values.

*Debentures payable, mortgages payable, mortgages payable associated with assets held for sale, and lines of credit and other bank loans*

The fair values of these instruments are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risk and maturities. Fair value measurements of these instruments were estimated using Level 2 inputs. The carrying values of short-term and variable rate debt generally approximate their fair values.

*Interest rate swaps*

The fair values of the interest rate swaps reported in receivables and other assets and accounts payable and other liabilities on the consolidated balance sheets represent estimates at a specific point in time using financial models based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

## 24. RISK MANAGEMENT

The main risks arising from the Trust's financial instruments are interest rate risk, liquidity risk and credit risk. The Trust's approach to managing these risks is summarized below.

### Interest rate risk

The Trust is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The majority of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. As at June 30, 2025, approximately 7.4% (December 31, 2024 - 2.0%) of the Trust's debt is financed at variable rates (including mortgages payable associated with assets held for sale, if applicable, and excluding debt that has been hedged to fixed rates), exposing the Trust to interest rate risk.

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate debt.



# **RIOCAN REAL ESTATE INVESTMENT TRUST**

## **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

As at June 30, 2025, the outstanding notional amount of the floating-for-fixed interest rate swaps is \$570.0 million (December 31, 2024 - \$300.0 million) and the term to maturity of these agreements ranges from March 2026 to January 2030.

As at June 30, 2025, the Trust did not have any unrealized bond forward contracts outstanding (December 31, 2024 - nil).

The Trust assessed the effectiveness of its continuing hedging relationships and determined all such designated hedging relationships are effective as at June 30, 2025. As at June 30, 2025, the fair value of the interest rate swaps is, in aggregate, a financial liability of approximately \$1.7 million (December 31, 2024 - net financial asset of approximately \$0.1 million).

As at June 30, 2025, the carrying value of the Trust's floating rate debt that is not subject to a hedging strategy is \$548.3 million (December 31, 2024 - \$146.8 million), and a 50 basis point increase or decrease in interest rates would result in an annualized increase or decrease in interest expensed or capitalized in aggregate of \$2.7 million (December 31, 2024 - \$0.7 million).

#### **Currency risk on U.S. dollar borrowings**

From time to time, the Trust funds its Canadian assets by electing to draw on the revolving unsecured operating line of credit in U.S. dollars, bearing interest at USD-SOFR when it is determined that it is economically advantageous to do so. The Trust will concurrently enter into cross-currency swaps to hedge foreign exchange risk on these U.S. dollar borrowings. As at June 30, 2025, the Trust has no cross-currency swaps outstanding.

#### **Liquidity risk**

Liquidity risk is the risk that the Trust may not have access to sufficient debt and equity capital to meet its financial obligations as they become due. The Trust mitigates its liquidity risk by staggering the maturity dates of its long-term debt, actively renewing expiring credit arrangements, utilizing undrawn operating lines of credit, maintaining a large number of assets unencumbered by debt and issuing equity when considered appropriate.

- For the current and non-current scheduled repayments of mortgages, and funds drawn against the Trust's lines of credit and other bank loans, refer to Notes 10 and 11 for details.
- For current and non-current scheduled repayments of debentures, refer to Note 9 for details.

The Trust expects to meet its future financing requirements through existing cash balances, internally generated cash flows, refinancing maturing debt, utilization of its operating lines of credit, credit facilities, construction financing facilities, mortgaging unencumbered assets, issuance of unsecured debentures, the sale of non-core assets, sales proceeds from residential inventory or air rights sales, strategic development partnerships and the issuance of equity when considered appropriate.

#### **Credit risk**

Credit risk is the risk of financial loss to RioCan that arises from the possibility that:

- Tenants may experience financial difficulty and are unable to fulfill their lease commitments or tenants fail to occupy and pay rent in accordance with existing lease agreements, some of which are conditional.
- Borrowers default on the repayment of their mortgages or loans receivable to the Trust or investment entity in which the Trust has an investment.
- Third parties default on the repayment of debt whereby RioCan has provided guarantees, including guarantees by RioCan on behalf of its co-owners and on behalf of purchasers who assumed mortgages on property dispositions.
- Customers may not be able to close financing on a condominium unit previously occupied and recognized in revenue.

The Trust mitigates tenant credit risk through geographical diversification, staggered lease maturities, diversification of revenue sources resulting from a large tenant base, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of the Trust's gross revenue, ensuring a considerable portion of the Trust's revenue is earned from national and anchor tenants, and conducting credit assessments for new tenants. Furthermore, RioCan holds security deposits and letters of credit from a number of tenants, which can serve to offset rents owed on a tenant-by-tenant basis in the unfortunate event of unresolved tenant defaults. For condominium or townhouse sales, RioCan and its partners require deposits on signing, mortgage pre-approvals, actively monitor the collection of interim occupancy payments, work closely with project-specific mortgage brokers where applicable, retain title to the unit until final closing, and initiate recovery procedures when required.

Management reviews contractual rent receivables on a regular basis and reduces carrying amounts through the use of an allowance for doubtful accounts recognizing the amount of any loss in the unaudited interim condensed consolidated statements of income within non-recoverable property operating costs.

As at June 30, 2025 and December 31, 2024, the allowance for doubtful accounts totals \$9.4 million and \$8.5 million, respectively. RioCan holds approximately \$42.4 million of security deposits and approximately \$1.9 million in letters of credit from a number of tenants, which could be used to offset rents owed on a tenant-by-tenant basis in the event of unresolved tenant defaults.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

Credit risk relating to mortgages and loans receivable and third-party guarantees is mitigated through recourse against such counterparties and/or the underlying real estate. These financial instruments are generally considered to have low credit risk. The Trust monitors the debt service ability and the fair value of the properties underlying the mortgages and loans receivable and third-party guarantees to assess for changes in credit risk. Credit risk relating to finance lease receivables is mitigated through recourse against such counterparties and/or re-recognition of the forfeited leased unit as investment property. Refer to Note 29 for third-party guarantees.

RioCan's Declaration of Trust contains provisions that have the effect of limiting the amount of space that can be leased to one tenant and its investment in mortgages and loans receivable.

The maximum exposure to credit risk on financial assets on the consolidated balance sheets is their carrying values.

## **25. CAPITAL MANAGEMENT**

The Trust defines capital as the aggregate of Unitholders' equity and debt. The Trust's capital management framework is designed to maintain a level of capital that complies with investment and debt restrictions pursuant to RioCan's Declaration of Trust, complies with existing debt covenants, enables the Trust to achieve target credit ratings, implement its business strategies and builds long-term Unitholder value. The key elements of RioCan's capital management framework are approved by its Unitholders via the Trust's Declaration of Trust and by its Board through their annual review of the Trust's strategic plan and budget, supplemented by periodic Board and Board Committee meetings. Capital adequacy is monitored by the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the Declaration of Trust and debt covenants.

As at and during the six months ended June 30, 2025, the Trust is in compliance with its investment and debt restrictions pursuant to RioCan's Declaration of Trust.

The Trust's debentures payable have covenants that include a maximum Debt to Aggregate Assets Ratio (defined in the indenture) of 60%, maintenance of at least \$1 billion of Adjusted Book Equity (defined in the indenture) and maintenance of at least an Interest Coverage Ratio (defined in the indenture) of 1.65x for a rolling twelve-month period. As at and for the six months ended June 30, 2025, the Trust is in compliance with these covenants.

The following table presents RioCan's capital structure:

As at	Note	June 30, 2025	December 31, 2024
Debentures payable	9	\$ 4,138,059	\$ 4,088,654
Mortgages payable	10	2,427,292	2,851,602
Lines of credit and other bank loans	11	771,574	383,658
Mortgages payable associated with assets held for sale	10	98,815	—
Total debt		7,435,740	7,323,914
Unitholders' equity		7,341,265	7,558,338
Total capital		\$ 14,777,005	\$ 14,882,252

### **Revolving unsecured operating line of credit and non-revolving unsecured credit facilities**

The Trust is subject to certain key financial covenants pursuant to the agreement governing its revolving unsecured operating line of credit and non-revolving unsecured credit facilities, which are calculated on a rolling twelve-month basis. As at June 30, 2025, the Trust is in compliance with all applicable financial covenants.

The following table summarizes the Trust's performance relative to these key financial covenants:

As at	Key covenant	June 30, 2025	December 31, 2024
Total Indebtedness (i) (vi)	< 60%	50.4 %	54.0 %
Secured Indebtedness (ii) (vi)	< 40%	19.6 %	21.7 %
Debt Service Coverage (iii) (vi)	> 1.5x	2.0x	2.0x
Minimum Unitholders' equity (in millions)	> \$5,000	\$7,341	\$7,558
Ratio of Unencumbered Property Assets to Unsecured Indebtedness (iv) (v) (vi)	> 1.5x	1.8x	1.8x
Properties held for development as a percentage of consolidated gross book value of assets	< 15%	7.8 %	7.3 %

- (i) Effective June 25, 2025, Total Indebtedness consists of the contractual amounts outstanding on mortgages payable, lines of credit and other bank loans, debentures payable, capital lease obligations, contingent liabilities, guarantee liabilities recorded on the balance sheet, and the maximum exposure to loss for all third-party debt where RioCan has provided a financial guarantee or indemnity, in aggregate in excess of \$400 million.
- (ii) Secured Indebtedness includes mortgages payable, mortgages payable associated with assets held for sale, secured construction lines and other bank loans, and capital lease obligations, which are secured against investment properties.
- (iii) Debt Service Coverage is calculated on a rolling twelve-month basis and includes regular mortgage principal and interest payments, including interest capitalized on properties under development.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

- (iv) Effective June 25, 2025, Unsecured Indebtedness includes the contractual amounts outstanding of the revolving unsecured operating line of credit, non-revolving unsecured credit facilities, debentures, contingent liabilities and guarantee liabilities recorded on the balance sheet, and the maximum exposure to loss for all third-party debt where RioCan has provided a financial guarantee, in aggregate in excess of \$400 million.
- (v) Unencumbered Property Assets consist of properties that have not been pledged as security for debt. The Unencumbered Property Assets to Unsecured Indebtedness Ratio is calculated as Unencumbered Assets divided by Unsecured Indebtedness.
- (vi) These ratios reflect equity-accounted investments on a proportionately consolidated basis.

**26. SUPPLEMENTAL CASH FLOW INFORMATION**

**Operating activities**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest received	\$ 7,031	\$ 6,507	\$ 30,562	\$ 12,002
Interest paid	(78,737)	(82,692)	(151,858)	(137,444)

**Investing activities**

The following table provides a reconciliation of capital expenditures on income producing properties:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Recoverable and non-recoverable costs	\$ (6,486)	\$ (4,144)	\$ (17,790)	\$ (20,316)
Tenant improvements and external leasing commissions	(14,115)	(8,672)	(34,338)	(24,461)
Capital expenditures on income producing properties	\$ (20,601)	\$ (12,816)	\$ (52,128)	\$ (44,777)

**Financing activities**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Distributions paid:				
Distributions declared during the period	\$ (85,601)	\$ (83,378)	\$ (170,460)	\$ (166,004)
Distributions declared in the prior period paid in the current period	(28,679)	(27,789)	(27,790)	(27,038)
Distributions declared in the current period paid in the next period	28,456	27,790	28,456	27,790
Distributions paid	\$ (85,824)	\$ (83,377)	\$ (169,794)	\$ (165,252)

The following provides a reconciliation of liabilities arising from financing activities:

Six months ended June 30, 2025	Mortgages payable		Lines of credit and other bank loans		Debentures
Balance, beginning of period	\$	2,851,602	\$	383,658	\$ 4,088,654
Proceeds/advances, net		26,149		441,351	547,851
Repayments		(352,999)		(87,827)	(500,000)
Non-cash changes:					
Deferred financing costs and premiums and discounts		1,355		308	1,554
VTB mortgage or contractual principal assumed on acquisition/disposition, net		—		34,084	—
Balance, end of period	\$	2,526,107	\$	771,574	\$ 4,138,059
Mortgages payable associated with assets held for sale		98,815		—	—
	\$	2,427,292	\$	771,574	\$ 4,138,059

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

Six months ended June 30, 2024	Mortgages payable	Lines of credit and other bank loans	Debentures
Balance, beginning of period	\$ 2,740,924	\$ 879,246	\$ 3,240,943
Proceeds/advances, net	257,236	375,643	746,906
Repayments	(265,817)	(610,193)	(300,000)
Non-cash changes:			
Deferred financing costs and premiums and discounts	(4,191)	396	1,376
VTB mortgage or contractual principal assumed on acquisition/disposition, net	78,800	—	—
Balance, end of period	\$ 2,806,952	\$ 645,092	\$ 3,689,225

## 27. RELATED PARTY TRANSACTIONS

RioCan's related parties include the following persons and/or entities:

- Associates, joint ventures or entities that are controlled or significantly influenced by the Trust; and
- Key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan, directly or indirectly.

Activity and transactions with associates and joint ventures are disclosed in Note 4.

As at June 30, 2025 and 2024, the Trust's key management personnel include each of the Trustees and the following officers: President and Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and Chief Operating Officer.

Ms. Bonnie Brooks did not stand for re-election as a Trustee at RioCan's annual meeting of Unitholders held on June 10, 2025. Effective June 30, 2025, Richard Dansereau resigned from his position as a Trustee on RioCan's Board of Trustees. As a result of Ms. Brooks' retirement and Mr. Dansereau's resignation, RioCan's Board of Trustees is now comprised of nine members.

Remuneration of the Trust's Trustees and Key Executives during the three and six months ended June 30, 2025 and 2024 were as follows:

	Three months ended June 30				Six months ended June 30			
	Trustees		Key Executives		Trustees		Key Executives	
	2025	2024	2025	2024 (i)	2025	2024	2025	2024 (i)
Compensation and benefits	\$ 87	\$ 107	\$ 1,325	\$ 1,254	\$ 195	\$ 215	\$ 2,784	\$ 2,658
Unit-based compensation	1,422	1,475	594	678	1,784	1,797	1,663	1,736
Post-employment benefit costs	—	—	60	59	—	—	115	114
	\$ 1,509	\$ 1,582	\$ 1,979	\$ 1,991	\$ 1,979	\$ 2,012	\$ 4,562	\$ 4,508

(i) The comparatives for unit-based compensation and post-employment benefit costs for the three and six months ended June 30, 2024 have been restated.

## 28. SEGMENTED INFORMATION

RioCan primarily owns, develops, manages and operates retail-focused properties and mixed-use developments located in Canada. In measuring its performance, the Trust does not distinguish or group its operations on a geographical or other basis and, accordingly, has a single reportable segment. Management has applied judgment by aggregating its operating segments into one reportable segment for disclosure purposes. Such judgment considers the nature of property operations, tenant mix and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. The Trust's President and Chief Executive Officer is the chief operating decision-maker and regularly reviews RioCan's operations and performance on an individual property basis. RioCan does not have any single major tenant or a significant group of tenants.

## 29. CONTINGENCIES AND OTHER COMMITMENTS

### Third-party guarantees

As at June 30, 2025, the maximum exposure to credit loss resulting from the Trust's debt guarantees on behalf of certain co-owners' or joint-venture partners' interests and mortgages assumed by purchasers on property dispositions is \$356.2 million (December 31, 2024 - \$600.7 million), which expires between 2025 and 2026. As at June 30, 2025, \$58.5 million relates to a guarantee provided to the RC-HBC LP that is in excess of RioCan ownership in the RC-HBC LP. This RC-HBC LP loan guaranteed by RioCan is in currently in default. However, as mutually agreed upon by the receiver and lenders, the Receivership Proceedings stays the corresponding lenders from commencing any enforcement proceedings against the RC-HBC LP, in its capacity as borrower. Refer to Note 4 for more details, including guarantees provided inclusive of RioCan's ownership interest in the RC-HBC LP. As at June 30, 2025 and for the three and six months ended June 30, 2025, no allowance and/or provision for expected credit losses has been recognized for any guarantees in the unaudited interim condensed consolidated financial statements.

**RIOCAN REAL ESTATE INVESTMENT TRUST**  
**NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

**Letters of credit and surety bonds**

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling \$75.3 million (December 31, 2024 - \$75.3 million). As at June 30, 2025, the Trust's outstanding letters of credit under these facilities are \$30.3 million (December 31, 2024 - \$34.5 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of \$153.4 million (December 31, 2024 - \$219.1 million).

**Investment commitments**

As at June 30, 2025, the Trust has total unfunded investment commitments of \$82.7 million relating to equity-accounted investments and other investments (December 31, 2024 - \$79.8 million). In addition, within RioCan's investment in equity-accounted investments, there are \$19.2 million in construction commitments at RioCan's ownership interest pertaining to development activities (December 31, 2024 - \$27.5 million). Refer to Note 3 for investment property purchase commitments.

**Construction commitments**

RioCan has entered into commitments for development activity and building renovations from leasing activity. As at June 30, 2025, the commitments for investment properties and residential inventory are \$78.4 million (December 31, 2024 - \$118.6 million).

**Litigation**

The Trust is involved with litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust's Condensed Consolidated Financial Statements.

**30. EVENTS AFTER THE CONSOLIDATED BALANCE SHEETS DATE**

**Dispositions**

On July 30, 2025, RioCan disposed of its 50% interest in three residential rental properties located in Ottawa, Ontario for sales proceeds of \$136.0 million. The purchaser assumed debt of \$78.8 million at a weighted average contractual interest rate of 3.93%.

On August 6, 2025, RioCan disposed of its 50% interest in a residential rental property located in Calgary, Alberta for sales proceeds of \$37.4 million. The purchaser assumed debt of \$22.4 million at a contractual interest rate of 2.71%.

**RC-HBC LP**

Effective August 6, 2025, two of the sole tenanted properties in RC-HBC LP no longer have access to funding. Inclusive of these two properties, as of August 7, 2025, RioCan has elected to no longer provide funding for five sole tenanted properties in RC-HBC LP.

# CORPORATE INFORMATION

## SENIOR MANAGEMENT

---

**Jonathan Gitlin**, President and Chief Executive Officer

**Dennis Blasutti**, Chief Financial Officer

**John Ballantyne**, Chief Operating Officer

**Andrew Duncan**, Chief Investment Officer

**Terri Andrianopoulos**, Senior Vice President, People and Brand

**Oliver Harrison**, Senior Vice President, Leasing and Tenant Experience

**Franca Smith**, Senior Vice President, Finance

**Jennifer Suess, O.Ont.**, Senior Vice President, General Counsel, ESG and Corporate Secretary

## BOARD OF TRUSTEES

---

**Edward Sonshine, O.Ont., K.C.**

Non-Executive Chairman

**Siim A. Vanaselja**<sup>(2),(3)</sup>

Lead Trustee and Chair of the Nominating, Environmental, Social and Governance Committee

**Janice Fukakusa, C.M.**<sup>(1)</sup>

Chair of the Audit Committee

**Jonathan Gitlin**

**Marie-Josée Lamothe**<sup>(1),(4)</sup>

**Dale H. Lastman, C.M., O.Ont.**

**Jane Marshall**<sup>(4)</sup>

Chair of the People, Culture and Compensation Committee

**Guy Metcalfe**<sup>(3),(4)</sup>

**Charles M. Winograd**<sup>(2)</sup>

Chair of the Investment Committee

## UNITHOLDER INFORMATION

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### Head Office

RioCan Real Estate Investment Trust

RioCan Yonge Eglinton Centre

2300 Yonge Street, Suite 2200

P.O. Box 2386, Toronto, Ontario M4P 1E4

Tel: (416) 866-3033 or 1 (800) 465-2733

Fax: (416) 866-3020

Website: [www.riocan.com](http://www.riocan.com)

Email: [ir@riocan.com](mailto:ir@riocan.com)

## INVESTOR CONTACT

---

Investor Relations

Email: [ir@riocan.com](mailto:ir@riocan.com)

## TRANSFER AGENT & REGISTRAR

---

### TSX Trust Company

100 Adelaide Street West, Suite 301

Toronto, Ontario M5H 4H1

Telephone: (416) 682-3860 or 1 (800) 387-0825

Fax: (416) 595-9593

Website: [www.tsxtrust.com](http://www.tsxtrust.com)

Email: [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com)

## STOCK EXCHANGE LISTING

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The Toronto Stock Exchange

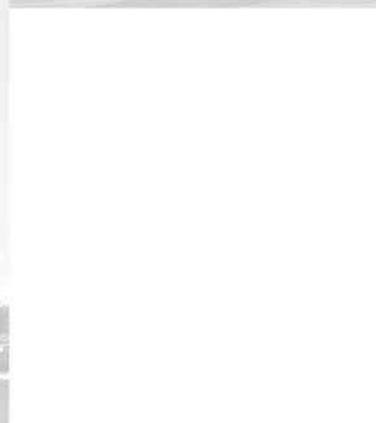
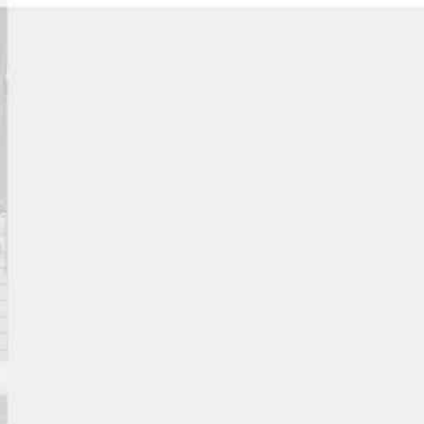
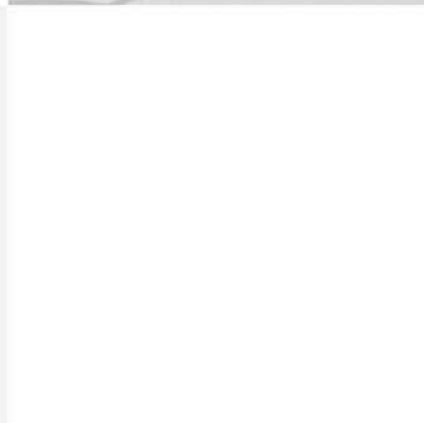
Trading Symbol: Trust Units – REI.UN

1) Member of the Nominating, Environmental, Social and Governance Committee

2) Member of the Audit Committee

3) Member of the People, Culture and Compensation Committee

4) Member of the Investment Committee



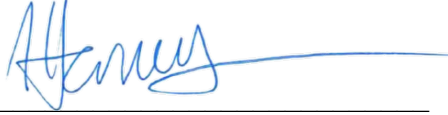
# RIO CAN

REAL VISION, SOLID GROUND.

Head Office  
RioCan Yonge Eglinton Centre | 2300 Yonge Street, Suite 2200  
P.O. Box 2386 | Toronto, Ontario M4P 1E4



**THIS IS EXHIBIT "B"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal line extending to the right.

---

Commissioner for Taking Affidavits



***LEASE AGREEMENT***

***amongst***

***YORKDALE SHOPPING CENTRE HOLDINGS INC.***

***and***

***HUDSON'S BAY COMPANY***

***And***

***OMERS REALTY CORPORATION  
OMERS REALTY HOLDINGS (YORKDALE) INC. and  
1331430 ONTARIO INC.***

***for***

***YORKDALE SHOPPING CENTRE***

## **HUDSON'S BAY DEPARTMENT STORE LEASE**

### **INDEX**

<b><u>Article 1</u></b>	<b><u>Page</u></b>
<b><u>Definitions, Schedules and Landlord's Warranties, Representations and Covenants</u></b>	
<b>1.00 Definitions:</b>	
"Additional Charges" .....	2
"Affiliated Corporation" .....	2
"assignment" .....	2
"Authority" .....	2
"Bay HVAC Facilities" .....	2
"Bay Mechanical Equipment" .....	2
"Bay Operating Costs" .....	2
"change in control" .....	2
"Common Facilities" .....	2
"Common Facilities Operating Costs" .....	3
"Contaminant" .....	3
"CPI" .....	3
"Discharge" .....	3
"Encumbrances" .....	3
"Greater Toronto Area" .....	3
"Gross Leasable Area" .....	3
"Head Lease I" .....	3
"Head Lease II" .....	3
"Head Leases" .....	3
"HBC Lands" .....	3
"Landlord" .....	3
"Lease" .....	3
"Leased Premises" .....	4
"Leasehold Improvements" .....	4
"Letter Agreement" .....	4
"Mall" .....	4
"Mortgage" .....	4
"No Build Area" .....	4
"Occupancy Payment" .....	4
"Opening Date" .....	4
"Operating Agreement" .....	4
"Owners" .....	4
"Parking Facilities" .....	4
"Prior Agreements" .....	4
"Prior Conditions" .....	5
"Purchase Agreement" .....	5
"Real Property Taxes" .....	5
"rent" .....	5
"Rentable Premises" .....	5
"Retail Hours" .....	5
"Sears" .....	5
"Second Department Store" .....	5
"Shopping Centre" .....	5
"Shopping Centre Lands" .....	6
"Site Plan" .....	6
"sublease" .....	6

"Tenant" .....	6
"tenant" .....	6
"Tenant Department Store" .....	6
"Tenant Ground Floor Level Expansion Area" .....	6
"Tenant Second Level Expansion Area" .....	6
"Tenant's Ground Floor Level Expansion" .....	6
"Tenant's Second Level Expansion" .....	6
"Tenant Property" .....	6
"Term" .....	6
"Transfer" .....	6
"Truck Standing Area" .....	7
"Unavoidable Delay" .....	7
"Utilities" .....	7
<b>1.01 Schedules</b> .....	7
Schedule A - Legal Description of Shopping Centre Parts 1 and 2	
Schedule B - Site Plan	
Schedule C - Tenant Department Store Floor Plans	
Schedule D - Rules and Regulations	
<b>1.02 Landlord's Warranties and Representations</b> .....	7
<b>1.03 Covenant for Quiet Enjoyment</b> .....	7
<b>1.04 Condition of Leased Premises</b> .....	8
<b>1.05 Net Lease</b> .....	8
<b>1.06 Head Leases</b> .....	8
<b><u>Article 2</u></b>	
<b><u>Demise and Grant of Rights</u></b>	
<b>2.00 Demise of Leased Premises</b> .....	8
<b>2.01 Rights Regarding Tenant Department Store</b> .....	8
<b>2.02 Rights to Common Facilities</b> .....	8
<b>2.03 Control of Common Facilities</b> .....	9
<b><u>Article 3</u></b>	
<b><u>Term, Extensions and Right of Termination</u></b>	
<b>3.00 Original Term</b> .....	9
<b>3.01 Extensions</b> .....	9
<b>3.02 Landlord's Right to Extend</b> .....	10
<b>3.03 Overholding</b> .....	10
<b>3.04 Early Termination by Landlord</b> .....	10
<b><u>Article 4</u></b>	
<b><u>Rent</u></b>	
<b>4.00 Amount of Rent for Leased Premises</b> .....	10
<b>4.01 Additional Charges</b> .....	10
<b>4.02 Payment of Rent</b> .....	11
<b>4.03 Additional Rent</b> .....	11
<b>4.04 Tenant to Pay</b> .....	11
<b>4.05 Other Taxes</b> .....	11
<b><u>Article 5</u></b>	
<b><u>General Covenants</u></b>	
<b>5.00 Covenants of Tenant</b> .....	11
<b>5.01 Covenants of Landlord</b> .....	11
<b><u>Article 6</u></b>	
<b><u>Occupancy of Tenant Department Store</u></b>	
<b>6.00 Use of Tenant Department Store</b> .....	11

<b>6.01 Landlord's Right to Terminate</b> .....	12
<b>6.02 Hours of Business</b> .....	12
<b>6.03 Nuisance</b> .....	12
<b>6.04 Receiving and Shipping</b> .....	13
<b>6.05 Merchandising Activities in Common Facilities</b> .....	13
<b>6.06 Heating and Air-Conditioning</b> .....	13

## **Article 7**

### **Operation of Shopping Centre**

<b>7.00 Operation of Second Department Store</b> .....	13
<b>7.01 Operation of Shopping Centre</b> .....	13
<b>7.02 Hours of Business</b> .....	14
<b>7.03 Mall</b> .....	14
<b>7.04 Parking Facilities</b> .....	14
<b>7.05 Landlord's Rules and Regulations</b> .....	15
<b>7.06 Employee Parking</b> .....	15

## **Article 8**

### **Utilities and Services**

<b>8.00 Utilities and Services</b> .....	16
<b>8.01 Exception</b> .....	16

## **Article 9**

### **Taxes**

<b>9.00 Tenant's Taxes</b> .....	17
<b>9.01 Landlord's Taxes</b> .....	18
<b>9.02 Determination of Assessment</b> .....	18
<b>9.03 Tax Appeals</b> .....	19
<b>9.04 Vacancies</b> .....	20

## **Article 10**

### **Common Facilities Operating Costs**

<b>10.00 Contribution to Common Facilities Operating Costs</b> .....	20
--	----

## **Article 11**

### **Insurance and Indemnity**

<b>11.00 Tenants Insurance</b> .....	20
<b>11.01 Landlord's Insurance</b> .....	22
<b>11.02 Indemnity</b> .....	23

## **Article 12**

### **Repairs and Rebuilding**

<b>12.00 Repairs and Rebuilding by Tenant</b> .....	24
<b>12.01 Repairs and Rebuilding by Landlord and Others</b> .....	25

## **Article 13**

### **Compliance with Statutes and By-Laws**

<b>13.00 Tenant's Compliance with By-Laws</b> .....	26
<b>13.01 Landlord's Compliance with By-Laws</b> .....	26

## **Article 14**

### **Tenant's Use Controls**

<b>14.00 Tenant's Use Controls</b> .....	26
<b>14.01 Prohibited Uses</b> .....	27
<b>14.02 Limitations on Tenant's Controls</b> .....	27
<b>14.03 Exclusives</b> .....	27
<b>14.04 Competition</b> .....	27

<b><u>Article 15</u></b>	
<b><u>Merchants' Association</u></b>	
15.00 Merchants' Association .....	27
<b><u>Article 16</u></b>	
<b><u>Intentionally Deleted</u></b> .....	28
<b><u>Article 17</u></b>	
<b><u>Intentionally Deleted</u></b> .....	28
<b><u>Article 18</u></b>	
<b><u>Liens</u></b>	
18.00 Liens .....	28
<b><u>Article 19</u></b>	
<b><u>Expansion and Alteration of Tenant Department Store</u></b>	
19.00 Expansion and Alteration of Tenant Department Store .....	28
<b><u>Article 20</u></b>	
<b><u>Expansion and Alteration of Shopping Centre</u></b>	
20.00 Expansion and Alteration of Shopping Centre .....	29
<b><u>Article 21</u></b>	
<b><u>Assignments, Transfers and Encumbrances</u></b>	
<b><u>of Interest by Landlord and Tenant</u></b>	
21.00 Restrictions on Assignment, Subletting and	
Encumbrances by Tenant .....	31
21.01 Liability Upon Assignment .....	31
21.02 Consent May be Withheld .....	31
21.03 Changes in Control .....	32
21.04 Store Name .....	32
21.05 Mortgages by Tenant .....	32
21.06 Transfers and Encumbrances by Landlord and Owners .....	32
21.07 Performance of Mortgage Obligations by Tenant .....	33
21.08 Performance of Mortgage Obligations by Landlord and Owners .....	33
21.09 Rights of Landlord's Mortgagees .....	33
<b><u>Article 22</u></b>	
<b><u>Determination of Certain Matters</u></b>	
22.00 Determination of Gross Leasable Area .....	33
22.01 Determination by Arbitration .....	33
22.02 Costs .....	33
22.03 Judicial Remedies Preserved .....	33
<b><u>Article 23</u></b>	
<b><u>Signs</u></b>	
23.00 Tenant's Signs .....	34
23.01 Landlord's Sign Policy .....	35
<b><u>Article 24</u></b>	
<b><u>Remedies and Defaults</u></b>	
24.00 Particular Remedies of Landlord .....	35
24.01 Re-Entry .....	35
24.02 Exceptions to Forfeiture .....	36
24.03 Landlord May Re-Let .....	36
24.04 Right to Distrain .....	37
24.05 Remedies Generally .....	37
24.06 Particular Remedies of Tenant .....	38
24.07 Interest on Sums in Default .....	38

## **Article 25**

### **Miscellaneous Provisions**

<b>25.00</b>	<b>Unavoidable Delay .....</b>	<b>38</b>
<b>25.01</b>	<b>Waiver .....</b>	<b>38</b>
<b>25.02</b>	<b>Certificates .....</b>	<b>38</b>
<b>25.03</b>	<b>Approvals .....</b>	<b>39</b>
<b>25.04</b>	<b>Registration .....</b>	<b>39</b>
<b>25.05</b>	<b>Notices .....</b>	<b>39</b>
<b>25.06</b>	<b>Removal of Trade Fixtures .....</b>	<b>40</b>
<b>25.07</b>	<b>Interpretation and Construction .....</b>	<b>40</b>
<b>25.08</b>	<b>Successors .....</b>	<b>41</b>
<b>25.09</b>	<b>Applicable Law .....</b>	<b>41</b>
<b>25.10</b>	<b>Entire Agreement .....</b>	<b>41</b>
<b>25.11</b>	<b>Transfer Taxes .....</b>	<b>41</b>
<b>25.12</b>	<b>Planning Act .....</b>	<b>41</b>
<b>25.13</b>	<b>Ownership of Tenant Department Store .....</b>	<b>41</b>
<b>25.14</b>	<b>Time of Essence .....</b>	<b>42</b>

## **Article 26**

### **Covenants of Owners**

<b>26.00</b>	<b>Covenants of Owners .....</b>	<b>42</b>
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### **Site Plan Colours**

No Build Area	-outlined in GREEN (Clause 20.01)
Second Department Store	-outlined in BLUE
Shopping Centre Lands	-outlined in ORANGE
HBC Lands	-outlined in BROWN
Approved Pads	-shaded in YELLOW

### **Schedule Colours**

Tenant Department Store	-outlined in RED
Tenant Ground Floor Level Expansion Area	-outlined in BLUE
Tenant Second Level Expansion Area	-outlined in GREEN
Truck Standing Area	-shaded in BROWN

## **LEASE**

**THIS LEASE** is made as of the 26th day of September, 2002.

**AMONGST:**

**YORKDALE SHOPPING CENTRE HOLDINGS INC.**  
(hereinafter called the "Landlord")

OF THE FIRST PART

**- AND -**

**HUDSON'S BAY COMPANY**  
(hereinafter called the "Tenant")

OF THE SECOND PART

**-AND-**

**OMERS REALTY CORPORATION**  
**OMERS REALTY HOLDINGS (YORKDALE) INC. and**  
**1331430 ONTARIO INC.**  
(hereinafter called the "Owners")

OF THE THIRD PART

**WHEREAS:**

- (A) The Owners are the registered and beneficial owners in fee simple of the Shopping Centre Lands;
- (B) The Landlord is tenant of the Shopping Centre pursuant to the Head Leases;  
and
- (C) This Lease and the respective covenants and agreements of the parties hereto are entered into by the parties in consideration of the rents, covenants and agreements herein contained.

### **ARTICLE 1**

#### **DEFINITIONS, SCHEDULES AND LANDLORD'S WARRANTIES, REPRESENTATIONS AND COVENANTS**

**1.00 Definitions.** In this Lease the terms defined in this clause 1.00 are used with the meanings so defined, as follows:

**“Additional Charges”** means all payments payable by the Tenant under this Lease;

**“Affiliated Corporation”** means a holding corporation, subsidiary corporation or affiliate of Tenant, as each of those terms is defined in the *Canada Business Corporations Act*;

**“assignment”** means any transaction whereby any rights of Tenant under this Lease are transferred to anyone (whether immediately, conditionally or contingently) and includes an assignment or specific or floating charge whereby the interest of tenant is mortgaged or pledged as security for any indebtedness or other obligation and includes an assignment by operation of law but excludes any subletting, licencing or concessioning expressly permitted under clause 21.00;

**“Authority”** means the federal, provincial, and municipal governments, the courts, administrative and quasi-judicial boards and tribunals and any other governmental organizations or entities with the lawful authority to regulate, or having a power or right conferred at law or by or under a statute over Landlord, Tenant, the Tenant Department Store, the Leased Premises or the Shopping Centre including the businesses carried on therein;

**“Bay HVAC Facilities”** means all facilities and equipment used for or in connection with the provision and supply of heating, ventilating and air conditioning to and for the Tenant Department Store as from time to time existing;

**“Bay Mechanical Equipment”** means all facilities and equipment for or related to all plumbing, electrical, water, gas, sewage, escalators, elevators, sprinklers, life safety, fire detection and suppression equipment, telephone, communications and electronic equipment and Utilities systems and equipment for the Tenant Department Store from time to time existing;

**“Bay Operating Costs”** means the total direct and indirect cost and expense incurred or to be incurred by Tenant to discharge its obligation under this Lease and with respect to the operation, condition, use, maintenance, improvement, cleaning, insuring, rebuilding, replacement and repair of the Tenant Department Store including the Bay HVAC Facilities, the Bay Mechanical Equipment, and all related installations and all Utilities and services to the extent serving the Tenant Department Store (each of which shall be separately metered to the extent permitted by the applicable Authority) and the Leasehold Improvements and the Tenant Property for the Tenant Department Store;

**“change in control”** means, in the case of any corporation or partnership, the transfer, by sale, assignment, operation of law, transmission on death, mortgage, trust, issuance from treasury, cancellation or redemption, or otherwise, of any shares, voting rights or interest, which will result in a change of the identity of the person exercising, or who might exercise, effective control of such corporation or partnership whether directly or indirectly, unless such change occurs as the result of trading in shares listed upon a recognized stock exchange but excludes a change in control resulting from bona fide estate planning transfers between the holders of control immediately prior to such transfers and members of their immediate families;

**“Common Facilities”** means all areas, improvements and facilities in the Shopping Centre, both interior and exterior as existing from time to time, which are appropriate and intended for common use by or benefit of the tenants and other occupants of the Shopping Centre (including the Landlord and the Tenant) and their employees, invitees, licensees and customers, including without limitation the Parking Facilities, common utilities and services, Mall and common utility distribution systems but excludes all of the following: Rentable Premises and portions thereof; all merchandising, display and service areas in the Mall and any other portions of Parking Facilities and the Mall while being used for retail selling and other private purposes; and all corridors, loading docks and truck receiving and delivery facilities and the Truck Standing Area, and electrical and mechanical vaults and rooms and facilities therein, which in each case are appropriate and intended predominantly for use only by one tenant or a limited group of tenants and its and their employees (except that the Utility distribution systems shall not be excluded if serving more than one tenant or occupant);



**“Common Facilities Operating Costs”** means all costs, charges and expenses incurred by the Landlord for and properly attributable to the supervision, operation, repair, replacement and maintenance of Common Facilities and the Shopping Centre;

**“Contaminant”** means any solid, liquid, or gaseous substance, any hazardous substance, any toxic substances, any odour, heat, sound, vibration, radiation or combination or any of them that may, if Discharged, have an adverse effect on the environment or on people, property or the normal conduct of business;

**“CPI”** means the Consumer Price Index (All Items - excluding food, for Ontario) or if there is no Consumer Price Index for Ontario, for the City of Toronto or any substitute index agreed upon by the parties, each acting reasonably, published by Statistics Canada or any other comparable Authority; if another index is substituted, the Landlord shall make all conversions necessary to ensure that the replacement index is comparable;

**“Discharge”** means any spill, release, escape, emission, discharge, leak or movement of a Contaminant into the environment, the indoor or outdoor air, into or onto the ground, into the surface water or ground water, into the sewers or any watercourse, or into, onto or from the Tenant Department Store, the HBC Lands or the Shopping Centre;

**“Encumbrances”** means the Permitted Encumbrances under the Purchase Agreement together with by-laws, regulations and statutes, prior registered easements, servitudes, agreements, covenants, restrictions, rights, leases, liens, privileges, mortgages, charges and encumbrances which do not materially adversely affect the Tenant’s rights under this Lease including without limitation, its ability to operate the Tenant Department Store;

**“Greater Toronto Area”** means the City of Toronto and the Regional Municipalities of Halton, Peel, York and Durham;

**“Gross Leasable Area”** as applied to any Rentable Premises (including the Tenant Department Store) means the aggregate floor area thereof on each level expressed in square feet, calculated by measuring from the exterior face of all exterior walls, the centre line of all interior walls separating any leasable premises from adjoining leasable premises, and the exterior face of all other demising walls; but excluding all exterior vestibules (being vestibules outside the standard storefront line or exterior building line, as the case may be), mezzanines, mechanical penthouses, electrical and mechanical vaults and rooms and facilities and vertical transportation facilities (such as elevators, escalators, stairs and stairwells). No deductions shall be made for vestibules inside the standard storefront line or exterior building line, as the case may be, or for columns or similar projections within Rentable Premises;

**“Head Lease I”** means the lease dated the 29<sup>th</sup> day of March, 1993, originally entered into between Bramalea Inc. as landlord and the Landlord as tenant, under which the Landlord is the tenant of the Shopping Centre Lands for a term expiring on the 28<sup>th</sup> day of March, 2042;

**“Head Lease II”** means the lease dated the 26<sup>th</sup> day of September, 2002, entered into between, OMERS Realty Holdings (Yorkdale) Inc. and 1331430 Ontario Inc. as landlord and the Landlord as tenant, under which the Landlord is the tenant of the HBC Lands for a term expiring on the 28<sup>th</sup> day of March, 2042;

**“Head Leases”** means collectively, Head Lease I and Head Lease II, and “Head Lease” means either one of them.

**“HBC Lands”** means the lands which are the site of a portion of the Shopping Centre and are shown outlined in BROWN on the Site Plan (as such lands are more particularly described in Part 2 of Schedule A hereto);

**“Landlord”** means Yorkdale Shopping Centre Holdings Inc. and its successors and assigns;

**“Lease”** means this lease as from time to time amended;

**"Leased Premises"** means (a) those portions of the HBC Lands and the Shopping Centre Lands which are, on the date of this Lease, in direct physical contact from below with the Tenant Department Store, including any portion of such lands as are in direct physical contact from below with the structural pad, the subfloor, foundations, structural elements and supports forming part of the Tenant Department Store; (b) the air space actually occupied on the date of this Lease, by the Tenant Department Store and, (c) the area and air space occupied respectively by the Tenant's Ground Floor Level Expansion and Tenant's Second Level Expansion effective, respectively, from the date of substantial completion of each such expansion; but excluding and reserving to the Landlord, any air space above such lands in (a) above which is not actually occupied by any portion of the Tenant Department Store on the date of this Lease;

**"Leasehold Improvements"** means all fixtures, improvements, installations, alterations and additions from time to time made, constructed, erected or installed in, on or to the Tenant Department Store with the exception of Tenant Property, and shall also include all or any portion of the Bay HVAC Facilities, the Bay Mechanical Equipment and any other sewage, sprinkler, mechanical and electrical equipment and facilities and equipment for or in connection with the supply of Utilities wherever located, exclusively serving the Tenant Department Store;

**"Letter Agreement"** means the September 30, 1999 letter agreement between the Landlord and the Tenant concerning the Tenant Department Store and an expansion of the Shopping Centre;

**"Mall"** means the enclosed pedestrian concourses, courts and arcades, which are and from time to time may be constructed as part of the Shopping Centre, and being part of the Common Facilities, as from time to time altered, diminished, reconstructed or expanded in accordance with the provisions of this Lease;

**"Mortgage"** includes a mortgage, pledge, charge, hypothec, privilege, financing encumbrance or any other financing arrangement, and "Mortgagee" includes the holder of such mortgage.

**"No Build Area"** means that area shown outlined in GREEN on the Site Plan;

**"Occupancy Payment"** means the sum of \$166,000.00 per annum for the first lease year. In each lease year after the first lease year the amount of the payment shall be increased over the prior year's payment amount by the same proportion as the increase in the CPI during such prior year, but in no event shall the payment amount be decreased;

**"Opening Date"** means the 26<sup>th</sup> day of September, 2002;

**"Operating Agreement"** means the agreement dated June 14, 1963 and registered on June 26, 1963 as Instrument No. NY410177 (B106441) between Triton Centres Limited, Simpsons Limited and The T. Eaton Company Limited as amended and supplemented to the date hereof;

**"Owners"** means individually OMERS Realty Corporation, OMERS Realty Holdings (Yorkdale) Inc. and 1331430 Ontario Inc. and their respective successors and assigns as owners of the HBC Lands and the Shopping Centre Lands;

**"Parking Facilities"** means that portion of the Common Facilities which is from time to time intended and available for the parking of motor vehicles, as from time to time altered, diminished, reconstructed or expanded in accordance with the provisions of this Lease, and includes all improvements on the Shopping Centre associated with parking from time to time such as all curbs, lighting facilities, pavement, signs, entrances, exits, roads, ramps and other means of access to parking;

**"Prior Agreements"** means any and all prior undertakings, agreements, rights and obligations of the Landlord and the Tenant and their respective predecessors affecting or relating to the Tenant Department Store and the Shopping Centre and entered into or

assumed prior to the date of this Lease including without limitation the Operating Agreement;

**"Prior Conditions"** means any defect, deficiency, state of disrepair, condition, substance, matter or thing including any Contaminant affecting the Tenant Department Store, the Leasehold Improvements, the Tenant Property, and the HBC Lands and existing or occurring on or prior to the Opening Date;

**"Purchase Agreement"** means the agreement of purchase and sale respecting the HBC Lands between the Tenant as vendor and the Owners as purchaser dated August 27, 2002;

**"Real Property Taxes"** means any and all real property, municipal, school or local improvement taxes (which includes rates, assessments, levies, charges and impositions), general or special, from time to time levied or imposed with respect to real property (including land, buildings, fixtures, and accessories and improvements to them) by municipal or other Authorities having jurisdiction, including without limitation such taxes levied or imposed for schools, public betterments, or any other tax, assessment or charge imposed upon or in respect of any real property from time to time by any Authority, but the following shall be excluded to the extent any such tax is not imposed in lieu of any tax, assessment or charge upon or in respect of real property or upon Landlord in respect thereof: namely, all interest, fines or penalties for non-payment, and all taxes which are of the nature of taxes on income, capital, or otherwise personal to the taxpayer, and not of the nature of taxes on real property. If, due to changes in the method of assessment, levying or collection of any tax, levy, rate or charge imposed upon immovable property, any new tax, levy, rate or charge is levied or imposed in lieu of or in addition to those contemplated by the above definition, the Landlord and the Tenant agree to negotiate in good faith an amendment or new provision to this Lease as is necessary to deal with such tax, levy, rate or charge 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 arbitration as provided in this Lease;

**"rent"** means all amounts payable by the Tenant to the Landlord under this Lease;

**"Rentable Premises"** means all premises in the Shopping Centre designed, intended or available for use, and all premises used, by businesses which provide goods or services to the public either at wholesale or retail or otherwise used or intended for use to carry on a business, including, without limiting the foregoing, in addition to retail stores (including department stores, food supermarkets, kiosks, theatres and fitness and recreational facilities), chartered banks, trust companies, dry cleaners, barber shops and restaurants and snack bars and commercial offices;

**"Retail Hours"** means the business days and hours from time to time designated for the Shopping Centre by Landlord acting reasonably and in accordance with the provisions of this Lease;

**"Sears"** means Sears Canada Inc. and its successors and permitted assigns;

**"Second Department Store"** means the department store building which has been constructed on the HBC Lands and is shown outlined in BLUE on the Site Plan, as such building may from time to time be altered, diminished, reconstructed or expanded and which is presently being leased to Sears;

**"Shopping Centre"** means the Shopping Centre Lands and the HBC Lands and all the buildings and improvements from time to time erected thereon other than the Tenant Department Store, but including all Common Facilities and all other Rentable Premises thereon, as all of the foregoing may from time to time be altered, diminished, enlarged, reconstructed or expanded and the appurtenances thereto from time to time existing, together constituting the shopping centre known as "Yorkdale Shopping Centre" but excluding all improvements to Rentable Premises made or installed therein by or on behalf of any occupant of such premises, and further excludes all personal property owned by or for which any occupant of Rentable Premises is liable;

**"Shopping Centre Lands"** means the lands which are the site of a portion of the Shopping Centre and are shown outlined in ORANGE on the Site Plan (as such lands are more particularly described in Part 1 of Schedule A);

**"Site Plan"** means the site and location plan of the Shopping Centre and the improvements presently constructed thereon, and which is annexed as Schedule B to this Lease;

**"sublease"** includes any sublease and sub-sublease;

**"Tenant"** means Hudson's Bay Company and its successors and permitted assigns as tenant under this Lease;

**"tenant"** means any occupant of Rentable Premises pursuant to a lease or any other agreement with the Landlord other than the Tenant;

**"Tenant Department Store"** means the department store building which is owned by the Tenant including the structural pad, the subfloor, foundations, structural elements and supports, exterior walls, doors and windows, and, the roof and roof membrane located directly above all portions of such department store building which are shown outlined in RED on the Third Floor floor plan attached as part of Schedule C and the roof over the Tenant's Second Level Expansion Area and the roof over the Tenant's Ground Floor Level Expansion, when constructed, and all related improvements constructed upon and within the Leased Premises and including the Leasehold Improvements and which is presently operated as a Bay department store, comprising approximately 301,000 square feet of Gross Leasable Area on the basement and three above grade levels, as such building is shown approximately outlined in RED on the plans attached as Schedule C hereto, and as such building may from time to time be altered, diminished, reconstructed or expanded in compliance with the provisions of this Lease (and which building shall include for greater certainty the mechanical penthouse and any fixed improvements located from time to time on the roof above the third level thereof which are for the exclusive use of the Tenant) but excludes the Truck Standing Area;

**"Tenant Ground Floor Level Expansion Area"** means the area shown outlined in BLUE on the ground floor level floor plan attached as part of Schedule C hereto;

**"Tenant Second Level Expansion Area"** means the area shown outlined in GREEN on the second level floor plan attached as part of Schedule C hereto;

**"Tenant's Ground Floor Level Expansion"** means the expansion to the ground floor level of the Tenant Department Store which is carried out by the Tenant pursuant to Article 19;

**"Tenant's Second Level Expansion"** means the expansion to the second level of the Tenant Department Store which is carried out by the Tenant pursuant to Article 19;

**"Tenant Property"** means the trade fixtures, chattels, merchandise and personal property within the Tenant Department Store;

**"Term"** means the entire term of this Lease including the original term as described under clause 3.00, every extension of the term as described under clause 3.01 resulting from the exercise of any of the Tenant's options thereunder, and any period of overholding to which clause 3.02 applies;

**"Transfer"** means any assignment, sublease, licensing, concessioning, franchising, change in control, or parting with possession, or other transaction or occurrence (including an amalgamation, other than an amalgamation as part of a bona fide corporate reorganization, carried out while the Tenant is solvent, receivership or seizure by execution or other legal process) which has or might have the effect of changing the identity of Tenant or the persons controlling Tenant or changing the identity of the person having lawful use, occupancy or possession of the whole or any part of the Tenant Department Store, whether such change is or might be immediate, deferred, conditional, exclusive, non-exclusive, permanent or temporary;

**"Truck Standing Area"** means the truck standing, loading, unloading and garbage holding area which is part of the Common Facilities but for the exclusive use of the Tenant, shown shaded in BROWN on the basement level floor plan attached as part of Schedule C hereto;

**"Unavoidable Delay"** means any prevention, delay, stoppage or interruption in the performance of any obligation of the parties hereunder due to strike, lockout, labour dispute, act of God, or the occurrence of fire or other casualty, or any other condition or cause which is beyond the reasonable control of the party obligated to perform despite all reasonable efforts of such party to perform (but shall not include any inability to perform because of any lack of funds or any financial condition), not caused by the default or act of or omission by such party;

**"Utilities"** means water, gas, fuel, electricity, telephone, communication, waste disposal and other utilities or services or any combination thereof.

**1.01 Schedules.** The Schedules to this Lease form part hereof and are as follows:

- Schedule A - Legal Description of Shopping Centre in Parts 1 and 2
- Schedule B - Site Plan
- Schedule C - Tenant Department Store Floor Plans
- Schedule D - Rules and Regulations

**1.02 Landlord's Warranties and Representations.** The Landlord warrants and represents to the Tenant that at the date of this Lease and the date of execution and delivery of the Lease:

- (1) Any Mortgages, charges and other similar encumbrances now or hereafter registered against and affecting the Shopping Centre other than the Encumbrances are, or, in regard to future ones, shall be, subordinate to this Lease and require, or, for future ones, will require, the holder, while in possession, to observe and perform the obligations of the Landlord, in each case in accordance with the terms of this Lease;
- (2) The Owners collectively are the registered and beneficial owners of the Shopping Centre and their title thereto is good and marketable and subject to no encumbrances other than the Encumbrances;
- (3) There are no restrictions imposed and binding upon Landlord by law or by private agreement and no exclusives in favour of other tenants, which materially adversely interfere with Landlord's ability to grant the rights granted by the Landlord to the Tenant under this Lease; and
- (4) The Landlord is the holder of a good and marketable leasehold interest in the Shopping Centre pursuant to the Head Leases, and has full and complete authority to enter into this Lease and to provide to the Tenant the rights being granted to the Tenant hereunder.

The Tenant acknowledges that so far as the Tenant is aware, as at the date of this Lease there is no outstanding matter relating to the Landlord's foregoing warranties and representations which constitutes a failure of compliance with this section 1.02.

**1.03 Covenant for Quiet Enjoyment.**

- (1) The Landlord hereby covenants with the Tenant that the Tenant paying the rent hereby reserved and performing the covenants herein on the Tenant's part contained, shall and may peaceably possess and enjoy the Leased Premises for the Term, in accordance with and subject to the provisions of this Lease, without any interruption or disturbance from the Landlord, or any other person or persons lawfully claiming by, from or under the Landlord.
- (2) This Lease and all of the rights of the Tenant hereunder shall have priority over any and all Mortgages, trust deeds or other instruments of financing, refinancing or collateral financing from time to time in existence with respect to the Shopping Centre. The Tenant shall, at the Landlord's request, enter into such reasonable form or forms of agreement as the Landlord may require for the purpose of subordinating the Tenant's rights hereunder to

any and all such Mortgages, trust deeds or other instruments of financing, refinancing or collateral financing and, if requested, attorning to the holder(s) thereof on the terms and conditions of this Lease, for the remainder of the Term, provided that the Landlord shall first obtain from each holder of any Mortgages, trust deeds or other instruments of financing, refinancing or collateral financing from time to time in existence with respect to the Shopping Centre a non-disturbance agreement in favour of the Tenant, in form and content acceptable to all parties each acting reasonably, providing the Tenant with security of tenure and the right to remain in possession of the Leased Premises under the terms and conditions of this Lease until such time as the Lease shall expire, be surrendered or be terminated for default.

**1.04 Condition of Leased Premises.** The Tenant hereby acknowledges that it is taking possession of the Leased Premises in an "as is" condition and subject to the Prior Conditions which the Tenant accepts.

**1.05 Net Lease.** It is intended that this Lease be an absolutely net and carefree lease for the Landlord and that rent be received by Landlord free of any cost or obligation concerning the Leased Premises and the Tenant Department Store unless expressly otherwise specified in this Lease. Except as otherwise specifically provided in this Lease, the Leased Premises and the Tenant Department Store are at the sole risk of the Tenant throughout the Term and the Tenant shall be responsible for and shall pay the Bay Operating Costs and all other cost and expense arising with respect to the operation, condition, maintenance, repair, restoration, use and occupation of the Leased Premises and the Tenant Department Store.

**1.06 Head Leases.** The Landlord covenants to perform its obligations under the Head Leases in such manner as to avoid any material interference with the Tenant's enjoyment of its rights under this Lease.

## **ARTICLE 2**

### ***DEMISE AND GRANT OF RIGHTS***

**2.00 Demise of Leased Premises.** The Landlord leases the Leased Premises to the Tenant and the Tenant leases and accepts the Leased Premises from the Landlord for the Term, upon and subject to the covenants and provisions expressed in this Lease, together with the benefit of all rights and privileges granted to the Tenant by this Lease.

**2.01 Rights Regarding Tenant Department Store.** The Landlord grants to the Tenant, upon and subject to the covenants and provisions expressed in this Lease, a right of access over those parts of the Shopping Centre Lands and the HBC Lands immediately adjacent to and under all portions of the Tenant Department Store to the extent necessary to carry out required repairs and maintenance, at all reasonable times and in such a manner as will cause minimum interference with the business operation of the Shopping Centre. The parties acknowledging that except in emergency situations, where any such entry would materially disrupt the operation of the Shopping Centre such entry shall be carried out during off peak business hours and seasons and, to the extent commercially reasonable to do so, at times when the Shopping Centre is closed for business.

**2.02 Rights to Common Facilities.** The Landlord grants to the Tenant, upon and subject to the covenants and provisions expressed in this Lease, including the rules and regulations imposed by the Landlord, in accordance with this Lease respecting such use, for non-exclusive use by the Tenant and its employees and those having lawful business with it including its customers and invitees and all others authorized by the Landlord, in common with the Landlord and other occupants of the Shopping Centre and their respective employees and those having lawful business with them including their customers, the right and license during the Term and, with respect to such rights related to the Mall, during the Retail Hours only, and not terminable by the Landlord during the Term, to use the Common Facilities for the purposes for which such Common Facilities are intended and provided; and in particular, without limiting the generality of the foregoing, such right and license of use shall include:

(1) The right to use the Parking Facilities (including the means of pedestrian and vehicular access and the entrances and exits to and from the Shopping Centre included therein) for the purpose of pedestrian and vehicular access to, from and within the Shopping Centre and the parking of vehicles in parking spaces provided therein;

(2) The right to pedestrian passage and re-passage through every portion of the Mall (excluding those portions thereof which are occupied by kiosks or merchandising, display and service areas not expressly prohibited under this Lease while so occupied) for the purpose of access to or from every portion of the Shopping Centre including the Tenant Department Store;

(3) The right to the use of Utilities and such other services as have been or may be provided by the Landlord, in accordance with the provisions of this Lease;

(4) The right to use the corridors, entrances to and exits from buildings, public washrooms and all other facilities provided for common use and enjoyment as part of the Common Facilities; and

(5) The exclusive right to use the Truck Standing Area which is adjacent to and is used in conjunction with the receiving facilities of the Tenant Department Store, for the purpose of the temporary standing of motor vehicles and trailers only while loading and unloading and placement of garbage compactors and bins, and the right of access to and from such Truck Standing Area.

**2.03 Control of Common Facilities.** Subject to the provisions of this Lease, all Common Facilities shall at all times be under the exclusive control and management of the Landlord. Subject to the provisions of Articles 7, 14 and 20, the Landlord shall be entitled to alter, construct, diminish, maintain, operate and supervise the Common Facilities, to change the area, location and arrangement thereof and may expand and alter the Shopping Centre and do and perform such other acts therein and with respect thereto as the Landlord, acting in its own interest as owner, shall determine to be advisable and may from time to time erect kiosks or other merchandising facilities in any part of the Shopping Centre in such location or locations as may be designated therefore by the Landlord. Subject to the provisions of Articles 7, 14 and 20, the Landlord shall also be entitled to use or permit the use of any part of the Common Facilities for special features and promotional, merchandising and other activities.

### **ARTICLE 3**

#### ***TERM, EXTENSIONS AND RIGHT OF TERMINATION***

**3.00 Original Term.** The original term shall be for five (5) years commencing on the Opening Date and ending on the 25<sup>th</sup> day of September, 2007.

**3.01 Extensions.** The Tenant shall have the option to extend the original term of this Lease for twenty-seven (27) consecutive periods of five (5) years each. Unless this Lease shall have been sooner terminated pursuant to clause 3.03, 3.05, 6.01, 12.00, or 24.00 or otherwise, each of the aforesaid options shall be deemed to have been exercised by the Tenant, without the need for any written notice of exercise or other notice or action by the Tenant, unless the Tenant gives notice to the Landlord that it does not desire to exercise such option to extend, which notice of non-exercise by the Tenant shall be given not later than twelve (12) months prior to the end of the original term in the case of the first of such options, or not later than twelve (12) months prior to the end of the then current extension period in the case of any of the twenty-six subsequent options to extend (and in which event only, such option shall be deemed not to have been exercised, the Term shall expire at the expiration of the original term or the then current extension period, as the case may be, and there shall be no further or other right of the Tenant to extend the Term).

All of the covenants, conditions and provisions of this Lease, including the stipulation as to rent and other payments and contributions by the Tenant hereunder, shall apply during

each extension period specified in this clause 3.01, except that there shall be no options to extend beyond the twenty-seventh extension period, and any provision which expressly has application only during the original term shall not apply during any extension period.

If any event occurs entitling the tenant of the Second Department Store to terminate its lease prior to its expiry by effluxion of time, the Landlord agrees, by notice to the Tenant, to advise whether or not such tenant intends to terminate. In addition, the Landlord agrees, by notice to the Tenant, to advise whether or not such tenant intends to renew or extend the term of its lease for the Second Department Store for the then impending renewal or extension period as soon as it has been so advised by such tenant.

**3.02 Landlord's Right to Extend.** Notwithstanding any action on the part of the Tenant pursuant to the provisions of clause 3.01, the Landlord shall have the option of extending the original term for up to four (4) consecutive periods of five (5) years each, provided that the Landlord gives the Tenant notice of such extension not later than twelve (12) months prior to the end of the original term in the case of the first of such options and not later than twelve (12) months prior of the end of the then current extension period in the case of the second, third and fourth extension periods. In respect of the extension period for which the Landlord has given notice in accordance herewith, the Tenant shall be deemed to have irrevocably waived its right to give a notice of non-extension pursuant to clause 3.01 in respect of that extension period.

**3.03 Overholding.** If the Tenant shall remain in possession after the original term or any extension period, save pursuant to a written agreement between the Landlord and the Tenant, the Tenant shall be deemed to be a tenant from month to month at a monthly basic rental equal to one point five (1.5) times the annual basic rent payable in the last year of the Term immediately preceding such overholding and otherwise upon all the terms and provisions of this Lease, modified as is appropriate to such a monthly occupancy. Either party shall have the right to terminate the month to month tenancy on one month's prior notice to the other.

**3.04 Early Termination By Landlord.** At any time after the 50<sup>th</sup> year of the Term, the Landlord may terminate this Lease on 12 months prior written notice if seventy-five percent (75%) or more of the Shopping Centre Lands is no longer used for retail purposes.

## **ARTICLE 4**

### **RENT**

**4.00 Amount of Rent for Leased Premises.** During the Term the Tenant covenants to pay annual basic rent of Five Hundred Thousand dollars (\$500,000).

**4.01 Additional Charges:** During each year of the Term the Tenant shall pay to the Landlord or to others if any sums are required or permitted by the terms of this Lease to be paid to anyone other than the Landlord, in lawful money of Canada, and except as otherwise specifically provided for in this Lease or in a final Court Order, without deduction, abatement, or set-off further annual rent for the Leased Premises equal to the aggregate of the following amounts:

- (a) the Occupancy Payment.
- (b) all rates and charges for water, gas, sewage, garbage and refuse removal, telephone and other communications facilities and electric power services and Utilities supplied to or consumed by the Tenant and any others in the Tenant Department Store.
- (c) All Real Property Taxes levied, rated, charged or assessed against the Tenant Department Store and the Leased Premises and Leasehold Improvements and Tenant Property therein:
- (d) all taxes and license fees and similar charges on the Tenant Property and Leasehold Improvements.



For the purposes of enforcement of the covenant of the Tenant to pay the foregoing amounts, each such amount shall be regarded as rent due under this Lease.

**4.02 Payment of Rent.** Rent in the amount contemplated by clause 4.00 shall be paid in lawful money of Canada to the Landlord at such place in Canada as the Landlord may from time to time direct in writing. Rent shall be payable (a) by equal monthly instalments in advance on the first day of each calendar month, except that rent payable for any broken portion of a calendar month (at the commencement or expiration of the Term) shall be appropriately adjusted for, being calculated at a rate per day equal to 1/365th of the applicable annual rent for the broken portion of the calendar month involved, and (b) without any previous notice or demand of the Landlord, and without any abatement, set-off or deduction whatsoever except as specifically otherwise provided for in this Lease or in a final Court Order.

**4.03 Additional Rent.** In addition to the rent referred to in clauses 4.00 and 4.01 all sums of money required to be paid by the Tenant to the Landlord under this Lease, whether or not such sums of money are expressed or referred to as being rent, shall be deemed to be additional rent and payable and recoverable as rent.

**4.04 Tenant to Pay.** The Tenant covenants to pay rent. The Tenant shall also be solely responsible for and shall promptly pay as and when due and payable all amounts included in the Bay Operating Costs.

**4.05 Other Taxes.** Tenant shall pay in accordance with the applicable legislation, any goods and services, sales, business, transfer, multi-stage, use, consumption, value added or other similar taxes imposed by the Government of Canada, or by any provincial or local government, upon the Tenant on or in respect of the rent and other amounts payable by the Tenant under this Lease.

## **ARTICLE 5**

### **GENERAL COVENANTS**

**5.00 Covenants of Tenant.** The Tenant covenants with the Landlord:

- (1) to pay when due the rent stipulated in Article 4 and the contributions in respect of the Common Facilities Operating Costs stipulated in Article 10 in the amount and manner therein provided, and all other sums from time to time due to the Landlord under this Lease;
- (2) to observe and perform all the covenants and obligations of the Tenant under this Lease; and
- (3) to pay the Bay Operating Costs.

**5.01 Covenants of Landlord.** The Landlord covenants with the Tenant to observe and perform all the covenants and obligations of the Landlord under this Lease.

## **ARTICLE 6**

### **OCCUPANCY OF TENANT DEPARTMENT STORE**

**6.00 Use of Tenant Department Store.** The Tenant shall continuously operate in all or substantially all of the Tenant Department Store throughout the Term as a single integrated traditional retail department store, subject to Unavoidable Delay and provided that the Landlord is operating the balance of the Shopping Centre as a first class regional shopping centre. The parties acknowledge that the type of store presently operated by the Tenant under its Bay banner and the type of store presently operated under the Sears, Bloomingdale's, Macey's or Nordstrom's banners are single integrated traditional retail department stores. The parties further acknowledge the fluid and dynamic nature of a

department store operation and agree that the departments and types of merchandise and services typically featured in such an operation are subject to changes over time to better accommodate the operator's perception of its target market.

Any other type of store, department store, junior department store, speciality store or speciality department store not of the specific type or kind required to be operated under the preceding paragraph shall be a prohibited use and shall not be permitted to operate in the Tenant Department Store.

While the Tenant is required to operate the Tenant Department Store, it shall be operated or have the appearance of being operated as a single integrated business, controlled by a single overall operator having regard to the Tenant's rights under Clause 21.00, with a major access to and from the Mall at each level (other than the basement level and third level, and only on the second level once there is an abutting Mall, with the connection of the second level of the Tenant Department Store to a Mall expansion to be governed by the terms of paragraph 20.00(3) of this Lease).

**6.01 Landlord's Right to Terminate.** Should the Tenant Department Store cease to be operated for a period of six months (excluding any period during which the inability to operate results from Unavoidable Delay and excluding any period during the first 37 years of the Term in which the remainder of the Shopping Centre is not being operated as a first class regional shopping centre), the Landlord may give the Tenant notice that unless the Tenant reopens the Tenant Department Store for business within six (6) months after receipt of such notice this Lease will terminate upon the expiry of such six month period. Should the Tenant within 30 days of receiving such notice not advise the Landlord in writing that it intends to reopen for business, or should the Tenant not reopen for business within six (6) months of receiving the Landlord's notice, this Lease shall terminate at the end of the six (6) month period.

**6.02 Hours of Business.** From and after the Opening Date and during the Term the Tenant, if obliged under clause 6.00 to be open for business, shall be open to the public for business in the Tenant Department Store during at least the Retail Hours provided that such Retail Hours are in compliance with the provisions of clause 7.02 and provided further that if and so long as the Second Department Store is operating in the Shopping Centre, Landlord shall use reasonable efforts to the extent it is able to do so, to cause the operator of the Second Department Store to similarly comply, and that nothing herein shall require the Tenant Department Store or portions thereof to be open during hours other than those which have been generally established by the Tenant for the operation of its similar stores in the Greater Toronto Area, or to be open for business during public holidays or when prevented by law or other legal restriction or by Unavoidable Delay; in addition, nothing herein shall prevent the Tenant Department Store from being open for business during those hours permitted by law and the Tenant may be so open during such hours although if beyond the Retail Hours, Common Facilities may not be provided by the Landlord unless arrangements satisfactory to the Landlord are made with the Tenant and other tenants who are also open during such extended hours with respect to reimbursement of the Landlord for the cost of providing Common Facilities during such extended hours. The Landlord shall consult periodically with the Tenant with regard to Retail Hours and give reasonable consideration to the suggestions and recommendations of the Tenant pertaining thereto, and shall give reasonable notice to the Tenant of any change from time to time in the Landlord's regulations pertaining to Retail Hours.

**6.03 Nuisance.** The Tenant shall not use or permit any part of the Tenant Department Store to be used in such a manner as to cause a nuisance or cause or permit any annoying noises, vibrations or odours (having regard to the purposes for which the various portions of the Tenant Department Store are permitted to be used). The Tenant shall not permit any debris or refuse to accumulate in or about the Tenant Department Store and the Truck Standing Area but shall cause the same to be stored in suitable receptacles and regularly removed. The Tenant will not permit to be brought or stored in or about the Tenant Department Store and the Truck Standing Area any dangerous or inflammable thing or Contaminant to which the Landlord or the insurers of the Tenant or of the Landlord have reasonable cause for objection, having due regard to the purposes for which such parts of the Tenant Department Store and Truck Standing Area are permitted to be used, and if the

Tenant shall breach this provision the Landlord shall have the right (without limiting any other remedy it may have) to recover the amount of any additional premium cost and any other cost, expense or damage incurred by the Landlord as a result of such breach.

**6.04 Receiving and Shipping.** The Tenant shall not load or unload any merchandise, supplies or other materials or any debris or refuse except in the Truck Standing Area, but this shall not apply to manual deliveries or shipments of small parcels to and from the Tenant Department Store where it is not practical or desirable to handle them through such receiving area so long as there is no obstruction of Common Facilities or any entrances or of the Mall.

**6.05 Merchandising Activities in Common Facilities.** The Tenant shall not carry on any merchandising activities or display any merchandise in the Common Facilities, other than as part of and in accordance with a promotion involving the whole or a substantial part of the Shopping Centre and approved by the Landlord, acting reasonably, in connection with the Landlord's promotion and marketing program for the Shopping Centre.

**6.06 Heating and Air-Conditioning.** The Tenant shall at its own expense heat and air-condition the Tenant Department Store (other than portions thereof which are not designed to be heated or air-conditioned) whenever reasonably required from time to time and in such manner that there will be no direct or indirect appropriation of heating or cooling from the Mall, but subject to Unavoidable Delay, and provided that the Landlord heats and cools the Mall as required in order to ensure that there is no direct or indirect appropriation of heating or cooling from the Tenant Department Store. The Tenant shall also, at its expense, operate, maintain, repair and replace the Bay HVAC Facilities when necessary.

## **ARTICLE 7**

### **OPERATION OF SHOPPING CENTRE**

**7.00 Operation of Second Department Store. Intentionally Deleted.**

**7.01 Operation of Shopping Centre.** So long as the Tenant is not in breach of its specific obligations under clause 6.00 to operate the Tenant Department Store in the manner required therein, the Landlord shall, during the first thirty-seven (37) years of the Term, subject to Unavoidable Delay, operate the Shopping Centre (excluding the Tenant Department Store) as a first class regional shopping centre, in accordance with the then standards of operation and maintenance which have been adopted by other first-class regional shopping centres of similar size and age in the Greater Toronto Area, and without limiting the generality of the foregoing the Landlord shall:

- (1) maintain or cause to be maintained at the Shopping Centre a management office and a competent full-time manager (or part-time if consented to by the Tenant, such consent not to be unreasonably withheld) and a sufficient staff of management, operating and maintenance personnel to perform the proper management, promotion, maintenance and operation of the Shopping Centre and the Tenant acknowledges that the present management is satisfactory;
- (2) keep or cause to be kept the Shopping Centre including the Mall, Parking Facilities and all other Common Facilities (including without limitation all landscaped areas), and all buildings and improvements thereon other than the Tenant Department Store, clean, tidy and well maintained, and in this connection maintain in force and take all reasonable action to enforce provisions of all leases to tenants of the Shopping Centre requiring such tenants to keep their respective premises clean, tidy and well maintained;
- (3) take all such action as may reasonably be required to prevent any use of or conduct of any business or activity in any premises in the Shopping Centre which contravenes any provision of this Lease (including Article 14) or which is a nuisance or annoyance or is not in keeping with the standards of a first class regional shopping centres, and to prevent any other activity in the Shopping Centre which is not in keeping with the character of the Shopping Centre, or the display of any signs or advertising in respect of any such prohibited use, business or activity;

(4) prohibit any promotions or any display or sale of merchandise within 125 feet of the main level entrance and the Tenant Second Level Expansion Area interior mall entrance to the Tenant Department Store, other than as part of any general temporary shopping centre promotion which has been provided for the general benefit of the Shopping Centre and approved by the Tenant in writing (which approval will not be unreasonably withheld or unduly delayed); and

(5) implement and enforce a Landlord's exterior sign policy applicable to all tenants of the Shopping Centre as contemplated by clause 23.01, and prohibit and prevent all signs in the Common Facilities other than signs which are consistent with the Landlord's sign policy.

**7.02 Hours of Business.** During the first 37 years of the Term the Landlord shall use its continuing and diligent efforts to cause the whole or substantially the whole of the Shopping Centre to be open for business on those days which are consistent with the requirements of a first-class regional shopping centre and during at least those hours during which other similar shopping centres in the Greater Toronto Area are open for business. The Landlord shall use its continuing and diligent efforts to cause as many tenants of the Shopping Centre as possible, including the tenant of the Second Department Store if operating in the Shopping Centre, and at least substantially all of the other merchandising tenants on the Mall, to remain open for business during such established hours of business, subject to Unavoidable Delay.

**7.03 Mall.** During the first 37 years of the Term, the Landlord shall maintain and operate or cause to be maintained and operated the Mall and have it and the entrances and other means of access thereto open during all hours when the Shopping Centre is open for business pursuant to clause 7.02 or (if requested by the Tenant and subject to the provisions of Section 6.02) the Tenant Department Store is open for business, and shall cause the Mall to be properly lighted and heated and air-conditioned during such hours as may be required so as to maintain therein reasonable standards of comfort, subject only to Unavoidable Delay.

**7.04 Parking Facilities.** For so long as the Landlord is obligated to operate or cause to be operated a shopping centre on the Shopping Centre or any part thereof pursuant to clause 7.01 the Landlord shall cause the following requirements with respect to the Parking Facilities to be complied with:

- (a) The Parking Facilities shall be kept:
  - (i) maintained and operated and open, including the means of access thereto, at all times when the Shopping Centre or, subject to the provisions of Section 6.02, the Tenant Department Store is open for business;
  - (ii) adequately lighted whenever required to facilitate their use during hours of darkness;
  - (iii) with parking spaces and aisles properly striped and otherwise marked and with the appropriate traffic and direction signs;
  - (iv) with adequate supervision of the flow of traffic therein whenever reasonably required and otherwise policed and supervised in accordance with the standards of the best shopping centres;
  - (v) free of refuse and debris and with all appropriate measures taken to keep them reasonably free of snow and ice during winter months; and
- (b) If at any time during the Term use of the Parking Facilities by public transit commuters or by any other third parties (collectively the "Unwanted Motorists") who are not tenants or occupants of the Shopping Centre or the respective customers, employees, agents and invitees of the same shall materially affect the use of Shopping Centre parking by those entitled to use

the parking, (if and to the extent the Landlord has or should reasonably have control of the matter) use all commercially reasonable efforts to prevent such use by the Unwanted Motorists, but subject to the existing agreement dated June 5, 1983 with the Toronto Transit Commission.

- (c) Except for fees charged as at the date hereof for the parking of motor vehicles in the existing parking structure commonly referred to as the Commuter Parking Deck, no fees will be charged for the parking of motor vehicles in the Parking Facilities without the written approval of the Tenant, which approval will not be unreasonably withheld. The Tenant shall be deemed to be unreasonable in withholding its approval if the charging of such fees becomes a common practice in first-class regional shopping centres of a similar size and nature located in the Greater Toronto Area.
- (d) The Landlord shall at all times maintain or cause to be maintained sufficient parking spaces to maintain not fewer than 4.5 parking spaces for each 1,000 square feet of Gross Leasable Area of Rentable Premises in the Shopping Centre (other than storage premises and office premises and all other premises and space which is excluded or calculated on a different basis by the municipality in its determination of the requisite municipal parking ratio for the Shopping Centre provided that parking ratios required by the municipality for such excluded or differently calculated space shall be adhered to by the Landlord).

**7.05 Landlord's Rules and Regulations.** The Landlord may from time to time establish and from time to time amend and supplement reasonable rules and regulations pertaining to the operation of the Shopping Centre, which shall not be inconsistent with the terms of this Lease but are consistent with the requirements of a first-class regional shopping centre in the Greater Toronto Area. The initial rules and regulations are attached hereto in Schedule D, and any amendments and supplements thereto which are implemented in accordance with the provisions hereof shall first be notified to Tenant before becoming enforceable against the Tenant. Without limiting the generality of the foregoing, such rules and regulations may relate to and govern the operation, maintenance, safety, care, cleanliness and use of the Shopping Centre, Rentable Premises, receiving facilities and the Common Facilities, and access to the Shopping Centre, the Rentable Premises and receiving facilities and the Common Facilities both during and outside of the Retail Hours. To the extent consistent with this Lease, the Tenant shall comply with such rules and regulations and shall use reasonable efforts to cause its officers, agents, servants, employees, contractors, customers, invitees, and licensees to comply with such rules and regulations. The Landlord shall use reasonable efforts to uniformly enforce such rules and regulations against all tenants, occupants and users of the Shopping Centre.

**7.06 Employee Parking.** The Landlord shall designate, with the approval of the Tenant (such approval not to be unreasonably withheld or unduly delayed), a remote area or areas within the Parking Facilities or off site for use by employees of the Tenant and the other tenants. The Tenant shall inform its employees of such areas and shall instruct its employees to park only in areas specifically designated for such purpose from time to time by the Landlord. The Landlord shall use its reasonable efforts to cause all other tenants of the Shopping Centre and their employees, and the Tenant shall use its reasonable efforts to cause its employees, to park only in such designated areas, including the incorporation of a provision to this effect in all new leases to tenants. Where both the Landlord (and Tenant as to its employees) agree, such areas may be located outside of the Shopping Centre Lands during peak periods of retail shopping, such as during the period from November 15 to December 31 in each year (provided that the Landlord shall not be required to provide such off-site parking).

## **ARTICLE 8**

### **UTILITIES AND SERVICES**

#### **8.00 Utilities and Services. During the Term:**

- (1) the Landlord shall continue to provide all existing electrical service, telephone and other communication facilities, water, gas, and storm and sanitary sewers for the Tenant Department Store if and when from time to time reasonably required by the Tenant for the conduct of the Tenant's business in the Tenant Department Store and each and every part thereof;
- (2) the Landlord shall at all times cause such repairs to be performed to those portions of the services and Utilities systems serving the Tenant Department Store which are not contained within the boundaries of the Leased Premises or Tenant Department Store and do all other acts and things as may be necessary to ensure the continuous availability and adequate capacity of such utilities and services, subject only to Unavoidable Delay;
- (3) the Landlord shall grant such easements to or make such other arrangements with the Utilities and services as shall facilitate the provision of such Utilities and services to the Tenant;
- (4) if the Tenant shall at any time require a utility or service which is in addition to those provided for and contemplated above, the Tenant shall provide it or arrange for it to be provided at its own expense, and the Landlord will not unreasonably withhold its permission for an easement, servitude or other arrangement appropriate to enable such utility or service to be brought to the Leased Premises or Tenant Department Store;
- (5) the Tenant shall be responsible for the payment of all charges due for Utilities or services or to other suppliers for any electricity, water or other services or Utilities supplied to, consumed or used by the Tenant;
- (6) the Tenant shall have the right at its sole risk and expense to install (including installation prior to the commencement of the Term), maintain, repair, operate and replace on the third level roof of the Tenant Department Store such mechanical, electrical, plumbing, telecommunication, heating, ventilation and air conditioning equipment and facilities and such other systems as are required by the Tenant in the operation of the Tenant Department Store. No new structures or equipment shall be installed on the roof after the Opening Date without the Landlord's approval as to the items to be installed and the manner of installation, such approval not to be unreasonably withheld or delayed. The Tenant shall be liable for and shall indemnify the Landlord from and against all costs, expenses, damages and claims arising from such installation and use and shall remove all such items and repair damage caused at expiry or termination of the Lease if required by the Landlord. The Tenant shall at all times be responsible, at its sole cost and expense, for operating, maintaining, repairing, insuring and replacing any such equipment and facilities and connections, and shall promptly repair, at its sole cost, any damage to the building and/or the balance of the Shopping Centre that is caused by or arises out of the installation, operation, maintenance, repair or replacement of any such equipment and facilities and connections. Prior to installation the Tenant shall obtain the Landlord's approval for the location and method of installation of the equipment and facilities and connections (such approval not to be unreasonably withheld or delayed). Upon the expiry or earlier termination of this Lease, the Tenant shall, at its sole cost and expense, remove any telecommunications equipment and facilities that the Tenant may have installed upon the roof and any connections to the Tenant Department Store and shall promptly repair any damage to the Shopping Centre that is caused by or arises out of such removal.

**8.01 Exception.** The obligations of the Landlord under Articles 7, 8 and 12 shall be subject to the following exceptions.

- (a) reasonable wear and tear which does not affect the proper use and enjoyment of the Shopping Centre as a first class regional shopping centre;

- (b) the obligations of the Tenant pursuant to this Lease; and
- (c) damage or injury caused by or resulting from any act, default or negligence of the Tenant, its officers, servants, employees, agents, and those for whom the Tenant is in law responsible.

The obligations of the Tenant under Articles 6, 8 and 12 shall be subject to an exception for damage or injury caused by or resulting from any act, default or negligence of the Landlord, its officers, servants, employees, agents, and those for whom the Landlord is in law responsible.

## **ARTICLE 9**

### **TAXES**

**9.00 Tenant's Taxes.** The Tenant shall pay or cause to be paid:

(1) all Real Property Taxes imposed during the Term in respect of the Tenant Department Store and the Leased Premises including in each case the Leasehold Improvements, Tenant Property, all the buildings and improvements constructed on or in the Leased Premises and Tenant Department Store and all the fixtures and equipment constructed and used by the Tenant for the benefit and use of the Tenant or its subtenants, licensees or concessionaires thereon. If there are separate assessment(s) of and separate tax bills for the Leased Premises and Tenant Department Store or any part thereof in the manner contemplated by this Lease, such Real Property Taxes for which there are such separate assessments and separate tax bills will be paid when due directly to the taxing Authority or Authorities having jurisdiction; otherwise such shall be paid to the Landlord in sufficient time to enable the Landlord to make payment to the taxing Authority prior to the due date; and in this connection the parties agree that the Tenant shall pay to the Landlord the Tenant's share of any instalment of Real Property Taxes within the later of:

- (a) fifteen (15) days after receipt of the Landlord's invoice on account of the Tenant's share of any such instalment; and
- (b) fifteen (15) days prior to the date such instalment is payable by the Landlord to the taxing Authorities; and

If Real Property Taxes are imposed upon or allocated by the taxing Authority to the land component of the Leased Premises and there is air space above any portion of such land component which is not actually used or occupied as part of the Tenant Department Store but is actually used and occupied by other buildings or improvements of the Landlord, then the Real Property Taxes for that portion of the land component shall be shared and allocated between Landlord and Tenant on a fair and equitable basis having regard to the respective actual uses of such portion of the land component and air space above it.

(2) to the taxing Authority or Authorities having jurisdiction, all business taxes imposed during the Term by municipal or other Authorities having jurisdiction in respect of the business and activities carried on by the Tenant and its licensees, subtenants and concessionaires in the Tenant Department Store, including in each case all improvements constructed therein and thereon and the Leasehold Improvements, Tenant Property and all fixtures and equipment constructed and used by the Tenant or its licensees, subtenants or concessionaires therein or thereon.

All Real Property Taxes and business taxes which the Tenant is obligated to pay or cause to be paid hereunder, including each and every instalment thereof, shall be paid when due to the Landlord or the appropriate taxing Authority as the case may be subject only to the right of the Tenant to defer or permit to be deferred payment thereof in certain circumstances as provided by clause 9.03, and subject also to any delay necessitated by the requirement that the amount of Real Property Taxes payable by the Tenant must be ascertained pursuant to clause 9.02 where the appropriate separate assessments and tax bills are not available. The Tenant shall also pay or cause to be paid all penalties and interest

imposed with respect to arrears of such payments to the extent such are levied by the taxing Authority if such are not paid by the Tenant by the payment due date and shall provide the Landlord with a copy of all assessments and tax bills affecting the Tenant Department Store and the Leased Premises forthwith upon receipt by it and if reasonably possible at least ten (10) days prior to the expiry of any period for appeal or contesting thereof. Whenever reasonably requested by either the Landlord or the Tenant, receipts or other appropriate evidence as to the due payment of such Real Property Taxes and business taxes shall be exhibited to either the Landlord or the Tenant as the case may be. In the event that the Tenant shall fail to pay or cause to be paid any Real Property Taxes or business taxes payable under this clause 9.00 when due, the Landlord, after notice to the Tenant and if the Tenant shall fail to pay or cause to be paid the same within fifteen (15) days after receipt of such notice, may pay the same and the amount so paid by the Landlord shall be forthwith repaid by the Tenant to the Landlord as rent due under this Lease.

The Tenant shall not be entitled to retain, but shall pay to the Landlord, the amount of any reduction of Real Property Taxes on the Tenant Department Store to the extent such reduction (a) relates to that portion of the Term which ends on December 31 next following the 10<sup>th</sup> anniversary of the Opening Date; (b) results in an increase in Real Property Taxes to other tenants in the Shopping Centre or the Landlord as a consequence of any reassessment; and (c) is due to the completion of the sale by the Tenant to the Owners of the HBC Lands, provided that in any calendar year (or applicable portion thereof) the aggregate of the Tenant's Real Property Taxes payable to the taxing authority and the amount payable as aforesaid to the Landlord shall not exceed what the Tenant's payment would have been in respect of the Tenant Departments Store had the sale of the HBC Lands to the Owners not been completed.

**9.01 Landlord's Taxes.** The Landlord shall pay or cause to be paid:

- (1) all Real Property Taxes in respect of the Shopping Centre (except those payable by the Tenant directly to taxing Authorities pursuant to paragraph (1) of clause 9.00); and
- (2) all business taxes imposed by municipal or other governmental Authorities having jurisdiction in respect of all business and activities carried on by the Landlord in or upon the Shopping Centre, save those payable in respect of the Tenant Department Store by the Tenant pursuant to paragraph (2) of clause 9.00.

All Real Property Taxes and business taxes which the Landlord is obligated to pay or cause to be paid hereunder, including each and every instalment thereof, shall be paid when due to the appropriate taxing Authorities, subject only to the right of the Landlord to defer or permit to be deferred payment thereof in certain circumstances as provided in clause 9.03. The Landlord shall also pay or cause to be paid all penalties and interest imposed with respect to arrears of such payments. Whenever the Tenant shall reasonably request the Landlord shall exhibit to the Tenant receipts or other appropriate evidence as to the due payment of such Real Property Taxes or business taxes payable by the Landlord under this clause 9.01. In the event that the Landlord shall fail to pay or cause to be paid any Real Property Taxes or business taxes payable under this clause 9.01 when due the Tenant, after notice to the Landlord and if the Landlord shall fail to pay or cause to be paid the same within fifteen (15) days after receipt of such notice, may pay the same and the amount so paid by the Tenant shall forthwith be repaid by the Landlord to the Tenant.

**9.02 Determination of Assessments.** For the purpose of establishing the amount of Real Property Taxes payable by the Tenant pursuant to clause 9.00, the parties recognize and acknowledge that it is necessary to establish the assessments upon which such Real Property Taxes are based, being the assessment of the Shopping Centre Lands, the HBC Lands and, if available, various components thereof, including the Rentable Premises, the Leased Premises and the Tenant Department Store and, if subject to assessment and if available, the Common Facilities, including in each case the improvements, fixtures and equipment thereon, provided and for greater certainty no assessment for the Shopping Centre shall be apportioned or attributable to the Common Facilities so long as the assessment methodology applicable to the Shopping Centre is based upon the income approach to value.



If any such separate assessment for the Leased Premises and Tenant Department Store is not made by the municipal or other governmental Authorities, or professional assessors hired by those Authorities, responsible for the determination of assessments upon which Real Property Taxes are based (the "Assessing Authority"), the Landlord and the Tenant shall use their commercially reasonable efforts to have a separate assessment made in respect of the Leased Premises and Tenant Department Store or failing that, to obtain sufficient information to determine, applying appropriate assessment principles, a separate assessment value.

In the event and to the extent that such separate assessment for the Leased Premises and Tenant Department Store cannot be obtained from the Assessing Authority, the Landlord and the Tenant shall allocate the total assessment of the Shopping Centre in a manner which is equitable and consistent with the basis of assessment then in use by the Assessing Authority so as to arrive at a separate assessment for the Leased Premises and Tenant Department Store hereinbefore mentioned which is required for the application of the provisions of this Lease. In so doing the parties shall have regard, as far as possible, to the method of assessment and applicable elements utilized by the Assessing Authority in arriving at the assessment of the entire Shopping Centre. The Landlord will provide (or endeavour to cause the Assessing Authority to provide) the Tenant with all detail and data applied by the Assessing Authority to determine the assessment for the Leased Premises and Tenant Department Store as the Tenant may from time to time request. The Landlord shall provide any such information to the Tenant promptly upon the Landlord's receipt of the same. If the Landlord and the Tenant cannot agree to the required allocation of the assessment for the Leased Premises and Tenant Department Store, the allocation shall be determined by arbitration pursuant to the provisions of this Lease, but having regard to the basis of determination set out in this clause 9.02. The allocation which is either agreed to or determined by arbitration shall, until such time as there is a change in assessments, or methods of assessment or allocation of such assessments, be binding upon the parties and the separate assessment so arrived at shall be applied to determine the respective obligations of the parties with respect to Real Property Taxes, under this Article 9. If any Real Property Taxes or instalments thereof become due before such determination has been made, the Landlord may make a reasonable estimate of the allocation which shall not bind the parties but shall nevertheless be adopted for the basis of the interim payment of Real Property Taxes respectively payable by them, and when the allocation of assessments has been finally determined and the Real Property Taxes respectively payable by them finally computed, the parties shall promptly make the appropriate readjustment and additional payment by the Tenant or repayment to the Tenant, as the case may be.

The Landlord shall provide the Tenant with a copy of all assessments and tax bills for or affecting the Leased Premises or the Tenant Department Store which Landlord receives or is entitled to receive forthwith upon receipt by it or by others on its behalf and if reasonably possible at least ten (10) days prior to the expiry of any period for appeal or other contesting thereof. On request from the Tenant the Landlord shall promptly provide to the taxing authorities and Assessing Authorities such written authorizations as are necessary to enable the Tenant to obtain from the taxing authorities and Assessing Authority such information as the Tenant requires for the purposes of determining the Real Property Taxes and assessment which are applicable or attributable to the Leased Premises or the Tenant Department Store.

**9.03 Tax Appeals.** The Landlord may appeal any official assessment or the amount of any Real Property Taxes (including other taxes capable of constituting a lien) relating to the Shopping Centre, the Leased Premises and the Tenant Department Store including the improvements (including fixtures and equipment) thereon, and the Tenant may appeal any official assessment or any Real Property Taxes relating to the Leased Premises or the Tenant Department Store including the improvements therein or thereon. In connection with any such appeal, the party appealing may defer or permit to be deferred payment of any Real Property Taxes, as the case may be, which it is obligated to pay or cause to be paid under the provisions of this Article 9 to the extent permitted by law and provided that no part of the Shopping Centre is thereby rendered subject to sale or forfeiture, that such deferment does not cause a breach of the Landlord's obligations under any Mortgage of the Shopping Centre, that the appeal is diligently prosecuted to completion and, in the case of a deferral by the Tenant, that such security as the Landlord may reasonably require or any Mortgagee of the Shopping Centre may require is given for the payment of any Real Property Taxes

payable by the Tenant including penalties or interest resulting from deferred payment. Neither the Landlord nor the Tenant shall institute any appeal without notice to the other and, where their interests do not conflict and in particular where the appeal is being made in order to achieve a re-assessment which is consistent with the basis contemplated by this Lease, each shall extend its co-operation and assistance to the other in respect of such appeal.

**9.04 Vacancies.** If any Rentable Premises in the Shopping Centre are vacant, any lower tax rate or other reduction in such Real Property Tax due to such vacancy shall be deemed not to exist and such Real Property Tax for the Shopping Centre shall be adjusted to be the amount that would be applicable if the Shopping Centre was fully occupied and the benefit of any lower tax rate or other reduction in such Real Property Tax due to such vacancy shall accrue solely to the Rentable Premises which are vacant.

## **ARTICLE 10**

### **COMMON FACILITIES OPERATING COSTS**

**10.00 Contribution to Common Facilities Operating Costs.** During the Term, the Tenant shall pay to the Landlord as its contribution toward the Common Facilities Operating Costs incurred by the Landlord during that year the Occupancy Payment. Such amount shall be payable as rent in equal monthly instalments in advance on the first day of each and every calendar month during the Term, with any payments for partial months or partial years to be prorated on a per diem basis.

## **ARTICLE 11**

### **INSURANCE AND INDEMNITY**

#### **11.00 Tenant's Insurance.**

(1) The Tenant shall at all times during the Term keep in force or cause to be kept in force, at no expense to the Landlord, in respect of the Leased Premises and the Tenant Department Store, the use and occupancy thereof by it and its subtenants and concessionaires and licensees and the conduct of business thereon the following insurance:

- (i) comprehensive general liability insurance for bodily injury or death and damage to property of others including, but not limited to, blanket contractual liability, owners' and contractors' protective liability, non-owned automobile and employers' liability insurance coverage with respect to all business conducted in, at, upon or from the Leased Premises, the Truck Standing Area and the Tenant Department Store, the use and occupancy thereof and the use of the Common Facilities, by the Tenant and by any other person on behalf of the Tenant and by those for whom the Tenant is in law responsible. Such policy or policies shall be written with such inclusive limits as would be carried by a prudent and reasonable owner of similar property, but in any event not less than five million dollars (\$5,000,000) for any one accident or occurrence, shall be primary and non-contributing with, and not in excess of, any other insurance obtained by the Landlord, and shall include severability of interests and cross liability clauses;
- (ii) 'all risks' property insurance (including, but not limited to, flood and earthquake) in respect of the Tenant Department Store and the Leasehold Improvements situated therein and thereon, for the full replacement cost thereof, with no co-insurance penalties and with reasonable deductibles. Notwithstanding the aforesaid, the Tenant shall not be obligated to take out or keep in force insurance in respect of loss or damage to the Tenant's trade fixtures, furniture, inventory, stock in trade including merchandise or other contents of the Tenant Department Store, and if the Tenant so insures the loss payable with respect to the Tenant Property

only shall (notwithstanding the provisions of subclause 11.00 (2) (iv) (a) hereof) be only to the Tenant without any trust provisions;

- (iii) comprehensive boiler and machinery insurance in respect of boilers, pressure vessels, air conditioning equipment and miscellaneous electrical apparatus installed in, relating to or serving the Tenant Department Store or any part thereof and operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant, on a 'repair and replacement' basis; and
- (iv) business interruption insurance in such amount as will reimburse the Tenant for direct or indirect loss of gross earnings attributable to the perils insured against in paragraphs (ii) and (iii) of subclause 11.00 (1) or attributable to prevention of access to the Tenant Department Store, the Truck Standing Area or the Shopping Centre as a result of such perils.

2) The insurance described above shall:

- (i) with the exception of the insurance referred to in paragraph (iv) of subclause 11.00(1) of this Lease, include the Landlord as an additional insured;
- (ii) be placed with an insurer or insurers of recognized net worth and reputation federally licensed to carry on the business of insurance in all provinces in Canada;
- (iii) be provided under a policy or policies in such form, providing for such coverage and exclusions and on such terms as are normally effected by owners in similar circumstances;
- (iv) with regard to insurances outlined in paragraphs (ii) and (iii) of subclause 11.00(1) of this Lease, provide:
  - (a) that the proceeds thereof shall be payable to the Landlord, such of the Landlord's Mortgagees for the Shopping Centre, if any, as have been requested in writing by the Landlord (and which request shall include the Mortgagee's address) and the Tenant as their respective interests may appear. Notwithstanding the aforesaid, the Landlord hereby agrees with the Tenant that all proceeds of such insurance payable in the event of loss, damage or destruction to the insured property shall be made available for the repair or rebuilding of the insured property, and the Tenant shall not be required to include any such Mortgagee as a loss payee unless such Mortgagee has agreed in writing with the Landlord (which agreement the Landlord covenants with the Tenant to enforce on behalf of the Tenant) or is bound by the provisions of its Mortgage (which particular provisions the Landlord covenants with the Tenant not to amend) that all such proceeds shall be made available for such repair or rebuilding regardless of the existence of any Mortgage default (provided further that, where the proceeds which are payable thereunder do not exceed two hundred thousand dollars (\$200,000), (which amount shall be adjusted on each anniversary of the Opening Date based on the percentage change which has occurred in the CPI during the previous year), the foregoing provisions as to loss payable shall not apply and such proceeds shall be payable solely to the Tenant or as it shall otherwise direct);
  - (b) that the insurers specifically waive subrogation rights against the Landlord and any loss payee, including their respective employees, officers, agents and directors, with respect to loss, damage or destruction to the insured property, and the Tenant

hereby releases the Landlord and any loss payee, including their respective employees, officers, agents and directors, from liability in regard to such loss, damage or destruction as well as with respect to any self-insured loss;

- (c) that the policies shall not be invalidated against the Landlord as an additional insured by reason of any breach or violation by the Tenant of any warranties, representations, declarations or conditions in such policies or in any applications for such policies;
- (v) contain a provision by the insurers to notify in writing the Landlord and such of the Landlord's Mortgagees for the Shopping Centre, if any, of whom the Landlord has given the Tenant written notice (including the Mortgagee's address), not less than thirty (30) days before cancellation or reducing coverage; and
- (vi) be regarded as self-insured by Tenant respecting all deductible amounts

(3) The Tenant shall from time to time, whenever reasonably requested, furnish to the Landlord certificates of insurance to evidence the insurance to be kept in force by the Tenant hereunder.

(4) If the Tenant shall fail to insure as required under this Lease, the Landlord after at least fifteen (15) days notice to the Tenant may (but shall not be obligated to) effect such insurance in the name of and at the expense of the Tenant, and the Tenant shall promptly repay to the Landlord all costs incurred by the Landlord in so doing.

#### **11.01 Landlord's Insurance**

(1) The Landlord shall take out, or cause to be taken out, and at all times during the Term keep or cause to be kept in force, without expense to the Tenant (but subject to the payments and contributions in respect of such expense which the Tenant is obligated to make under clause 10.00), in respect of the Shopping Centre and the Landlord's operation thereof the following insurance:

- (i) comprehensive general liability insurance for bodily injury or death and damage to property of others including, but not limited to, blanket contractual liability, non-owned automobile and employers liability insurance coverage, with respect to the Landlord's operation of the Shopping Centre including the Common Facilities. Such policy or policies shall be written with such inclusive limits as would be carried by a prudent and reasonable owner of similar property, but in any event not less than five million dollars (\$5,000,000) for any one accident or occurrence, shall be primary and non-contributory with, and not in excess of, any other insurance obtained by the Tenant, and shall include severability of interest and cross liability clauses;
- (ii) 'all risks' property insurance (including, without limitation, flood and earthquake) in respect of all buildings on the Shopping Centre Lands (but excluding the Tenant Department Store and the Leasehold Improvements and the Second Department Store), together with all building equipment and fixed improvements of or associated with such buildings (excluding tenant's trade fixtures, leasehold improvements or other personal property owned or for which any tenants are legally liable) and upon all other fixed improvements on the Shopping Centre as any Mortgagee of the Shopping Centre may from time to time require, for the full replacement cost thereof, with no co-insurance penalties and with reasonable deductibles; and
- (iii) comprehensive boiler and machinery insurance in respect of boilers, pressure vessels, air conditioning equipment and miscellaneous electrical apparatus installed in, relating to or serving the Shopping Centre (other

than the Tenant Department Store and the Leasehold Improvements and the Second Department Store) or any part thereof and operated by the Landlord or by others (other than the Tenant) on behalf of the Landlord, on a repair and replacement basis.

(2) The insurance described above shall:

- (i) with regard to the insurance referred to in paragraph (i) of subclause 11.01(1) of this Lease, include the Tenant as an additional insured;
- (ii) be placed with an insurer or insurers of recognized net worth and reputation federally licensed to carry on the business of insurance in all provinces in Canada;
- (iii) be provided under a policy or policies in such form, providing for such coverage and exclusions and on such terms as are normally effected by owners in similar circumstances;
- (iv) with regard to insurances outlined in paragraphs (ii) and (iii) of subclause 11.01(1) of this Lease:
  - (a) provide that the proceeds thereof shall be payable to the Landlord and the Landlord's Mortgagee, if any, as their respective interests may appear. Notwithstanding the aforesaid, the Landlord covenants with the Tenant that all proceeds of such insurance payable in the event of loss, damage or destruction to the insured property shall be made available for the repair or rebuilding of the insured property, and if any of such proceeds are to be payable to such mortgagee the Landlord covenants with the Tenant to require such Mortgagee to agree in writing, or to be bound by the terms of its Mortgage, to make all such proceeds available for such repair or rebuilding regardless of the existence of any Mortgage default; and
  - (b) provide that the insurers specifically waive subrogation rights against the Tenant, its employees, officers, agents and directors with respect to loss, damage or destruction to the insured property, and the Landlord hereby releases the Tenant, its employees, officers and directors from liability in regard to such loss, damage or destruction as well as with respect to any self-insured loss;
- (v) contain a provision by the insurers to notify the Tenant in writing not less than thirty (30) days before cancellation or reducing coverage.
- (vi) be regarded as self-insured by Landlord with respect to all deductible amounts.

(3) The Landlord shall from time to time, whenever reasonably requested, furnish to the Tenant certificates of insurance to evidence the insurance to be kept in force by the Landlord.

(4) If the Landlord shall fail to insure as required under this Lease, the Tenant after at least fifteen (15) days notice to the Landlord may (but shall not be obligated to) effect such insurance in the name of and at the expense of the Landlord, and the Landlord shall promptly repay to the Tenant all costs incurred by the Tenant in so doing.

**11.02 Indemnity.** Each of the Landlord and the Tenant (the "indemnifying party") will, except to the extent that the indemnifying party has been specifically released pursuant to the provisions of subclause 11.00(2)(iv)(b) or subclause 11.01(2)(iv)(b) or elsewhere in this Lease, protect, defend, indemnify and save harmless the other including the other's directors, officers, employees, agents and contractors (collectively the "indemnified party") of and from all fines, suits, claims, demands and actions of any kind or nature which the

indemnified party shall or may become liable for or suffer by reason of any breach, violation or non-performance by the indemnifying party of any covenant, term or provision of this Lease or by reason of any damage, injury or death occasioned to or suffered by any person or persons (including the Landlord or the Tenant, as the case may be), or any property, resulting from any wrongful act, neglect or default on the part of the indemnifying party or any of its agents, employees, officers or contractors. Furthermore and without limiting the foregoing, (i) the Tenant shall indemnify and save harmless the Landlord in respect of any Contaminant brought to the Shopping Centre by the Tenant or those for whom the Tenant is responsible at law, except to the extent that the Tenant is released under Subclause 11.01 (2) (iv) (b) and, (ii) Landlord shall indemnify and save harmless the Tenant in respect of any Contaminant brought to the Shopping Centre by the Landlord or those for whom the Landlord is responsible at law, except to the extent that the Landlord is released under Subclause 11.00(2)(iv)(b).

## **ARTICLE 12**

### **REPAIRS AND REBUILDING**

**12.00 Repairs and Rebuilding by Tenant** The Tenant Department Store and the Truck Standing Area are at the sole risk of Tenant throughout the Term and Tenant shall at all times during the Term maintain and keep in a good and substantial state of repair the Tenant Department Store and the slab of the Truck Standing Area consistent with the standards of a careful and prudent owner, and accordingly the Tenant will from time to time whenever necessary diligently carry out all repairs thereto, including those made necessary by age and damage or destruction by casualty or any other reason and any necessary replacements and rebuilding, but excluding reasonable wear and tear which does not materially impair the use thereof for the purposes required by Article 6 in a first class regional Shopping Centre setting, provided however that in the course of any repair or rebuilding the Tenant may alter or expand the Tenant Department Store to the extent specifically permitted by, and subject to compliance with, the provisions of Article 19 of this Lease pertaining thereto;

All Leasehold Improvements made by or on behalf of the Tenant and all exterior signs on the Tenant Department Store and all exterior lighting illuminating the Tenant Department Store, all Utilities and services exclusively servicing the Tenant Department Store, the Bay HVAC Facilities and the Bay Mechanical Equipment shall be operated, repaired, replaced and maintained by and at the expense of the Tenant in a state of repair consistent with the covenants of the Tenant in this clause 12.00.

If at any time following the fourth extension period the Tenant Department Store shall be damaged or destroyed in whole, or damaged or destroyed in part to an extent such that according to the reasonable estimate of the Tenant (which estimate may be disputed by the Landlord) the cost of repairing or rebuilding it shall exceed forty percent (40%) of the replacement cost (excluding the replacement cost of footings, foundations and pavements, underground utilities, excavation costs, architectural and other fees associated with such excluded costs) of the entire Tenant Department Store, the Tenant may, by notice to the Landlord given within sixty (60) days after the happening of such destruction or damage, elect to terminate this Lease notwithstanding the prior exercise by the Tenant of its right to any extension period or periods. If it elects to so terminate, this Lease shall terminate as of the date of the giving of such notice, the Tenant shall be relieved of its obligation to repair or rebuild the Tenant Department Store, the Tenant shall assign to the Landlord all its interest in all property insurance policies required to be maintained by the Tenant hereunder in regard to the Tenant Department Store and Leasehold Improvements (other than insurance on the Tenant's trade fixtures, equipment or inventory) or any policies of the Landlord in which the Tenant is named, and in any proceeds which may be payable under any such policies in respect of such damage or destruction to the Tenant Department Store and Leasehold Improvements (other than proceeds in regard to the Tenant's trade fixtures, equipment or inventory), the Tenant shall within forty-five (45) days after such date of termination vacate the Leased Premises and rent and all other amounts payable by the Tenant hereunder shall be paid and adjusted to the date of such vacating.

The Tenant's obligation to repair, replace or rebuild hereunder shall include the obligation to keep in good and substantial repair and operating condition all building equipment and services, including the Bay HVAC Facilities and the Bay Mechanical Equipment, exclusively serving the Tenant Department Store (reasonable wear and tear as aforesaid again excepted), and to make all repairs required hereunder in a good and workmanlike manner, with reasonable expedition and in accordance with all laws and regulations or governmental authorities having jurisdiction applicable thereto, but subject to Unavoidable Delay. In the event that the Tenant after reasonable notice shall fail to proceed with reasonable expedition to comply with its obligations under this clause 12.00, the Landlord, in addition to any other remedies it may have, shall have the right to take all such action as shall be reasonably required and in a reasonable manner to remedy such failure on the part of the Tenant and any costs incurred by the Landlord in so doing shall be immediately repaid by the Tenant to the Landlord as further rent due hereunder.

**12.01 Repairs and Rebuilding by Landlord and Others.** The Landlord shall in respect of the building and improvements on the Shopping Centre, at all times during the first 37 years of the Term and thereafter while operating the Shopping Centre, maintain and keep or cause to be maintained and kept in a good and substantial state of repair all such buildings and improvements including without limitation the Common Facilities and all Utilities and services thereon necessary for the operation of the Shopping Centre (but excluding the Tenant Department Store and the slab of the Truck Standing Area) consistent with the standards of a careful and prudent owner, and accordingly the Landlord will from time to time whenever necessary diligently carry out or cause to be carried out all repairs thereto including those made necessary by age and damage or destruction by casualty or any other reason and any necessary replacements and rebuilding and subject also in all cases to reasonable wear and tear which does not materially impair the use thereof for the purpose intended; provided however that in the course of any repair or rebuilding the Landlord may alter or expand the buildings and improvements on the Shopping Centre other than the Tenant Department Store and the Truck Standing Area to the extent not expressly prohibited by, and subject to compliance with, the provisions of this Lease pertaining thereto. The Landlord's obligations to repair, replace or rebuild hereunder shall include the obligation to keep in good and substantial repair and operating condition all building equipment and services including the heating, ventilating and air-conditioning equipment, electrical wiring and fixtures and plumbing of the buildings and improvements on or under the Shopping Centre (other than those on, in or under, and to the extent serving, the Tenant Department Store), and to keep the Mall well decorated and all paving in Parking Facilities in good repair and condition and properly striped, and to make all repairs required hereunder in a good and workmanlike manner, with reasonable expedition and in accordance with all laws and regulations of governmental Authorities having jurisdiction applicable thereto but, subject to Unavoidable Delay and subject also in all cases to reasonable wear and tear which does not materially impair the use thereof for the purpose intended. In the event that the Landlord after reasonable notice shall fail to proceed with reasonable expedition to comply with its obligations under this clause 12.01, and such failure shall materially adversely affect either the Tenant Department Store or the Common Facilities or cause material adverse interference with access to Tenant Department Store, the Tenant, in addition to any other remedies it may have, shall have the right to take all such action as shall be reasonably required and in a reasonable manner to remedy such failure on the part of the Landlord and any costs incurred by the Tenant in so doing shall be immediately repaid by the Landlord to the Tenant.

The Landlord hereby covenants with the Tenant that the Landlord will, at its expense, replace all light standards on the parking areas of the HBC Lands by June 30, 2004.

If, the Shopping Centre (whether or not including the Tenant Department Store) shall be damaged or destroyed to an extent such that according to the reasonable estimate of the Architect the cost of repairing or rebuilding shall exceed 50% of the replacement cost (excluding the replacement cost of footings, foundations and pavements, underground utilities, excavation costs, architectural and other fees associated with such excluded costs) of all buildings and improvements in the Shopping Centre in the aggregate, and if the Landlord gives notice of such damage or destruction in writing to the Tenant within 60 days after the happening of such damage or destruction advising that the Shopping Centre cannot

be repaired or rebuilt except for an amount in excess of such cost, then, unless there is not then less than 10 years remaining on the Term or if less, unless the Tenant agrees, within 60 days after such notice is given, to extend the Term for a further period of at least 10 years, the Landlord may elect to terminate this Lease in which event this Lease shall terminate upon the expiration of such 60 day period and rent and all other amounts payable by the Tenant hereunder shall be paid and adjusted to such date of destruction and the Landlord shall be relieved of its obligation to repair or rebuild such buildings and improvements in the Shopping Centre and the Tenant shall within 60 days after such date of termination vacate the Tenant Department Store and assign to the Landlord all of the Tenant's interest in the proceeds of any policy of insurance covering the Tenant Department Store except for such portion of the proceeds which is for the Tenant Property which the Tenant is not prohibited from removing from the Tenant Department Store under this Lease.

### **ARTICLE 13**

#### **COMPLIANCE WITH STATUTES AND BY-LAWS**

**13.00 Tenant's Compliance with By-Laws.** The Tenant shall comply with all legal requirements (including statutes, laws, by-laws, regulations, ordinances and orders of every governmental Authority having jurisdiction including those binding on either or both of a tenant or owner of premises) from time to time affecting the condition, equipment, maintenance, use or occupation of the Tenant Department Store and the use and occupation of the Truck Standing Area and the condition of the slab thereunder and as to the Tenant's improvements thereon and use and occupation thereof. The Tenant shall have the right to contest the validity of any such legal requirement and to defer compliance therewith to the extent permitted by law pending any proceedings taken to contest the same, provided that such proceedings are prosecuted with due diligence and that such deferment of compliance does not subject any part of the Shopping Centre to forfeiture or sale or prevent the continued use and occupation of every part thereof. If the Tenant shall fail to comply with the provisions of this clause, the Landlord shall have the right, after notice to the Tenant and unless the Tenant shall have within thirty (30) days thereafter commenced and proceeded diligently to remedy such failure, to take any necessary action to cause such failure to be remedied, and all costs incurred by the Landlord in so doing shall be promptly repaid by the Tenant to the Landlord as further rent due under the Lease.

**13.01 Landlord's Compliance with By-Laws.** The Landlord shall comply with or cause to be complied with all legal requirements (including statutes, laws, by-laws, ordinances, regulations and orders of every governmental authority having jurisdiction including those binding on either or both of a tenant or owner of premises) affecting the condition, equipment, maintenance, use or occupation of the Shopping Centre other than the Tenant Department Store and other than those relating to the use or occupation of the Truck Standing Area or the condition of the slab thereunder. The Landlord shall have the right to contest the validity of any such legal requirement and to defer compliance therewith to the extent permitted by law pending any proceedings to contest the same, provided that such proceedings are prosecuted with due diligence and that such deferment of compliance does not subject any part of the Shopping Centre to forfeiture or sale or prevent the continued use and occupation of every part thereof. If the Landlord shall fail to comply with the provisions of this clause and such failure shall materially adversely affect the Tenant, the Tenant shall have the right, after notice to the Landlord and unless the Landlord shall have within thirty (30) days thereafter commenced and proceeded diligently to remedy such failure, to take any necessary action to cause such failure to be remedied, and all costs incurred by the Tenant in so doing shall be promptly repaid by the Landlord to the Tenant.

### **ARTICLE 14**

#### **TENANT'S USE CONTROLS**

**14.00 Tenant's Use Controls.** The Tenant shall have reasonable approval over any new in-line occupants of any premises situated within 125 feet of the main level interior Mall entrance to the Tenant Department Store, and arbitrary approval over any new kiosks, carts or any temporary operations and their occupants within 125 feet of that entrance. The



Tenant will not have any other approval rights over location, type or size of any merchandise uses in the Shopping Centre other than as specifically provided for otherwise in clause 14.01 of this Lease, but Landlord shall comply with its obligations in Articles 7 and 20.

**14.01 Prohibited Uses.** Subject to any provisions of law limiting the validity or enforceability of covenants in leases restricting or regulating use, the Landlord will not permit any of the following businesses to be carried on in any part of the Shopping Centre:

- (1) any business involving the sale of second-hand goods (except the sale of antiques, or the incidental sale of traded-in merchandise by a tenant whose principal business is the sale of new merchandise but where it is customary in the usual conduct of such business to accept trade-ins in connection with the sale of new merchandise and such traded-in merchandise was actually traded-in at the premises of such tenant in the Shopping Centre in connection with the purchase of new merchandise from such premises), war surplus articles, insurance salvage stock or merchandise (including fire sale stock) damaged by fire or purported to be damaged by a fire unless damaged by fire in the Shopping Centre;
- (2) any auction (except an antique or fine art auction conducted in the normal course of business in premises in the Shopping Centre leased in compliance with clause 14.00 to a dealer in antiques or fine art), or any pawnshop;
- (3) any business which by reason of noises, odours or vibrations emanating or likely (having regard to the nature of the business) to emanate therefrom interferes or is likely to interfere unreasonably with the use and enjoyment of Common Facilities or other premises in the Shopping Centre;
- (4) any business within Rentable Premises which is primarily a mail order business, which for greater certainty shall exclude any business involving email, internet or other electronic sales or any technological evolution of same; and
- (5) any business which is carried on in a fraudulent or unethical manner or any operation of a nature presently considered to be a "flea market".

**14.02 Limitations on Tenant's Controls.** If the Tenant shall cease to operate the Tenant Department Store (except a cessation of use which is merely temporary during the repair or rebuilding of any loss, damage or destruction or during the construction of alterations or additions, or a cessation necessitated by Unavoidable Delay), the provisions of clause 14.00 and 14.01 shall cease to have effect or shall cease to constitute obligations of the Landlord enforceable by the Tenant until the Tenant reopens for business.

**14.03 Exclusives.** The Landlord covenants with the Tenant that it will not, during the Term, grant any exclusive rights of use to any tenant unless the Tenant Department Store is exempted from that exclusive.

**14.04 Competition.** Except as expressly provided to the contrary in this Lease, nothing in this Lease shall restrict or limit or be deemed to restrict or limit the conduct by the Landlord, or any other person than the Tenant, in any manner, of one or more retail or service businesses in the Shopping Centre whether or not in competition with the business of the Tenant.

## **ARTICLE 15**

### **MERCHANTS' ASSOCIATION**

**15.00 Merchants' Association.** The Tenant shall be entitled to become a member of any merchants' association for the Shopping Centre, but shall have no obligation to pay any dues or make any contribution or other payment whatsoever to such association.

## **ARTICLE 16**

**INTENTIONALLY DELETED**

## **ARTICLE 17**

**INTENTIONALLY DELETED**

## **ARTICLE 18**

### **LIENS**

**18.00 Liens.** Each of the Landlord and the Tenant shall so conduct any construction or other work done by it so as to minimize the possibility of any claim for lien being registered against any part of the Shopping Centre and if any such claim for lien shall be registered shall forthwith take all necessary steps to have the same vacated by the court having jurisdiction or discharged, but nevertheless provided such lien is first vacated or discharged from title, may contest any claim for lien, and may defer payment of any contested claim for lien if and so long as the same is being diligently contested, and provided that non-payment thereof does not render any part of the Shopping Centre liable to forfeiture or sale. In the conduct of any construction or other work each of the Landlord and the Tenant shall comply with all the provisions of applicable statutes available to it for the protection of the Shopping Centre from claims for lien. In the event that either the Landlord or the Tenant shall make default in the payment of moneys justly due in connection with any such construction or other work and a claim for lien shall be filed or registered and not promptly vacated or discharged, the other party may, on not less than five (5) days prior notice to the defaulting party, obtain a court order vacating the registration of the claim for lien and in conjunction therewith may make payment into court or post security to the extent required to obtain such order, and all expenses incurred by it shall be promptly repaid to it by the party in default.

## **ARTICLE 19**

### **EXPANSION AND ALTERATION OF TENANT DEPARTMENT STORE**

**19.00 Expansion and Alteration of Tenant Department Store.** The Tenant shall have the right at any time and from time to time to alter, reconstruct or expand the Tenant Department Store (including any of the improvements therein), but subject to the following provisions:

- (1) The Tenant Department Store shall be architecturally compatible with the Shopping Centre and shall be functionally integrated with the Mall as provided for in this Lease;
- (2) Any expansion shall be limited to a ground floor expansion (the "Tenant's Ground Floor Level Expansion") within the Tenant's Ground Floor Level Expansion Area and a second level expansion (the "Tenant's Second Level Expansion") within the Tenant Second Level Expansion Area;
- (3) The plans and specifications for any such expansion and for any structural work of a material nature or any exterior alteration of a material nature shall be submitted to the Landlord for its approval, but such approval shall not be unreasonably withheld provided the requirements of this clause are otherwise complied with and provided such comply with appropriate zoning and building regulations;
- (4) Any such expansion shall be performed substantially in accordance with the plans and specifications which have been approved by the Landlord. In the performance of any alteration, reconstruction or expansion the Tenant will perform all work involved with reasonable expedition (but subject to Unavoidable Delay), in a good and workmanlike manner and at least in accordance with the general standards which were applicable to the

initial construction of the Tenant Department Store, and will comply with all applicable municipal by-laws and other legal requirements pertaining to such work;

(5) No annual basic rent, Common Facilities Operating Costs or merchants' association fees shall be payable by the Tenant in regard to any such expansion;

(6) The Tenant's Ground Floor Level Expansion must be constructed by December 31, 2006, failing which the Tenant will lose its right to carry out the Tenant's Ground Floor Level Expansion.

(7) The Tenant's Second Level Expansion may be constructed concurrently with or at any time following an expansion by the Landlord which consists of the construction of a second level Mall which abuts the Tenant Department Store. The Landlord will provide any necessary parking spaces for the Tenant's Ground Floor Level Expansion and the Tenant's Second Level Expansion when constructed and opened.

(8) With respect to any alterations to the interior of the Tenant Department Store:

- (a) no alterations shall change the single integrated traditional retail department store appearance and character of the Tenant Department Store nor cause the Tenant Department Store to be or appear to be a multiple lessee business, and,
- (b) such work shall be carried out in a good and workmanlike manner and shall not unreasonably interfere with the activities of the Landlord or any other tenant of the Shopping Centre or their respective officers, agents, employees, customers, invitees and licensees.

## **ARTICLE 20**

### ***EXPANSION AND ALTERATION OF SHOPPING CENTRE***

#### **20.00 Expansion and Alteration of Shopping Centre.**

(1) Subject as hereinafter provided, the Landlord reserves the right at any time and from time to time to make alterations or additions to and subtractions from the Shopping Centre other than the Leased Premises, the Tenant Department Store or, except as specifically permitted under this Lease, the No Build Area, and to build adjoining the Tenant Department Store. Subject as aforesaid, the Landlord also reserves the right to alter, expand, reconstruct, demolish or construct other buildings or improvements in the Shopping Centre other than the Tenant Department Store from time to time and to make alterations thereof or additions thereto and subtractions therefrom and to build additional stores on any such building or buildings and to build adjoining the same. The Tenant acknowledges that the depiction of the Shopping Centre on the Site Plan does not constitute a representation, covenant or warranty of any kind by the Landlord and the Landlord reserves the right subject as herein specifically otherwise provided, to change the size and dimensions of the buildings, the number and locations of buildings, parking areas and malls and to change the store dimensions, identities, types of stores and tenancies.

(2) When necessary by reason of accident or other cause, or in order to make any repairs or alterations or improvements in or relating to the Shopping Centre, the Landlord may cause such reasonable and temporary obstruction of the Common Facilities as may be necessary and may, for such time as is reasonably necessary, interrupt or suspend the supply of heating, electricity, water and other services where necessary and until such repairs, alterations or improvements have been completed, provided that the Landlord shall use commercially reasonable efforts to minimize disruption to the Shopping Centre having regard to the circumstances then existing. There will be no abatement in rent because of any such obstruction, interruption or suspension, provided that such repairs, alterations or improvements are made as expeditiously as possible having regard to the circumstances then existing and provided that commercially reasonable efforts are made to cause any such

temporary obstruction, interruption or suspension to take place during other than normal business hours of the Tenant Department Store and of the Shopping Centre.

(3) If the Landlord constructs a second level Mall which abuts the Tenant Department Store, the Landlord will pay for all work required in order to connect the second level of the Tenant Department Store to the second level of the Mall, including without limitation, the construction of a structural mall floor above the existing Mall (of sufficient strength to permit connection thereto of the Tenant's Second Level Expansion), all work associated with connecting this new Mall floor to the main aisle of the Tenant Department Store, the creation of an opening into the Tenant Department Store at the second level and the installation of new mall doors and door pockets, the relocation of departments within the Tenant Department Store in order to permit the new entrance, required alterations to the floor and ceilings, any mechanical and electrical changes necessary, signage, and bulkhead treatment. The Tenant shall provide the Landlord with reasonable access to the Tenant Department Store to the extent reasonably required in order for the Landlord to carry out the foregoing work in connection with such expansion, provided that the Landlord shall use all reasonable efforts to minimize interference with the Tenant's business and the Landlord shall forthwith make good all damage to the Tenant Department Store resulting from the completion of such work in connection with such expansion. The Landlord shall be liable to reimburse the Tenant in an amount not in excess of \$250,000 (plus applicable GST and PST) in respect of the costs incurred by the Tenant for changes and alterations carried out by the Tenant within the Tenant Department Store resulting from the creation of the new entrance connection at the second level.

All new signage and signage changes or signage relocation resulting from or required by this expansion shall be for the account of the Landlord.

Should the Tenant elect to construct the Tenant's Second Level Expansion concurrently with the Landlord's expansion the parties agree to co-operate in co-ordinating their respective work for their mutual benefit.

(4) The Landlord shall not alter the present ground floor east-west and north-south Malls which connect to the ground floor level of the Tenant Department Store if the alteration would materially and detrimentally affect access to or visibility of the Tenant Department Store at the ground floor level and the Tenant shall have the right to install and maintain in the present ground floor level east-west and north-south Malls and in any similar Malls on any second level Mall expansion in close proximity to the Tenant Department Store, Tenant's standard interior signage, in a location and of a size to be agreed by the Tenant and the Landlord each acting reasonably;

(5) The Landlord covenants (which covenant shall run with the Shopping Centre) that, notwithstanding any other provisions of this Lease, no building or structure of any nature other than additional Parking Facilities consisting of parking spaces at or below grade level and landscaped areas and walkways as well as parking and directional curbs and related devices, light standards and signs, shall at any time be constructed within the No Build Area (other than the permitted Tenant's Ground Floor Level Expansion of the Tenant Department Store and other than the two buildings shown in the area shaded in YELLOW on the Site Plan, which buildings shall not exceed 8000 square feet each and may not be used as a fitness facility) without the consent of the Tenant (which consent may be arbitrarily withheld, except that in regard to parking decks the Tenant shall not unreasonably withhold or unduly delay its consent);

(6) The Landlord shall not construct a second level Mall which connects to the Second Department Store unless such Mall is constructed so as to abut the Tenant Department Store. The configuration of such Mall in the general vicinity of the Tenant Department Store shall be subject to the Tenant's approval, which approval shall not be unreasonably withheld or delayed.

## **ARTICLE 21**

### **ASSIGNMENTS, TRANSFERS AND ENCUMBRANCES OF INTEREST BY LANDLORD AND TENANT**

**21.00 Restrictions on Assignment, Subletting and Encumbrances by Tenant.** Tenant covenants that no Transfer affecting Tenant, this Lease, the Tenant Department Store or the business of Tenant at the Tenant Department Store shall be permitted or effective unless and until Landlord's written consent to the Transfer is delivered to Tenant with such consent not to be unreasonably withheld so long as the transferee is creditworthy and a suitable replacement tenant and one who is sufficiently experienced and competent in operating a business of the type required to be operated in the Tenant Department Store. Notwithstanding the aforesaid, the Tenant may assign or sublet the whole of the Leased Premises without consent, but with notice, to an Affiliated Corporation (with consent to be obtained or this Lease reassigned or sublease terminated if the affiliation ceases) and the Tenant may assign without consent, but with notice, to the assignee of a majority of the Tenant's traditional retail department stores in Ontario, each being a "Permitted Transfer". Any assignment shall be subject to compliance with the provisions of this Lease, including without limitation, the provisions of Article 6.

Notwithstanding the aforesaid:

- (1) The ownership of the Tenant Department Store and the leasehold interest in this Lease shall co-exist entirely in the same entity and any Transfer of either interest which has the effect of causing a breach of this provision shall be void and of no effect; and
- (2) The Tenant shall be entitled to grant franchises, subleases, concessions or licences of any part of the Tenant Department Store, but only so long as the franchises, subleases, concessions or licences in the aggregate do not exceed 25% of the Tenant Department Store and only if the business of the Tenant Department Store continues to be, and appears to be, carried on as a single integrated department store of the specific type and kind required to be operated, except that such franchisees, subtenants, concessionaires and licensees may be identified by product, service or trade name.

**21.01 Liability Upon Assignment.** No Transfer or other disposition by Tenant of this Lease or of any interest under this Lease shall release Tenant from the performance of any of its covenants under this Lease and Tenant shall continue to be bound by and liable under this Lease unless the Landlord by written agreement specifically releases the Tenant from its obligations under this Lease. Tenant's liability under this Lease will continue notwithstanding the bankruptcy, insolvency, dissolution, restructuring or liquidation of any transferee of this Lease or the termination of this Lease for default or the termination, disclaimer, surrender or repudiation of this Lease or the abandonment of the Tenant Department Store pursuant to any statute, rule of law or court order. Furthermore, if this Lease is terminated for default or abandonment or is terminated, disclaimed, surrendered or repudiated pursuant to any statute, rule of law, or court order then, in addition to and without limiting Tenant's liability under this Lease, Tenant upon notice from Landlord given within 90 days after any such termination, disclaimer, surrender or repudiation, shall enter into a new lease with Landlord for a term commencing on the effective date of such termination, disclaimer, surrender or repudiation and expiring on the date of this Lease would have expired but for such termination, disclaimer, surrender or repudiation and otherwise upon the same terms and conditions as are contained in this Lease with respect to the period after such termination, disclaimer, surrender or repudiation.

**21.02 Consent May be Withheld.** Notwithstanding anything contained in any legislation, law or statute as the same may be amended from time to time if the Landlord's consent is required, the Landlord shall be deemed not to be unreasonable in withholding its consent to a Transfer and may arbitrarily withhold such consent if a proposed Transferee has not agreed with the Landlord in writing and on a form acceptable to Landlord, Tenant and such Transferee, each acting reasonably, to assume and perform each of the covenants,

obligations and agreements of the Tenant in this Lease, and if the requirements of clause 21.00 have not been satisfied.

**21.03 Changes in Control.** If at any time on or after the execution of this Lease the Tenant is a corporation and any portion of all of the shares or voting rights of shareholders of the Tenant or of an Affiliated Corporation are transferred by sale, assignment, bequest, inheritance, trust settlement, operation of law or other disposition or are issued by subscription or allotment or are cancelled or redeemed, so as to result in any change in the holding of effective voting or other control of the Tenant or of an Affiliated Corporation from that which existed on the date of execution of this Lease or the date on which the Tenant became a corporation, if later, such change of control shall be considered a Transfer which is subject to clause 21.00. This provision shall be suspended and have no application at all times during the term when the Hudson's Bay Company is the tenant in possession under this Lease or when the tenant in possession under the Lease is a corporation whose shares are listed and traded on a recognized stock exchange in North America, so long as, in each case, at the time of any such change in control, other than those occurring as a result of trading on such stock exchange, no default or condition of the kind enumerated in Clauses 24.01(a), (c) or (d) is outstanding, and, so long as the change of control is not intended to avoid the necessity of obtaining Landlord's consent to an assignment a sublease.

**21.04 Store Name.** The Tenant Department Store shall be operated under the principal name used by the Tenant from time to time in a majority of its similar operations in Canada unless the Landlord agrees to the use of a different name.

**21.05 Mortgages by Tenant.** The Tenant may sublease or charge its interest under this Lease to a Mortgagee or creditor as security in connection with a bona fide borrowing by the Tenant, provided such Mortgagee or creditor covenants with the Landlord, as a condition precedent to its exercising its right to obtain possession or title to the Tenant's leasehold interest, to be bound by all the Tenant's covenants hereunder until an assignment of this Lease or a sublease, as the case may be, by such Mortgagee or creditor; and the Landlord agrees to permit the Mortgagee or creditor to exercise its right to obtain possession and to obtain title to the Tenant's leasehold interest in case of default, but need not permit any Transfer or other exercise of right by such Mortgagee by which the Tenant's leasehold interest may be further assigned or subleases, permissions, concessions or licenses entered into without the provisions of this Article being complied with.

**21.06 Transfers and Encumbrances by Landlord and Owners.** The Landlord or each Owner may assign, transfer, mortgage or otherwise dispose of their respective interests in the Shopping Centre without restriction, provided always that any such disposition shall be subject to this Lease and the priority thereof and consistent with the rights of the Tenant and the covenants of the Landlord under this Lease.

Every assignment, transfer, Mortgage or encumbrance by the Landlord or the Owners of an interest in the Shopping Centre for the purposes of giving security for an indebtedness (other than an assignment of leases of specific premises therein) shall be subordinate to this Lease and all the rights of the Tenant hereunder, it being understood that this Lease shall have priority. If required by a Mortgagee of the Landlord or the Owner, the Tenant shall agree to attorn to the Mortgagee on the terms and conditions of this Lease;

In the case of every assignment, transfer or other disposition of an interest in the Leased Premises (other than to a Mortgagee or encumbrancer or creditor as security, but including an assignment of this Lease) the assignee or transferee shall agree with the Tenant (in form acceptable to the Tenant, acting reasonably) to perform all of the covenants, agreements and obligations of the Landlord under this Lease.

No assignment, transfer, Mortgage or encumbrance by the Landlord affecting the Leased Premises and the Tenant Department Store shall have the effect of releasing the obligations of the Landlord hereunder unless a bona fide purchaser, assignee or transferee of the whole of the Landlord's interest in the Shopping Centre assumes and has become bound by the Landlord's obligations, covenants and agreements hereunder by covenant in favour of the Tenant as aforesaid; provided that in no event will the Landlord be released in respect of

then existing defaults or in respect of any monies which may be owing to the Tenant by the Landlord for any period prior to the effective date of the assignment.

**21.07 Performance of Mortgage Obligations by Tenant.** The Tenant shall make all payments when due and otherwise perform all its obligations under any Mortgage or encumbrance at any time permitted to be made by it pursuant to clause 21.05 upon this Lease and its leasehold interest hereunder.

**21.08 Performance of Mortgage Obligations by Landlord and Owners.**

The Landlord and Owners shall make all payments when due and otherwise perform all their respective obligations under any Mortgage or encumbrance at any time made by them upon the Shopping Centre Lands and the HBC Lands and its interest therein, and shall duly perform, to the extent reasonable under the circumstances, all their respective obligations under all leases to tenants of portions of the Shopping Centre.

**21.09 Rights of Landlord's Mortgagees.** If at any time during the currency of a Mortgage, notice of which Mortgage and the address of the Mortgagee has been given to the Tenant, any default occurs in the performance of any of the covenants, obligations, or agreements of the Landlord which would give rise to a right in the Tenant to terminate this Lease, then the Tenant, before becoming entitled as against the Mortgagee to exercise any right to terminate this Lease, must give to the Mortgagee notice in writing of such default for a fresh period equal to that applicable to the Landlord in respect of the default. The Mortgagee will have such fresh period after the giving of such notice within which to remedy such default as agent of the Landlord, (or by such other means as will avoid such Mortgagee becoming Mortgagee in possession of the Tenant Department Store by reason of effecting such remedy if the Mortgagee so desires) and if such default is remedied within such fresh period of time the Tenant will not by reason thereof terminate this Lease. The rights and privileges granted to the Mortgagee by virtue of this section will not in any way be deemed to alter, affect or prejudice any of the rights and remedies available to the Tenant against the Landlord. Any notice to be given to the Mortgagee will be deemed to have been properly given if personally delivered or mailed by registered mail to its most recent address of which the Tenant has notice.

## **ARTICLE 22**

### **DETERMINATION OF CERTAIN MATTERS**

**22.00 Determination of Gross Leasable Area.** The Gross Leasable Area of the Tenant Department Store and any other premises in the Shopping Centre in respect to which it is material under the provisions of this Lease to determine the same, shall, unless accepted and agreed by both the Landlord and the Tenant in writing, be determined at the insistence of either party by a surveyor appointed by the Landlord and the Tenant acting jointly for the purpose, or if they cannot agree upon such appointment, appointed upon the application of either party by a Judge of the Supreme Court of Ontario. Any Gross Leasable Area so agreed or determined shall be binding upon the parties but subject to redetermination in the manner herein provided if there shall be any expansion, alteration, reconstruction or other change affecting the same.

**22.01 Determination by Arbitration.** Wherever in this Lease it is provided that any matter in dispute between the Landlord and the Tenant, if not settled or agreed between them, is to be determined by arbitration, then the dispute shall be determined by arbitration, as follows:

(1) Either party may give notice to the other of its desire to arbitrate such dispute, and shall in such notice give notice of the appointment of an arbitrator chosen by the party giving such notice. The party receiving such notice shall within fifteen (15) days after the receipt thereof give a notice to the party giving the first notice of the appointment of an arbitrator chosen by the party giving the second notice. The two arbitrators so chosen shall jointly appoint a third arbitrator;

(2) If a party required to appoint an arbitrator shall fail to do so within such period of fifteen (15) days, or if each party has appointed an arbitrator and such arbitrators fail to

agree upon a third arbitrator within fifteen (15) days after both have been appointed, then any party not in default of appointing an arbitrator may apply to a Judge of the Supreme Court of Ontario for the appointment of an arbitrator on behalf of the party in default, or the appointment of the third arbitrator, as the case may require; and

(3) The three arbitrators so appointed shall determine the dispute having regard to the provisions of this Lease and to any other agreements which the parties may have made respecting the arbitration or the matter in dispute and the decision of any two of them shall bind the parties. Subject to the provisions of this clause, the arbitration shall be conducted in accordance with the provisions (if any) of the laws of Ontario from time to time in effect pertaining to arbitration. Nothing in this clause 22.01 shall prevent the parties from carrying out an arbitration using a single arbitrator, if one can be agreed upon.

**22.02 Costs.** In any proceedings under clause 22.01 to determine any question or dispute, the fees and expenses of the arbitrators and all other expenses of such proceedings shall be borne in such manner as the arbitrators may determine.

**22.03 Judicial Remedies Preserved.** The provisions of this Article 22 regarding the determination of certain questions or matters in dispute by arbitration are acknowledged by the parties to have the intended purpose of providing, where applicable, an equitable and rapid determination, but are not intended and shall not be interpreted as excluding recourse by any party to the Courts as to any matter not expressly required by this Lease to be determined by arbitration, or recourse by any party to any of the remedies available at law or in equity including damages or injunction, and such recourse may be taken notwithstanding the provisions of clause 22.01 in respect of any matter where the substantial rights of a party are involved and might be prejudiced or impaired if such recourse is not taken, notwithstanding that the determination of such matter may involve a question for determination by the Court which would otherwise fall for its determination within the provisions of clause 22.01, but in such case any determination which has already been made pursuant to clause 22.01 shall be binding upon the parties.

## **ARTICLE 23**

### **SIGNS**

**23.00 Tenant's Signs.** The Tenant shall have the following rights in regard to exterior signage and identification of and for the Leased Premises:

(1) To erect and maintain, at its expense, signs upon the exterior of the Tenant Department Store (including upon or over the entrances thereto and upon any exterior wall thereof but excluding the roof) in each case similar in size and character to those generally used by the Tenant in connection with a majority of its other similar department stores in the Greater Toronto Area, provided that: (a) such signs comply with the requirements of Authorities having jurisdiction, and (b) the Landlord shall be given prior notice of any proposed increase in the present square footage of such exterior signs existing on the date of this Lease, and the Tenant shall not be entitled to increase such square footage to the extent that such increase would have a material adverse effect on the Landlord's ability to provide the Shopping Centre and its other tenants with appropriate signage opportunities.

(2) On any free standing pylon signs erected by the Landlord to promote the Shopping Centre which includes the name of any occupant of the Shopping Centre, identification for the Tenant Department Store of size and location no less prominent than that provided to any other occupant and at no cost to the Tenant except for the cost of providing its nameplates;

(3) To have the Tenant's name displayed, at no expense to the Tenant, on any directories of the Landlord located in the Mall; and

(4) Such other exterior signs as it may desire to have and which are consistent with the sign policy referred to in clause 23.01 adopted by the Landlord from time to time for the



Shopping Centre, as the Landlord may approve (such approval not to be unreasonably withheld).

The Tenant shall maintain all such signs or identification referred to in paragraph (1) and (4) in good repair and condition and shall keep them suitably illuminated (to the extent designed to be illuminated) as and when required during the hours when the Tenant Department Store or the applicable part thereof shall be open for business. The Tenant shall have the right to install and maintain within the Tenant Department Store such interior signage as it desires in order to meet the needs of its business. Under no circumstances will there be permitted any "liquidation", "bankruptcy" or any similar signs or sales in or about the Tenant Department Store. No "going out of business" or "store closure" signs or sales shall be permitted unless approved by the Landlord acting reasonably. The Landlord shall maintain its signs and identification, including those referred to in paragraphs (2) (other than the Tenant's nameplates) and (3), in good repair and condition and shall keep them suitably illuminated (to the extent designed to be illuminated) as and when required during the Retail Hours.

**23.01 Landlord's Sign Policy.** The Landlord shall implement, and shall also enforce or cause to be enforced, a sign policy applicable to all tenants (including the Tenant other than in respect of those signs permitted under clause 23.00(1)) of the Shopping Centre and governing signs (including pylon signs and their respective locations) which may be displayed on or in their premises and in the Shopping Centre, and which shall represent good shopping centre practice for a first-class regional centre.

## **ARTICLE 24**

### **REMEDIES AND DEFAULTS**

**24.00 Particular Remedies of Landlord.** In the event that the Tenant is in default of any of its covenants, obligations or agreements under this Lease, other than its covenant to pay rent and Additional Charges, and such default has continued for a period of thirty (30) consecutive days or such longer period as may be reasonably required in the circumstances to cure such default (so long as the Tenant has commenced within such 30 day period to rectify and is continuously thereafter proceeding with diligence to cure any such default), after notice by the Landlord to the Tenant specifying with reasonable particularity the nature of such default and requiring the same to be remedied or without notice if such default creates an emergency, the Landlord, without prejudice to any other rights which it may have with respect to such default, may remedy such default, and the cost thereof to the Landlord together with interest thereon as provided in clause 24.07 from the date such cost was incurred by the Landlord will be added to the rent due on the next succeeding date on which rent is payable, and such amount will thereupon become due and payable as rent under this Lease in addition to the regular payment of rent then due, and the Landlord will have all remedies for the recovery of such amount as are available in the case of any non-payment of rent. The Landlord will be subrogated to the extent of such payment to all rights, remedies and priorities of the payee of the amount paid by the Landlord to remedy such default.

**24.01 Re-Entry.** Without prejudice to any of the rights and recourses of the Landlord herein, and subject to clause 24.00 when:

- (a) the Tenant is in default in the payment of any rent or Additional Charges for a period greater than ten (10) days following receipt of notice by the Landlord to the Tenant;
- (b) the Tenant shall be in default of any of its covenants, obligations or agreements under this Lease or of any term or condition of this Lease (other than its covenant to pay rent and other than the provisions as set out in subsections (c) and (d) below for which no notice shall be required), and such default shall continue for a period of 30 consecutive days (or such longer period as may be reasonably required in the circumstances to cure such default so long as the Tenant has commenced to rectify within such 30 day period and is continuously thereafter proceeding with diligence to cure any such default), after

notice by the Landlord to the Tenant specifying with reasonable particularity the nature of such default and requiring the same to be remedied,

(c) Tenant becomes insolvent or makes application for relief from creditors under the provisions of any statute now or hereafter in force or, under the Bankruptcy and Insolvency Act, files a notice of intention or a proposal, makes an assignment in bankruptcy, has a receiving order made against it or otherwise becomes bankrupt, or insolvent, or any judicial action, steps or proceedings whatever, are taken by the Tenant with a view to the winding up, dissolution or liquidation of Tenant (except for a bona fide corporate re-organization undertaken while the Tenant is solvent) or with a view to the restructuring or compromise of any debt or other obligation of Tenant,

(d) a receiver, interim receiver, trustee, liquidator or a receiver and manager is appointed for the Leased Premises, the Tenant Department Store or the business of the Tenant conducted at the Tenant Department Store and such party remains in place for more than 30 days;

(e) re-entry is permitted under any other terms of this Lease or in law,

then and in any event under sub-clauses (c) or (d), the then current month's rent together with the rent for the 3 months next ensuing shall immediately become due and payable, and in any of such events under sub-clauses (a) through (e) inclusive, at the option of Landlord, the Term shall become forfeited and void, and Landlord may without notice or any form of legal process whatsoever forthwith re-enter the Leased Premises and the Tenant Department Store, anything contained in any statute or law to the contrary notwithstanding, and may expel all persons and remove all property from the Leased Premises and the Tenant Department Store and such property may be removed and sold or disposed of by Landlord as it deems advisable or may be stored in a public warehouse or elsewhere at the cost and for the account of Tenant without Landlord being considered guilty of trespass or conversion or becoming liable for any loss or damage which may be occasioned thereby, provided, however, that such forfeiture shall be wholly without prejudice to the right of Landlord to recover arrears of rent and damages for any antecedent default by Tenant of its covenants under this Lease. Should Landlord at any time terminate this Lease by reason of any such event, then, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur as a result of such termination.

**24.02 Exceptions to Forfeiture.** The non-performance by the Tenant of any of the covenants, obligations and agreements of the Tenant in this Lease will entitle the Landlord to a forfeiture of the Term of this Lease provided, except in the circumstances set out in clause 24.01 (a), (c) and (d), the Landlord has first given the Tenant thirty (30) days written notice of any such non-performance, and the Tenant, within such period of thirty (30) days (or such longer period as may be reasonably required in the circumstances to cure such default so long as the Tenant has commenced to rectify within such 30 day period and is continuously thereafter proceeding with diligence to cure any such default) has failed to remedy such default.

**24.03 Landlord May Re-Let.** If the Landlord does not exercise its option under this Article to terminate this Lease it may nevertheless in the events set out in this Article from time to time re-enter the Leased Premises and the Tenant Department Store without terminating this Lease, make such alterations and repairs as may be necessary in order to re-let the Leased Premises and the Tenant Department Store, and re-let the Leased Premises and the Tenant Department Store or any part thereof as agent for the Tenant for such period or periods (which may extend beyond the Term) and at such rental or rentals and upon such other terms and conditions as the Landlord in its sole discretion may deem advisable. Upon each such re-letting all rentals received by the Landlord from such re-letting shall be applied, first, to the payment of any indebtedness other than rent due from the Tenant to the Landlord; second, to the payment of any costs and expenses of such re-letting, including brokerage fees and solicitors' fees and costs of such alterations and repairs; third, to the payment of rent due and unpaid, and the residue, if any, shall be held by the Landlord and applied in payment of future rent as the same may become due and payable. If such rentals received from such re-letting during any month are less than that

to be paid during that month by the Tenant, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the Leased Premises and the Tenant Department Store by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention has been given to the Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, the Landlord may, subject to the rights of the lessees, pursuant to such re-letting at any time thereafter elect to terminate this Lease by reason of such previous event and if the Landlord does so its rights to damages following termination under clause 24.01 shall be equally applicable to termination under this section.

**24.04 Right to Distrain.** The Tenant waives and renounces the benefit of any present or future statute purporting to limit or qualify the Landlord's right to distrain and agrees with the Landlord that upon the happening of any event described in clause 24.01 the Landlord, in addition to the other rights reserved to it, shall have the right:

- (a) to enter the Leased Premises and the Tenant Department Store as agent of the Tenant either by force or otherwise without being liable for any prosecution therefor and to take possession of any goods and chattels whatever on the Leased Premises and the Tenant Department Store, save and except any such goods and chattels which are not owned by the Tenant,
- (b) if any such goods and chattels have been removed from the Leased Premises and the Tenant Department Store, to levy distress against the goods and chattels of the Tenant at any place to which the Tenant or any other person may have moved them, in the same manner as if such goods and property had remained upon the Leased Premises and the Tenant Department Store,
- (c) to change the locks on the Tenant Department Store to prevent the removal by the Tenant or any other person of the goods and chattels which are the subject matter of the distress without thereby re-entering the Leased Premises and the Tenant Department Store or terminating this Lease,
- (d) to levy distress after dark and on Sundays, and
- (e) to sell any goods and chattels seized at public or private sale without notice and to apply the proceeds of such sale on account of the rent or other sums provided in this Lease to be paid by the Tenant as rent in arrears or in satisfaction of the default by the Tenant of its covenants, obligations and agreements under this Lease; provided that the Tenant shall remain liable for the deficiency, if any.

Notwithstanding any term or condition of this Lease or anything contained in any legislation, none of the goods and chattels of the Tenant at any time during the continuance of the Term shall be exempt from levy by distress for rent or other sums provided in this Lease to be paid by the Tenant as rent in arrears, and upon any claim being made for such exemption by the Tenant, or upon distress being made by the Landlord, this provision may be pleaded as an estoppel against the Tenant in any action brought to test the rights to the levying upon any such goods as are named as exempted in such legislation, the Tenant waiving as it hereby does all and every benefit that it could or might have with regard thereto.

**24.05 Remedies Generally.** Mention in this Lease of any particular remedy or remedies of a party in respect of any default by the other shall not preclude such party from any other remedy in respect thereof, whether available at law or in equity or by statute or expressly provided for herein. No remedy shall be exclusive or dependent upon any other remedy, but the non-defaulting party may from time to time exercise any one or more of such remedies generally or in combination, all such remedies being cumulative and not alternatives. Nothing in this Article 24 shall prejudice any rights which the Tenant may have at law to apply for and obtain relief from forfeiture.

**24.06 Particular Remedies of Tenant.** The Tenant, in addition to all other remedies it may have under the express provisions of this Lease and (to the extent not expressly excluded hereby) under the general law, shall have the following rights:

(1) In the event of the failure of the Landlord to pay any amount due to the Tenant under any provision of this Lease when due, and if such failure shall not have been remedied within thirty (30) days after receipt of notice from the Tenant specifying the default, the Tenant shall have the right, in addition and without limitation to any other rights which the Tenant has at law or in equity, to deduct such amount from amounts due or to accrue due to the Landlord under Article 10 of this Lease.

(2) In the event the Landlord is in default under this Lease, other than a default under subsection (1) hereof, and the Landlord shall fail to remedy such default within sixty (60) days after receipt of notice from the Tenant to the Landlord (or such longer period as may reasonably be necessary therefor having regard to the nature of such default provided that the Landlord has commenced to rectify within such 60 day period and is continuously thereafter proceeding with diligence to cure such default), the Tenant may in addition and without limitation to any other rights which the Tenant has at law or in equity, take such reasonable steps as may be necessary to remedy such default, and any costs incurred by the Tenant in so doing shall be promptly repaid to it by the Landlord.

**24.07 Interest on Sums in Default.** If the Tenant fails to pay any rent or other sum owing to the Landlord when it is due or payable or the Landlord fails to pay any sum owing to the Tenant when it is due or payable, in each case such sum so owing shall bear interest from the date such sum so owing was due and payable under the applicable provision of this Lease until such sum is actually paid, at an annual rate equal to 2% plus the Prime Rate (as hereinafter defined) then in effect, compounded semi-annually, not in advance, and such interest shall accrue on, be added to and be recoverable in the same manner as the principal sum upon which it is calculated. "Prime Rate" means the reference rate of interest announced from time to time by Canadian Imperial Bank of Commerce (or its successor bank) for the purpose of determining interest rates on Canadian dollar commercial loans in Canada, commonly known as its "prime rate".

## **ARTICLE 25**

### **MISCELLANEOUS PROVISIONS**

**25.00 Unavoidable Delay.** Whenever in this Lease it is provided that any act or things to be done or performed is subject to Unavoidable Delay, the time for the doing or performance thereof shall be extended for a period equal to the period for which such Unavoidable Delay operates to delay or prevent the act or thing required to be done or performed from being done or performed, and the party obligated to do or perform such act or thing shall not be deemed to be in default until the expiration of such time as so extended. So long as any such impediment exists, such party will be relieved from the fulfilment of such obligation and the other party will not be entitled to compensation for any damage, inconvenience, nuisance or discomfort thereby occasioned. Each party shall promptly notify the other of the occurrence of any Unavoidable Delay of which it is aware which might prevent or delay the doing or performance of acts or things required to be done or performed by such party, if such party intends to rely on such Unavoidable Delay in respect of a particular obligation under this Lease.

**25.01 Waiver.** Any condoning 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 obligation contained in this Lease shall not operate as a waiver of such default, breach or non-performance, and any waiver of a particular default, breach or non-performance shall not operate as a waiver of any subsequent or continuing default, breach or non-performance.

**25.02 Certificates.** The Tenant agrees that it will from time to time whenever reasonably required by the Landlord for the purpose of giving assurance to the Landlord and any third party interested (including any prospective or actual assignee or Mortgagee of the Landlord) execute and deliver to the Landlord or as the Landlord may direct a statement in writing

certifying to the Landlord and such third party whether this Lease is in full force and effect, whether or not it has been modified (and if so in what respect), the status of annual rent and other accounts between the Landlord and Tenant, whether or not there are any existing defaults on the part of the Landlord of which the Tenant is aware (and if so, specifying them) and as to any other matters in connection with this Lease in respect of which such a certificate is reasonably requested. The Landlord agrees that it will from time to time whenever reasonably requested for the purpose of giving assurance to the Tenant and any third party interested (including any proposed or actual assignee or Mortgagee of the Tenant) execute and deliver to the Tenant or as the Tenant may direct a statement in writing certifying to the Tenant and such third party whether this Lease is in full force and effect, whether or not it has been modified (and if so in what respect), the status of annual rent and other accounts between the Landlord and the Tenant, whether or not there are any existing defaults on the part of the Tenant of which the Landlord is aware (and if so, specifying them) and as to any other matters in connection with this Lease in respect of which such a certificate is reasonably requested. Such statements may be relied upon by (but only by) the Landlord, the Tenant and the third party for whose benefit they are given.

**25.03 Approvals.** Except insofar as it is otherwise provided in this Lease, any approval or consent which either party is entitled or required to request of the other hereunder shall, unless a shorter period is otherwise designated or contemplated, be either given or refused in writing within twenty (20) days of a written request therefor, and if refused and if such approval or consent is one which the requested party can withhold only on reasonable grounds, the requested party shall also give reasons for such refusal. Any request for approval or consent shall be in writing and shall specify the aforementioned time limitation.

**25.04 Registration.** This Lease shall not be registered against title to the Shopping Centre Lands or the HBC Lands. Either party may register a notice or short form of this Lease on title to the Shopping Centre Lands and the HBC Lands, the form and content of which will be subject to each party's prior approval, which approval shall not be unreasonably withheld or delayed. In no event shall the notice or short form of lease disclose the financial terms of this Lease. All costs related to such registration shall be the responsibility of the party registering the notice.

**25.05 Notices.** Any notice, approval or request for approval which a party is entitled, requested or required to give or make under any provision of this Lease shall be given or made in writing and shall be deemed to have been duly given or made, where intended for the Landlord, if sent by fax or if delivered or mailed in Canada by prepaid registered post addressed to:

the Landlord: c/o 20 Vic Management Inc.  
20 Victoria Street, Suite 900  
Toronto, Ontario  
M5C 2N8  
  
Attention: Managing Director  
Fax Number: 416-955-0569

and, where intended for the Tenant, if sent by fax or if delivered or mailed in Canada by prepaid registered post addressed to:

the Tenant: 401 Bay Street  
Suite 600  
Toronto, Ontario  
M5H 2Y4  
  
Attention: Senior Vice-President Real Estate  
and Development.  
Fax Number: 416-861-6870

and, where intended for the Owners, if sent by fax or if delivered or mailed in Canada by prepaid registered post addressed to:

the Owners:

(a) OMERS Realty Corporation  
c/o Borelais Capital Corporation  
One Financial Place  
1 Adelaide Street East  
Suite 2800, Box 198  
Toronto, Ontario M5C 2V9

Attention: Chief Operating Officer  
Fax Number: 416-361-6062

(b) OMERS Realty Holdings (Yorkdale) Inc.  
c/o Borelais Capital Corporation  
One Financial Place  
1 Adelaide Street East  
Suite 2800, Box 198  
Toronto, Ontario M5C 2V9

Attention: Chief Operating Officer  
Fax Number: 416-361-6062

(c) 1331430 Ontario Inc.  
c/o Hawthorne Realty Advisors Inc.  
4 Robert Speck Parkway, Suite 300  
Mississauga, Ontario L4Z 1S2

Attention: Director  
Fax Number: 905-270-9915

Any such notice, approval or request for approval shall be deemed to have been given or made, if so faxed, upon the day confirmation of the transmission of such fax is received by the sending party, unless such confirmation is received by the sending party after 5:00 p.m., in which case it shall be deemed to have been given on the next business day, or if so delivered, when delivered, or if so mailed, except in the case of publicized postal interruptions (during which any notice or request shall be delivered or faxed), on the fourth next business day (excluding Saturdays) following its mailing. Any party may by notice in writing to the other change the address and/or fax number to which any notice, approval or request for approval is to be given or made. All payments required to be made under this Lease shall be delivered or mailed to the above addresses of the Owners or the Landlord or the Tenant, as the case may be, unless the party entitled to such payment shall otherwise direct in writing.

**25.06 Removal of Trade Fixtures.** Upon or within thirty (30) days after the expiration or sooner termination of the Term the Tenant may, if not then in default, but shall not be obligated to, remove any or all of its fixtures and improvements of the nature of trade or tenants' fixtures which are ordinarily removable by a tenant, but not any improvements of a fixed and permanent nature and the Tenant shall repair and restore any damage thereby occasioned. Tenant shall pay per diem rent for each day after expiration or termination until vacant possession of the Leased Premises and Tenant Department Store is delivered to the Landlord.

**25.07 Interpretation and Construction.** All of the provisions of this Lease are to be construed as covenants and agreements. If any provision of this Lease is illegal, invalid or unenforceable it shall be considered as separate and severable from the remaining provisions, which shall remain in force and binding as though the said provision had never been included. No provision of this Lease which imposes or requires a party to impose or enforce a restriction against any third party shall be read or interpreted as contemplating any violation of the Competition Act (Canada) or any similar legislation, but if and to the extent such imposition or enforcement would cause any such violation, such provision shall be deemed modified to the extent necessary to avoid such violation. The headings and marginal sub-headings of Articles and clauses are for convenience of reference, and are not intended to limit, enlarge or otherwise affect their meanings. References in the singular shall include

the plural, where the context reasonably so requires, and vice versa, and references herein to the parties shall mean the Landlord and the Tenant.

**25.08 Successors.** This Lease shall be binding upon the Landlord and the Tenant and their respective successors and assigns, and shall also enure to the benefit of their respective successors and assigns provided such successors and assigns are permitted successors and assigns under the provisions of Article 21.

**25.09 Applicable Law.** This Lease shall be governed and interpreted by and in accordance with the laws of the Province of Ontario and the laws of the Dominion of Canada applicable thereto.

**25.10 Entire Agreement.** This Lease constitutes the entire agreement between the Landlord and the Tenant relating to the subject matter hereof, and supercedes and replaces any offer to lease or letter agreements for the Leased Premises which preceded the entering into of this Lease. This Lease may be amended only by an agreement in writing signed by the parties hereto and, with respect to the subject matter hereof, neither party is bound by any representations, warranties, promises, agreements or inducements not embodied herein. The provisions of the Letter Agreement are superseded by this Lease and such Letter Agreement is terminated.

**25.11 Transfer Taxes.** The Tenant shall be responsible for the payment of any transfer taxes resulting from the granting of this Lease, including without limitation those transfer taxes which are payable at the time of registration of this Lease.

**25.12 Planning Act.** It is a condition of this Lease that it is to be effective only if the provisions of Section 50 of the *Planning Act of Ontario*, as amended from time to time, or any legislation in substitution therefor are complied with. The Tenant shall apply for and utilize its endeavours (with the assistance of the Landlord to the extent required) to obtain the requisite consent of the appropriate authority to this Lease (including any necessary appeals required if consent is not given on terms satisfactory to the Landlord and the Tenant, acting reasonably). Upon the obtaining of such consent the said condition shall have been fully complied with and this Lease shall be fully effective. Whether upon application by the Landlord or the Tenant, if the costs of complying with any condition to the granting of a consent exceeds \$1,000.00, each of the Landlord and Tenant, acting reasonably and in good faith, must first agree to satisfy the condition if such condition cannot be fully satisfied by the payment of money alone, and if so agreed or if such condition can be fully satisfied by payment of money alone, the Tenant shall reimburse the Landlord the entire amount of the cost of compliance and the Landlord will comply with any such condition. If consent to this Lease is unable to be obtained in accordance with the foregoing and such consent continues to be required in order for this Lease to comply with the Planning Act, notwithstanding anything contained in this Lease the Term shall be deemed to be for a period of twenty-one (21) years less one (1) day, until such time as consent has been obtained or is no longer required. Either the Landlord or the Tenant shall, on demand, 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 dependant upon compliance with section 50 of the Planning Act of Ontario, as amended from time to time, or any legislation in substitution therefor.

**25.13 Ownership of Tenant Department Store.** The Landlord and Owners hereby acknowledge and agree that as at the date of this Lease the Tenant Department Store is owned by the Tenant and shall, along with any improvements made therein or thereto, during the Term or until such earlier date as this Lease shall be terminated, disclaimed or repudiated or the Tenant Department Store shall be abandoned, remain the sole property of the Tenant, notwithstanding the manner or degree of affixation.

However, upon the termination, disclaimer or repudiation of this Lease prior to the expiration of the Term by effluxion of time or upon abandonment of the Tenant Department Store (collectively, an "Early Termination") or upon expiry of the Term by effluxion of time, the Owners, Landlord and Tenant specifically agree, which agreement shall have priority to the rights of any other party including the Tenant, any lender to the Tenant and

any other party deriving its interest through the Tenant (including without limitation, any trustee in bankruptcy or receiver of the Tenant), that the Tenant Department Store and all Leasehold Improvements (other than Tenant Property) shall be deemed to have been automatically conveyed to and vested in the Owners by the Tenant free and discharged of any encumbrance or claim by the Tenant and any such parties, upon the day immediately preceding the date of the Early Termination or upon the date of expiry of this Lease by effluxion of time, whichever is the earlier to occur, without payment by the Owners or Landlord or any additional compensation to the Tenant or any such party. The Tenant and such parties acknowledge that adequate valuable consideration was included in the price paid to the Tenant by the Owners for the purchase of the HBC Lands and included in the rental terms of this Lease for the foregoing provision.

**25.14 Time of Essence.** Time shall be of the essence with respect to the covenants and obligations of the parties under this Lease.

## ARTICLE 26

### COVENANTS OF OWNERS

**26.00** In consideration of the sum of one (\$1.00) dollar now paid by the Tenant and by the Owners, each to the other (receipt and sufficiency of which is hereby by each acknowledged), and in consideration of the Tenant entering into this Lease with the Landlord, the Owners and the Tenant agree as follows:

- (a) if a Head Lease is terminated for any reason whatsoever, the Owners agree that they shall, upon such termination occurring, unless the Head Lease is forthwith replaced with another lease in favour of the Landlord for the Shopping Centre (which replacement leases shall for the purposes of this Lease constitute the Head Leases), be bound by this Lease as if it were the Landlord and had executed this Lease as Landlord, for the remainder of the Term, including without limitation any extension of the term of this Lease as provided for in Article 3 of this Lease, and upon the request of the Tenant the Owners shall provide to the Tenant such further assurances as are required by the Tenant, acting reasonably, to confirm its lease of the Leased Premises for the remainder of the Term as well as all applicable rights, covenants, provisions, agreements and conditions of the parties pursuant to this Lease;
- (b) the Owners shall give written notice to the Tenant promptly upon any termination of the Head Leases being effected;
- (c) notwithstanding any provisions of this Lease to the contrary, until a Head Lease shall have terminated, no provisions contained in this Lease shall apply to the Owners other than the provisions of clause 21.08 and this Article 26, and the Owners shall not be liable to the Tenant for any obligation or default of the Landlord which has arisen or occurred pursuant to this Lease prior to such termination, except to the extent that such obligation or default is of a material and of a continuing nature, such that it continues to occur after the date of termination, and further provided that the Owners shall be bound by and subject to any right of set off under this Lease for all applicable amounts that as at the date of termination the Landlord owes to the Tenant in respect of expenses incurred by the Tenant pursuant to its remedies under this Lease or pursuant to rental adjustment items;
- (d) each of the Owners shall, in conjunction with any transfer of the whole of its interest in the Shopping Centre, obtain an agreement in writing from its transferee in favour of the Tenant to be bound by the provisions of this Article 26, and upon delivery of such agreement to the Tenant such Owner shall be released from any further liability or obligations under this Article 26 except in respect of any liability of such Owner to the Tenant for any obligation or default of the Landlord of a material and a continuing nature under clause (c) above, to the extent such liability is existing as at the date of such transfer; notwithstanding the aforesaid,



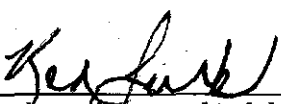
where the transferee of the interest of an Owner also acquires the interest of the Landlord in a Head Lease, the transferee need only enter into the agreement provided for in clause 21.06 hereof, provided that it is doing so as a registered and beneficial owner of its interest in the Shopping Centre; and

- (e) the Owners covenant that they are collectively the registered owners of the Shopping Centre.

IN WITNESS WHEREOF the Owners, the Landlord and the Tenant have executed this Lease.

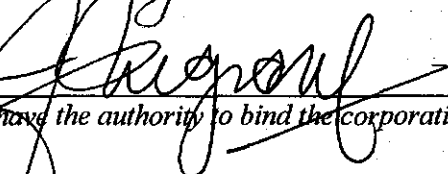
**YORKDALE SHOPPING CENTRE HOLDINGS INC.**

per: 

per:   
(We have the authority to bind the corporation)

**HUDSON'S BAY COMPANY**

per: 


per:   
(We have the authority to bind the corporation)

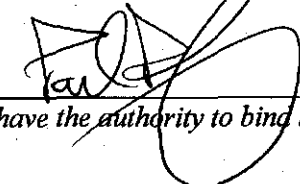
**OMERS REALTY CORPORATION**

per: 


per:   
(We have the authority to bind the corporation)

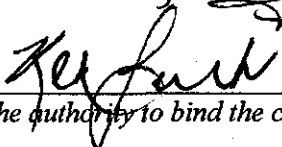
**OMERS REALTY HOLDINGS (YORKDALE) INC.**

per: 

per:   
(We have the authority to bind the corporation)

**1331430 ONTARIO INC**

per: 

per:   
(We have the authority to bind the corporation)

## **SCHEDULE A**

### **Part 1: Legal Description of Shopping Centre Lands**

#### **Firstly:**

PIN No. 10232-0122(LT), being Parcel 8-3, Section Y-7, FREEHOLD, being part of Lot 8, Concession 2, West of Yonge Street, designated as Part 7 on Reference Plan 66R-13323, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO an easement as set out in Instrument No. NY410178 (B106442).

#### **Secondly:**

PIN No. 10232-0123(LT), being Parcel 8-8, Section Y-7, FREEHOLD, being part of Lot 8, Concession 2, West of Yonge Street, designated as Parts 8 and 9 on Reference Plan 66R-13323, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto).

#### **Thirdly:**

PIN No. 10232-0150(LT), being part of Parcel 8-9, Section Y-7, FREEHOLD, being part of Lot 9, Concession 2, West of Yonge Street, designated as Part 2 on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO easements as set out in Instrument No. NY410177 (B106441) and Parcel 9-2, Section Y-7, FREEHOLD, being part of Lot 9, Concession 2, West of Yonge Street, designated as Part 4 on Reference Plan 66R-13323, City of Toronto, Province of Ontario (City of North York, Municipality of Metropolitan Toronto).

#### **Fourthly:**

PIN No. 10232-0152 (LT), being Part of Parcel 8-1, Section Y-7, FREEHOLD, being part of Lot 9, Concession 2, West of Yonge Street, designated as Part 3 on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto, SUBJECT TO easements as set out in Instrument No. NY410177 (B106441) and TOGETHER WITH easements as set out in Instrument No. C-702847, and Parcel 8-2, Section Y-7, FREEHOLD, being part Lots 8 and 9, Concession 2, West of Yonge Street, designated as Parts 5 and 6 on Reference Plan 66R-13323, save and except Parts 5 and 6 (Freehold and Leasehold) on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO easements as set out in Instrument Nos. NY410177 (B106441) and A-900224 over Part 1 on Reference Plan 66R-10317.

**Part 2:**

**Legal Description of HBC Lands**

**Firstly:**

PIN No. 10232-0124 (LT), being Part of Parcel 8-9, Section Y-7, being part of Lot 8, Concession 2, West of Yonge Street, designated as Parts 10, 11, 12 and 13 on Reference Plan 66R-13323, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), TOGETHER WITH Easement in NY410177 (B-106441); SUBJECT TO Easement in NY410179 (B-106443); SUBJECT TO Covenants in NY399424 (C-93166) and NY401171 (C-93167)

**Secondly:**

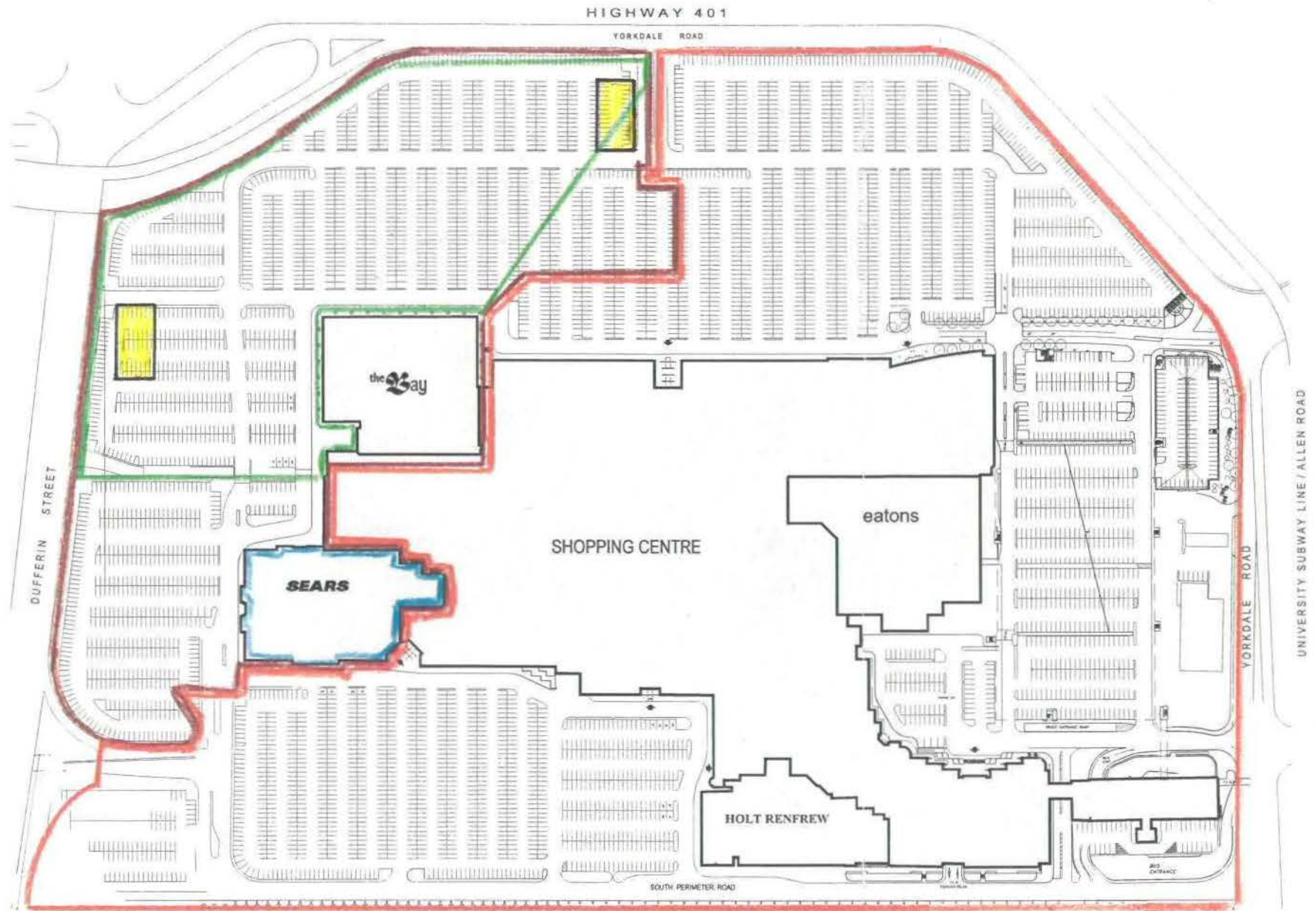
PIN 10232-0138 (LT), being Part of Parcel 8-9, Section Y-7, being part of Lot 9, Concession 2, West of Yonge Street, designated as Parts 1 and 2 on Reference Plan 66R-13323, Save and Except Part 2 on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO Easement in NY410177 (B-106441) and NY410179 (B-106443) and Right in NY427518 (B-93168)

**Thirdly:**

PIN 10232-0139 (LT), being Part of Parcel 8-2, Section Y-7, FREEHOLD, being part of Lots 8 and 9, Concession 2, West of Yonge Street, designated as Parts 5 and 6 on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO Easement in NY410177.

**Fourthly:**

PIN 10232-0146 (LT), being Part of Parcel 8-1, Section Y-7 FREEHOLD, being part of Lots 8 and 9, Concession 2, West of Yonge Street, designated as Parts 3, 14 and 15 on Reference Plan 66R-13323, Save and Except Part 1 on Reference Plan 66R-15578, Save and Except Part 3 on Reference Plan 66R-16192 and Save and Except Part 4 (LEASEHOLD) on Reference Plan 66R-16192, City of Toronto, Province of Ontario (formerly City of North York, Municipality of Metropolitan Toronto), SUBJECT TO Easement in NY329294 (B-108844), NY353722 (B-108843), NY357732 (B-108842) and NY410177 (B-106441) and Covenants in NY353722 (B-108843).



Yorkdale Shopping Centre  
Toronto, Ontario

Site Plan

MP 102a S

0 50 100 FEET

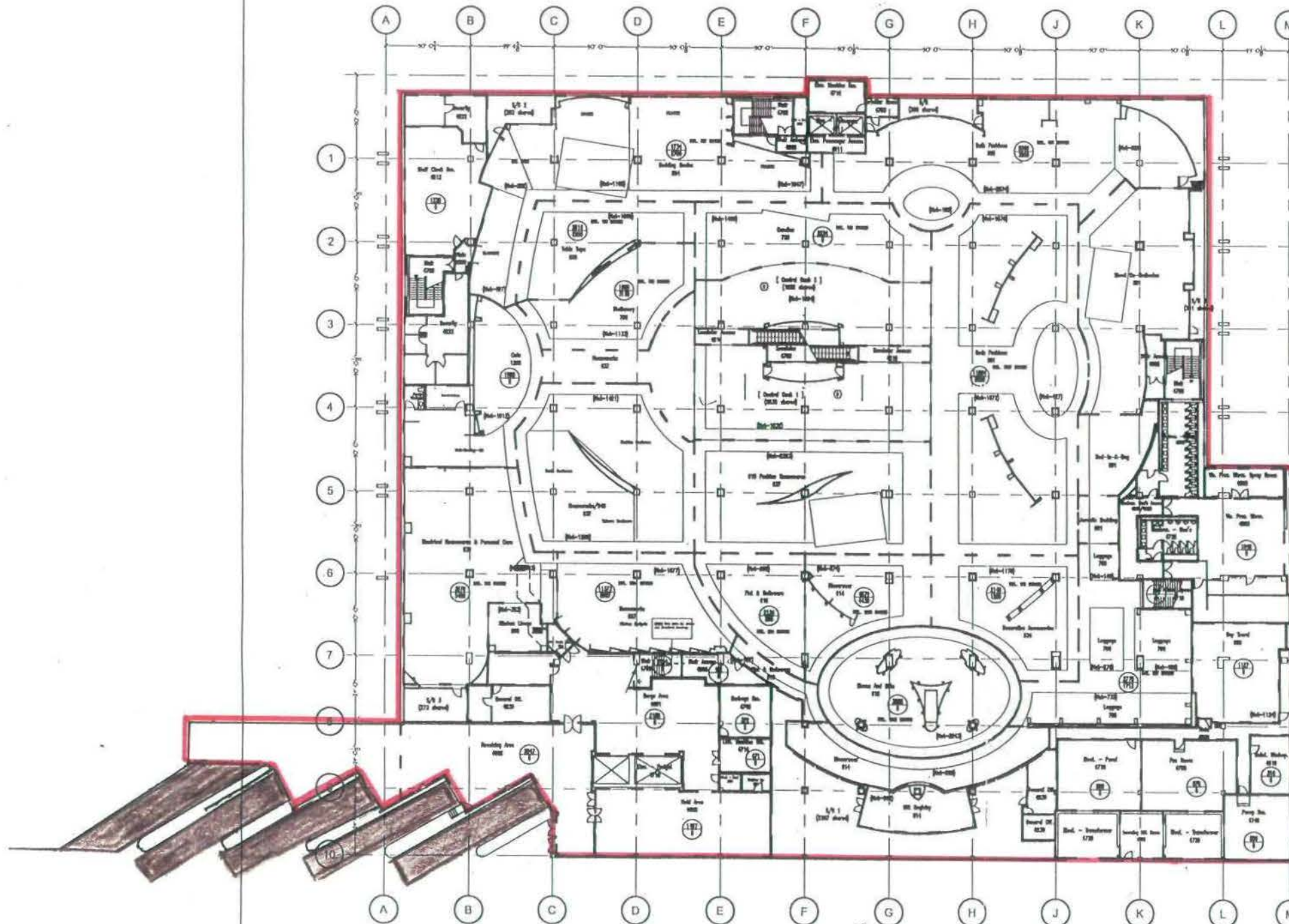
AUGUST 29, 2002

20 VIC

MMC  
INTERNATIONAL  
ARCHITECTS



SCHEDULE C "1"



SQUARE FOOTAGE SUMMARY			
DIVISION	ACTUAL	RECORDED	
(Tallied on 01/29/02)			
Division 007	2776		
Accessories + Luggage	(net 1807)	1702	
Division 016	28471		
China / Accessories/Blatons/Net 16500		17525	
Division 016	3624		
Seasonal Home	(net 2312)	4325	
Division 017	23683		
Linen / Bath	(net 15852)	16800	
Division 028	2224		
Opportunity Buys	(net 1408)	0	
Division 030	1508		
Food Services	(net 1012)	0	
Division 035	1527		
Licensed Departments	(net 1124)	0	
Total All Divisions	81104 (net 40084)	40062	

X	X	X	09/08/11
First Name	Mr	Mr	09/08/11
Position	Mr	Mr	09/08/11

CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND REPORTING ANY DISCREPANCY TO THE OFFICE OF THE CITY SUPERVISOR BEFORE PROCEEDING WITH WORK.

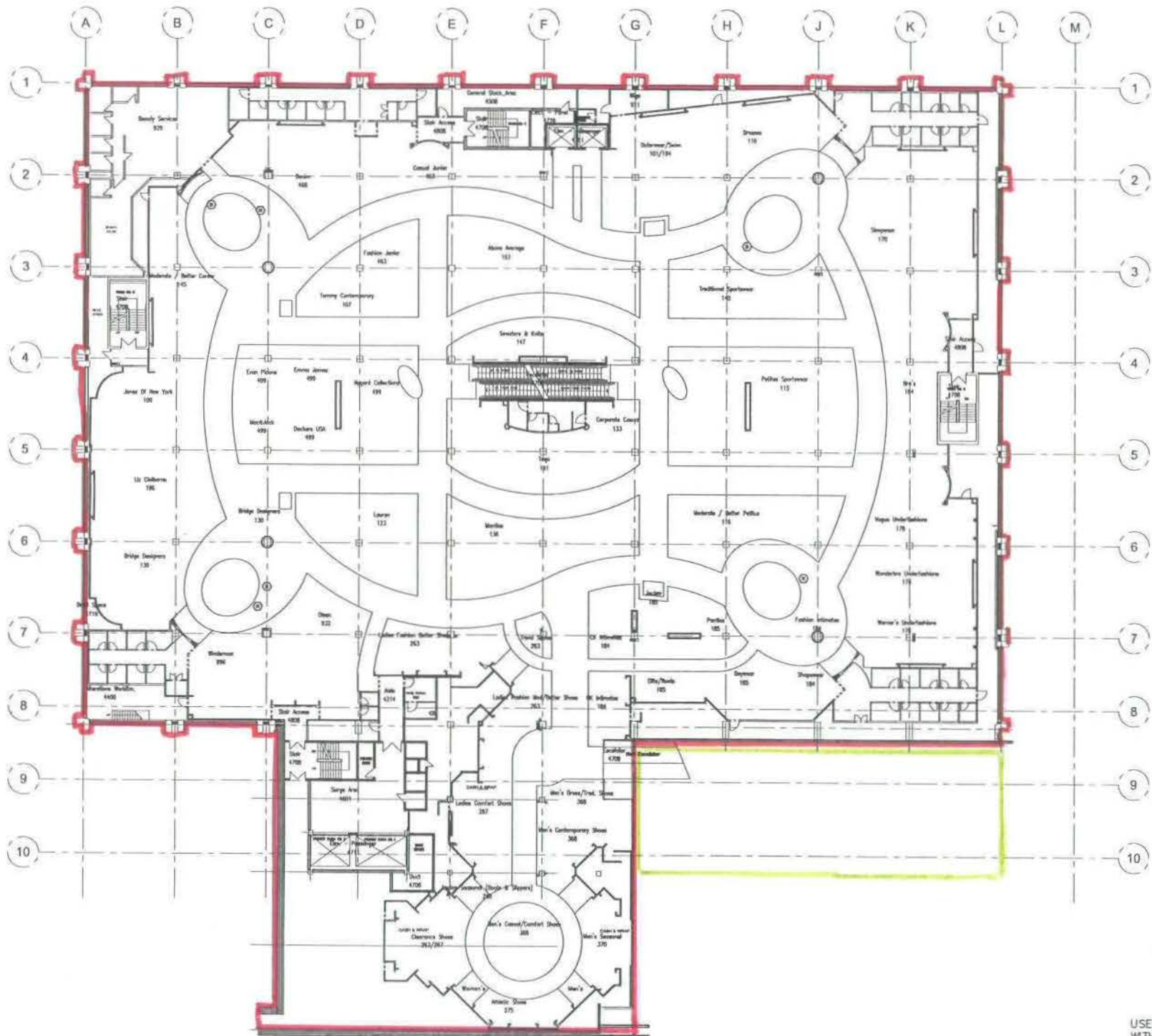
THE BAY

PROJECT 1		YORKDALE	
PROJECT No. YKD-1854.01		STONE DIVISION BUILT AREA - 181,112	
LOWER LEVEL		SQUARE FOOTAGE ANALYSIS 2001	
Drawn By	Scale	Sheet	Sheet Number
Test	1/16" = 1'-0"	080, 8, 2001	BL-B1A
Designed By	Checked By	Design Manager	

<b>SQUARE FOOTAGE SUMMARY</b>			
<b>DIVISION</b>	<b>ACTUAL</b>	<b>REQUIRED</b>	
(Talled on 01/29/02)			
Division 006 Jewellery	3648 (net 3648)		3607
Division 007 Accessories + Luggage	7832 (net 4992)		9329
Division 009 Cosmetics	16729 (net 6776)		0
Division 010 Men's Sportswear	10501 (net 6397)		10800
Division 011 Men's Furnishings / Clothing	35262 (net 10085)		36448
Division 012 Young Men's	8158 (net 4930)		7750
Division 035 Licensed Departments	680 (net 680)		0
Total All Divisions	63126 (net 37707)		47028
REVISED MEN'S/ADDED TUXEDO JUNCT.		2	DC 26/BL/0
ADDED MEN'S FLOW		1	DC 22/BL/0
Floor finish		9	BC BL/BL/0
Paintwork		15	Bk BL/BL/0
CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL PERMITS AND APPROVALS AND SUBMITTING TO THE OFFICE AND/OR THE SUPERVISOR BEFORE PROCEEDING WITH WORK.			
<h1>THE BAY</h1>			
PROJECT :			
<b>YORKDALE</b>			
PROJECT No. YKD-1056-01		STORE GROSS SQ. FT. AREA - 291,773	
TITLE : MAIN LEVEL SQUARE FOOTAGE ANALYSIS - 2001			
Drawn By : D.CASLUCCI	Scale : 1/16" = 1'-0"	Date : DEC. 8, 2001	Working Number : BL-L1A
Designed By : D.CASLUCCI	Checked By :	Drafted Designer :	



SCHEDULE C 134



SQUARE FOOTAGE SUMMARY		
DIVISION	ACTUAL	REQUIRED
[Talled on 01/29/02]		
Division 001	9717	
Women's Special Sizes	(net 5953)	13845
Division 002	1205	
Women's Career / Casual	(net 7031)	10161
Division 003	11348	
Women's Better	(net 6979)	14258
Division 004	4914	
Women's Junior	(net 2762)	6550
Division 005	13300	
Intimate	(net 8248)	11456
Division 008	11790	
Footwear	(net 6958)	0
Division 035	4946	
Licensed Departments	(net 4003)	0
Total All Divisions	68119 (net 48334)	56370

REVISED LINGIERE FLOW	2	DC	18/01/01
RE-ISSUED	1	DC	28/04/01
First Issue	18	DC	18/01/01
Re-issues	18	DC	18/01/01

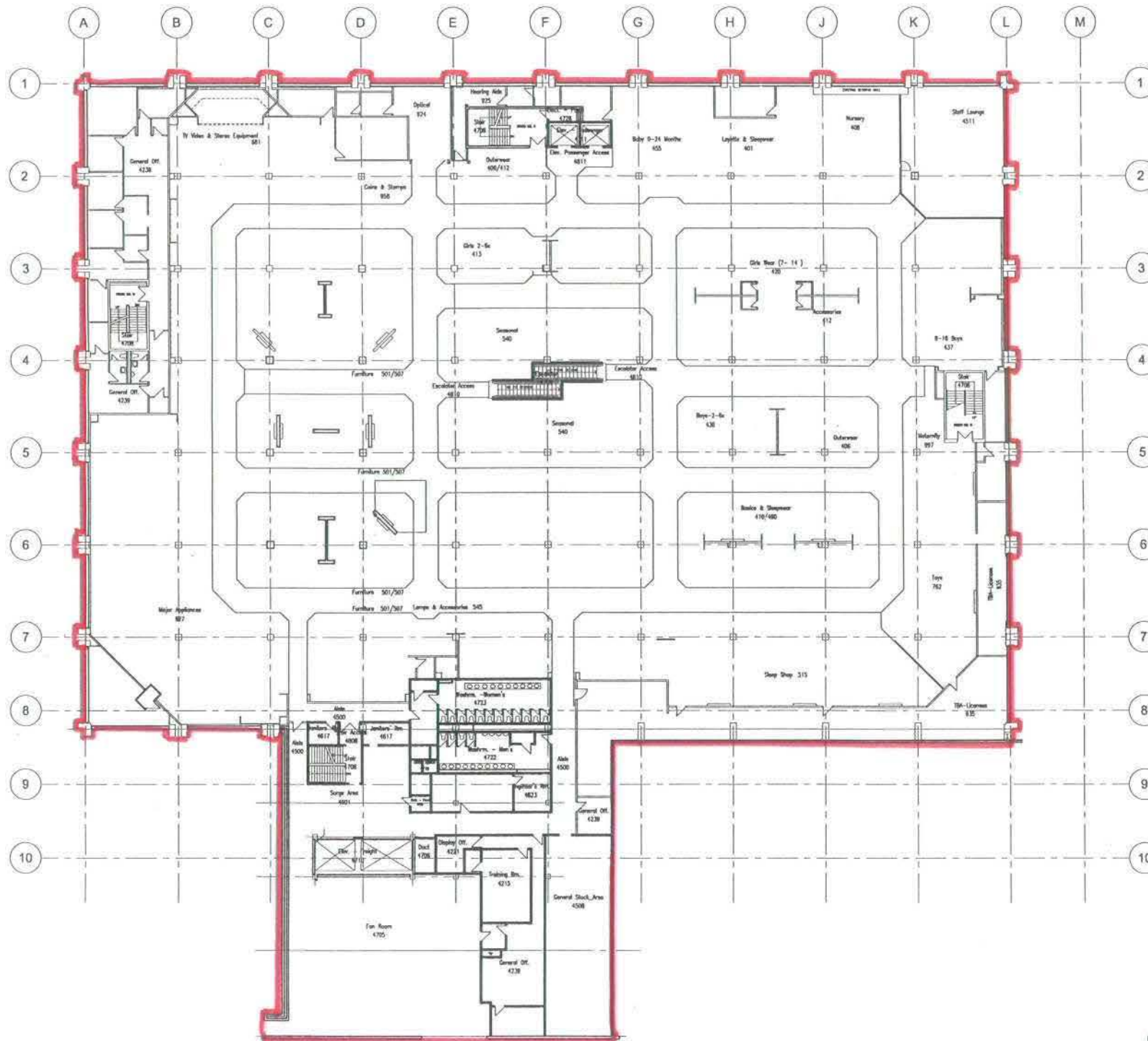
CONTRACTOR SHALL BE RESPONSIBLE FOR CHECKING ALL DIMENSIONS AND REPORTING ANY DISCREPANCY TO THIS OFFICE AND/OR SITE SUPERVISOR BEFORE PROCEEDING WITH WORK.

## THE BAY

PROJECT 1		YORKDALE	
PROJECT No. YHD-1504-01		STORE GROSS SQ.FT. AREA - 281,723	
SHEET 1		SECOND LEVEL	
SQUARE FOOTAGE ANALYSIS 2001			
Drawn By	Date	Scale	Sheet Number
D. CASADUCCI	1/18/01	1/8"=1'-0"	BL-L2A
Designed By	Checked By	Design Manager	
D. CASADUCCI			

USE THIS DWG. IN CONJUNCTION WITH

SCHEDULE C "4"



SQUARE FOOTAGE SUMMARY			
DIVISION	ACTUAL MODEL		
	[Talled on: 01/29/02]		
Division 013	5339		
Youth Wear	(net 3360)	4000	
Division 014	12339		
Infants + Toddlers	(net 8056)	10222	
Division 016	5886		
Seasonal Home	(net 4390)	2500	
Division 018	28680		
Furniture	(net 21391)	22784	
Division 035	3917		
Licensed Departments	(net 3037)	0	
Total All Divisions	56162 (net 40234)	39506	

X	X	X	X	00/00/YY
First Issue	00	00	00	00/00/YY
Revisions	No.	By	DD	MM/YY

CONTRACTOR SHALL BE RESPONSIBLE FOR CHECKING ALL DIMENSIONS AND REPORTING ANY DISCREPANCY TO THIS OFFICE AND/OR SITE SUPERVISOR BEFORE PROCEEDING WITH WORK.

<b>THE BAY</b>	
PROJECT : YORKDALE	
PROJECT No. YKD-1554-01 STORE GROSS SQ. FT. AREA - 291,773	
TITLE : THIRD FLOOR SQUARE FOOTAGE ANALYSIS 2001	
Drawn By D. CASUCCI	Scale 1/16" = 1'-0"
Designed By D. CASUCCI	Check By Design Manager
Date DEC. 5, 2001	Sheet Number <b>BL-L3A</b>

USE THIS DWG. IN CONJUNCTION WITH \_\_\_\_\_



## SCHEDULE D

### RULES AND REGULATIONS

- (1) *Cleanliness.* Tenants shall not perform any act or carry on any practice which may injure the buildings comprising the Shopping Centre; shall keep their premises at all times orderly and tidy and the merchandise properly displayed and with adequate customer aisles for the free movement of customer traffic; shall keep their premises reasonably clean and free from rubbish and dirt and unreasonable accumulations of snow and ice, and store all trash and garbage within their premises and arrange its regular removal; shall not burn any trash or garbage on or about their premises or anywhere else within the confines of the Shopping Centre.
- (2) *Dignified display.* Tenants shall conduct the merchandising, display and advertising in connection with their business in a dignified manner and with high standards.
- (3) *Harmful business conduct.* Tenants shall discontinue immediately upon the request of the Landlord any misleading business conduct or practice carried on by them.
- (4) *Employee Parking.* Upon the written request of the Landlord, given at reasonable intervals, the Tenants shall furnish the Landlord with the automobile license numbers of the tenants and their employees and shall thereafter notify the Landlord of any changes within five (5) days after further request therefor.
- (5) *Pests.* Tenants shall use at their cost a pest extermination contractor as necessary to ensure the cleanliness of their premises.
- (6) *Odours.* Tenants shall take all necessary measures to prevent objectionable odours and noises emanating from their premises.
- (7) *Obstructions.* Except to the extent specifically provided in their leases no parking area, aisle, roadway, driveway, mall, sidewalk, entry, passageway, elevator or staircase on the balance of the Shopping Centre shall be obstructed or used by the tenants, their officers, agents, servants, employees, contractors, customers, invitees or licencees for any purpose other than ingress to and egress from their premises or as permitted in their leases.
- (8) *Flyers.* Tenants shall not conduct or solicit business in the Common Facilities or distribute any handbills or other advertising matter in the Common Facilities or on vehicles parked in the parking areas.
- (9) *Common Facilities.* Tenants shall not place or allow any of their merchandise on any portion of the Common Facilities other than as permitted in their leases without the prior written permission of the Landlord (not to be unreasonably withheld) or in conjunction with a Shopping Centre promotion authorized by the Landlord.

The foregoing rules and regulations are subject to and shall be superseded by any provisions of the Lease to the contrary.

**THIS IS EXHIBIT "C"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal line extending to the right.

---

Commissioner for Taking Affidavits

**YORKDALE SHOPPING CENTRE  
AMENDING AGREEMENT**

**NEITHER THIS AGREEMENT NOR NOTICE THEREOF MAY BE REGISTERED ON TITLE**

THIS AGREEMENT is made as of the 3<sup>rd</sup> day of April, 2014.

**B E T W E E N:**        **YORKDALE SHOPPING CENTRE HOLDINGS INC.**

(hereinafter called the "**Landlord**")

OF THE FIRST PART

**AND:**                    **OMERS REALTY CORPORATION, OMERS REALTY HOLDINGS  
(YORKDALE) INC., ARI YKD GP INC. and ARI YKD INVESTMENTS LP**

(hereinafter collectively referred to as the "**Owners**")

OF THE SECOND PART

**AND:**                    **HUDSON'S BAY COMPANY**

(hereinafter referred to as the "**Tenant**")

OF THE THIRD PART

**WHEREAS:**

- A.     The Landlord, as landlord, OMERS Realty Corporation, OMERS Realty Holdings (Yorkdale) Inc. and 1331430 Ontario Inc., (the "**Original Owners**") as owners of the shopping centre known as "Yorkdale Shopping Centre" in the City of Toronto, Ontario (the "**Shopping Centre**"), and the Tenant, as tenant, entered into a lease agreement for premises comprising a portion of the said Shopping Centre's lands and improvements, made as of September 26, 2002, notice of which was registered on September 26, 2002, on title to the lands in and upon which the Shopping Centre is situated in the Land Registry Office for the Land Titles Division of Toronto (No. 66) as Instrument No. AT3195, and was re-registered on November 11, 2005 as Instrument No. AT976895;
- B.     The said lease agreement was subsequently amended by three separate Partial Surrender of Lease agreements among the aforementioned four parties, each dated as of April 2, 2004, and by a letter agreement between the Landlord and the Tenant, dated June 28, 2011;
- C.     The said lease agreement, as so amended, is hereinafter referred to as the "**Lease**";
- D.     On September 30, 2013 1331430 Ontario Inc. transferred its interest in the Shopping Centre to ARI YKD GP. Inc. and ARI YKD Investments LP, such that, as of the date first written above, the current owners of the Shopping Centre and successors to the Original Owners under the Lease are OMERS Realty Corporation, OMERS Realty Holdings (Yorkdale) Inc., ARI YKD GP Inc. and ARI YKD Investments LP; and
- E.     The parties hereto have agreed to further amend the Lease as hereinafter more particularly set forth.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that, in consideration of the covenants and conditions hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree to amend the Lease, subject always to the satisfaction and/or waiver of the conditions to this Agreement set out in Section 10 hereof, in accordance with the following terms and conditions:

1. The parties hereto hereby acknowledge and agree that the foregoing recitals of the present agreement (the "**Agreement**") are true.
2. Words and phrases in this Agreement that are capitalized shall have the meanings that are ascribed to such capitalized terms in the Lease, unless otherwise expressly provided herein.
3. For the purposes of this Agreement and the Lease, the term "**Condition Satisfaction Date**" shall mean the date (if any) upon which all the conditions to this Agreement set out in Section 10 hereof have been duly satisfied or waived in accordance with the provisions of the said Section 10.
4. The Tenant is duly registered under Subdivision (d) of Division V of Part IX of the Excise Tax Act (Canada) with respect to goods and services tax and harmonized sale tax and its registration number is 10242 0296 RT0001.
5. **Parking Ratio Reduction.**
  - (a) In consideration of the Tenant entering into this Agreement, the Owners shall pay to the Tenant within five (5) Business Days (as hereinafter defined) following the Condition Satisfaction Date the sum of Five Million Dollars (**\$5,000,000.00**), together with any applicable federal and/or provincial sales, value-added, harmonized sales, or goods and services taxes (the "**HST**") that the Tenant is required to collect pursuant to the applicable legislation (which sum, including all applicable HST, is hereinafter referred to as the "**Base Payment**").
  - (b) The parties further acknowledge and agree that, effective as of the later of:
    - (i) the Condition Satisfaction Date; and
    - (ii) the date upon which the Tenant has received the full amount of the Base Payment from the Landlord:

Subsection 7.04(d) of the Lease shall be deleted in its entirety and replaced with the following:

- “(d) The Landlord shall at all times maintain or cause to be maintained sufficient parking spaces to (i) meet all applicable legal requirements for the whole of the Shopping Centre and (ii) maintain not fewer than 4.1 parking spaces for each 1,000 square feet of Gross Leasable Area of Retail Premises (as that term is hereinafter defined) in the Shopping Centre. For the purposes of this Lease, the term “Retail Premises” means all rented or rentable space in the Shopping Centre that is occupied or if unoccupied, is appropriate and intended for use for a business of providing any of the goods or services to the public of the nature commonly found in a shopping centre, including, retail shops, kiosks and other types of sales outlets, service establishments such as banks, trust companies, dry cleaners, barbers, hair and beauty salons, spas and eating establishments such as snack bars, coffee uses and restaurants but excluding all office space and recreational space and any space occupied or appropriate and intended for occupancy for residential, hotel or motel services.”

6. **Change to No-Build Exception.** Effective as of the Condition Satisfaction Date, the Lease shall be further amended as follows:
- (a) The parties acknowledge that, under the existing provisions of Subsection 20.00(5) of the Lease, the Landlord is permitted to construct within the No Build

Area two (2) buildings within the areas shown shaded on **YELLOW** to the Site Plan attached as Schedule "B" to the Lease, subject to the further conditions set out in the said Subsection 20.00(5). Effective as of the Condition Satisfaction Date, Subsection 20.00(5) of the Lease shall be amended such that the Landlord shall thereafter be permitted to construct only one (1) building within the No Build Area, the location of which building (the "**Permitted Building**") shall be the northernmost area shown shaded in **YELLOW** on Schedule "B" to the Lease, provided again that such Permitted Building shall not exceed **8,000** square feet and shall not be used as a fitness facility. For the sake of greater certainty, the parties hereto hereby acknowledge and agree that:

- (i) the said location of the Permitted Building is the area that is shown shaded in **YELLOW** and circled in **RED** on the copy of Schedule "B" that is attached as Appendix 1 to this Agreement; and
  - (ii) the Landlord shall cease to have any right to construct any building within the area that is shown shaded in **YELLOW** and bears a large black "X" on Appendix 1 hereto.
- (b) the plan of the Shopping Centre attached as Appendix 1 to this Agreement is hereby added as Appendix 1 to the Lease.

7. **Tenant Renovation.** Effective as of the Condition Satisfaction Date, the parties agree that, and the Lease shall be further amended to provide that, if the Tenant should elect at any time within two (2) years following the Condition Satisfaction Date to carry out a renovation of the Tenant Department Store (consisting of such alterations, repairs, rebuilding, refurbishment, re-finishing and decorations and improvements in and to the exterior and interior of the Tenant Department Store as the Tenant deems desirable or advantageous for its operations therein and therefrom), the Tenant, acting in its sole discretion, shall have the right to cause the Owners, in consideration for the Renovation Work (as defined below) to pay to the Tenant an allowance of Six Million Dollars (**\$6,000,000.00**) (the "**Renovation Allowance**"), plus any applicable HST, of which Five Million Dollars (**\$5,000,000.00**) will be used as a contribution towards all costs incurred by the Tenant in carrying out all work required to perform its desired alterations, repairs, rebuilding, refurbishment, re-finishing and improvements to the exterior façade of the Tenant Department Store and One Million Dollars (**\$1,000,000.00**) will be used as a contribution towards all costs incurred by the Tenant in carrying out all work required to perform its desired alterations, repairs, rebuilding, refurbishment, re-finishing and decorations and improvements to the interior of the Tenant Department Store (all of which work, both exterior and interior, is hereinafter collectively referred to as the "**Renovation Work**"), which right shall be exercised in accordance with, and subject to, the following terms and conditions:

- (a) The Tenant shall exercise its right to secure payment of the Renovation Allowance by delivering written notice to the Landlord confirming the Tenant's election to do so, provided always that the said notice (the "**Tenant's Election Notice**") shall be delivered to the Landlord no later than two (2) years following the Condition Satisfaction Date, failing which the Tenant's right to secure payment of the Renovation Allowance as aforesaid shall forever cease. The date upon which the Landlord receives the Tenant's Election Notice is herein referred to as the "**Tenant Election Notice Date**".
- (b) In the event that the Tenant exercises the foregoing right to secure payment of the Renovation Allowance:
  - (i) Within twelve (12) months following the Tenant Election Notice Date, the Tenant shall submit to the Landlord for the Landlord's approval the Tenant's drawings, renderings, plans and specifications and cost

estimates for the proposed Renovation Work (hereinafter collectively referred as the "**Renovation Plans**"), which approval shall not be unreasonably withheld, conditioned or delayed. The Landlord shall respond to the Tenant's request for approval of such Renovation Plans in writing within a reasonable time but, in any event, no later than four (4) weeks following the Tenant's submission of such Renovation Plans to the Landlord for approval, failing which the Landlord shall be deemed to have approved the Renovation Plans in question. The Tenant's request for approval will include a reference to this provision and a reminder that if the Landlord has not disapproved the Renovation Plans within four (4) weeks, it shall be deemed to have approved them.

- (ii) The Tenant, at its sole cost, shall use commercially reasonable efforts to secure all municipal and other governmental permits, licenses and approvals that are required for the performance of the Renovation Work (collectively, the "**Governmental Permits**"), and the Landlord hereby covenants to co-operate with the Tenant and provide such assistance (if any) as the Tenant may reasonably require from the Landlord in its efforts to secure such Governmental Permits.
- (iii) Subject to any delays that may be occasioned by the intervention of Unavoidable Delay, the Tenant shall commence the said Renovation Work no later than twelve (12) months following the date upon which it has received all necessary Governmental Permits therefor and shall thereafter carry out the Renovation Work to substantial completion no later than twelve (12) months following the date upon which the Renovation Work has commenced. The actual date on which the Renovation Work commences "**Renovation Commencement Date**") shall be confirmed by way of written notice delivered by the Tenant to the Landlord as soon as possible thereafter;
- (iv) The Tenant shall carry out the Renovation Work in accordance with the Renovation Plans therefor that have been duly approved by the Landlord, provided that the said Renovation Plans may be subject to such reasonable changes as may be agreed at any time between the Landlord and the Tenant, each acting reasonably and without delay, and the Tenant shall promptly provide the Landlord with notice of any changes the Tenant may wish or be required to make to the Renovation Work during the course of its performance of the same.
- (v) The Tenant covenants that the actual costs (exclusive of HST) incurred by the Tenant in carrying out the Renovation Work shall equal or exceed the exact amount of the Renovation Allowance, provided further that the Tenant will incur at least **\$5,000,000** in renovating the exterior façade of the Tenant Department Store and at least **\$1,000,000** in renovating the interior of the Tenant Department Store.
- (vi) The parties hereto hereby further acknowledge and agree that, if the Landlord requires the Tenant to use unionized labour in carrying out the Renovation Work (and the Tenant is not otherwise required by law to do so), the Owners shall, in further consideration of the Renovation Work, contribute to the costs incurred by the Tenant in using unionized labour to carry out the Renovation Work by paying an amount to the Tenant equal to **6.9%** of the cost of the Renovation Work (the "**Union Amount**"), plus applicable HST, which payment shall be made by the Owners to the Tenant within five (5) Business Days (as that term is hereinafter defined) of the Landlord's receipt of the Tenant's invoice(s) therefor, which invoices shall be submitted to the Landlord only upon substantial completion of the

Renovation Work and shall be accompanied by evidence of the costs paid by the Tenant in respect thereof. If the Owners fail to make the payment of the Union Amount when due as aforesaid, the Tenant, in addition to any other rights it may have at law, shall be entitled to deduct the amounts so payable by the Owners from any payments of annual basic rent and/or additional rent and/or any other payments that the Tenant is required to make to the Landlord under the Lease.

- (vii) the Owners shall pay the Tenant the exact amount of the Renovation Allowance plus applicable HST, in three (3) equal instalments, as hereinafter more particularly provided:
- (1) Two Million Dollars (**\$2,000,000.00**) (the "**First Tranche**"), plus all HST applicable thereto, shall be paid to the Tenant on or before the fifteenth (**15<sup>th</sup>**) day following the date upon which the Landlord receives written notice from the Tenant confirming the Renovation Commencement Date (the "**First Tranche Due Date**").
  - (2) An additional Two Million Dollars (**\$2,000,000.00**) (the "**Second Tranche**"), plus all HST applicable thereto, shall be paid to the Tenant, subject to any holdback requirements applicable to such payment under the then current legislation in the Province of Ontario, including, without limitation, legislation governing construction lien and workers' compensation claims, on or before the later of the following two dates (which later date is herein referred to as the "**Second Tranche Due Date**"):
    - (a) forty-five (**45**) days following the First Tranche Due Date; or
    - (b) five (**5**) Business Days (as that term is hereinafter defined) following the date upon which the Tenant has provided the Landlord with: (A) a written demand for payment of the Second Tranche and a statutory declaration signed by a senior officer of the Tenant stating that the Tenant has paid an aggregate amount, exclusive of HST, for work, services and materials performed or supplied by third parties in carrying out the Renovation Work that, subject to statutory holdbacks and any bona fide holdbacks to cover deficiencies or uncompleted work, equals or exceeds the amount of the First Tranche, and identifying any bona fide dispute in respect of any withheld payments and providing relevant particulars of the same, and (B) a subsearch of title to the lands comprising the Shopping Centre Lands indicating that no liens have been filed on title to the said lands in connection with the Renovation Work.
  - (3) The final Two Million Dollars (**\$2,000,000.00**) (the "**Third Tranche**") plus all HST applicable thereto shall be paid to the Tenant, subject to any holdback requirements applicable to such payment under the then current legislation in the Province of Ontario, including, without limitation, legislation governing construction lien and workers' compensation claims, on or before the later of the following two dates (which later date is herein referred to as the "**Third Tranche Due Date**"):
    - (a) forty-five (**45**) days following the Second Tranche Due Date;

- (b) five (5) Business Days (as that term is hereinafter defined) following the date upon which the Tenant has provided the Landlord with (A) a written demand for payment of the Third Tranche and a statutory declaration signed by a senior officer of the Tenant stating that it has paid an aggregate amount, exclusive of HST, for work, services and materials performed or supplied by third parties in respect of the Renovation Work that, subject to statutory holdbacks and any bona fide holdback to cover deficiencies or uncompleted work equals or exceeds the aggregate amount of the First Tranche and Second Tranche, and identifying any bona fide dispute in respect of any withheld payments and providing relevant particulars of the same, and (B) a subsearch of title to the lands comprising the Shopping Centre Lands indicating that no liens have been filed on title to the said lands in connection with the Renovation Work.
- (4) Should the Tenant fail to demand payment of the Second or Third Tranche as aforesaid within the Required Period (as that term is hereafter defined), then, for all purposes of this Agreement and the Lease, the amount of the Renovation Allowance declared in the Tenant's Election Notice (and due to the Tenant hereunder) shall thereupon be automatically deemed to be reduced to the aggregate amount of the instalment(s) of Renovation Allowance that have actually been paid by the Owners to the Tenant. For the purposes of this Agreement and the Lease, the term "**Required Period**" shall mean the sixteen (16) month period commencing on the Renovation Commencement Date, provided that, if the Tenant is unable to complete the Renovation Work within twelve (12) months of the Renovation Commencement Date due to the intervention of Unavoidable Delay, the Required Period shall be extended beyond sixteen (16) months by the number of days during which such circumstances of Unavoidable Delay delayed completion of the Renovation Work beyond the twelfth month following the Renovation Commencement Date.
- (5) Should the Owners not make payments on account of the Renovation Allowance (and/or the HST applicable thereto) when required hereunder, interest shall accrue thereon (including interest on any unpaid HST to the extent and from the date that the Tenant is required to pay HST to the applicable governmental authority) in favour of the Tenant commencing as of the date on which payment was due to the date on which payment is made to the Tenant at an annual rate equal to ten per cent (10%) above the annual rate of interest charged from time to time by the Canadian Imperial Bank of Commerce at its main Toronto branch to its most creditworthy customers, which interest shall be calculated and compounded at the end of each calendar month, and the Tenant, in addition to any other rights it may have at law, shall be entitled to deduct the amounts so payable by the Owners, together with interest thereon, from any payments of annual basic rent, additional rent and/or any other payments that the Tenant is required to make to the Landlord under the Lease.
- (6) Within sixty (60) days following the date upon which the Tenant has completed the Renovation Work the Tenant shall provide the Landlord with a statutory declaration signed by an officer of the



Tenant certifying the date upon which the Renovation Work was completed, the total cost incurred by the Tenant (exclusive of GST) in carrying out the Renovation Work (the "**Renovation Costs**"), and that no liens have been filed against title to the lands comprising the Shopping Centre Lands in respect of the Renovation Work (which statutory declaration is herein referred to as the "**Renovation Work Statutory Declaration**").

- (7) If the actual aggregate amount of Renovation Costs incurred by the Tenant (exclusive of GST) should be less than the amount of the Renovation Allowance that has been paid to it by the Owners hereunder (or deducted from rent otherwise payable by the Tenant under the Lease) the Tenant shall pay to the Owners concurrently with the delivery of the Renovation Work Statutory Declaration to the Landlord a sum equal to the full amount by which the Renovation Allowance so paid (or deemed paid) to the Tenant exceeds the actual aggregate amount of Renovation Costs incurred by the Tenant (the "**Differential**"), plus applicable GST, which sum shall be deemed to be owing to the Landlord as additional rent under the terms of the Lease, in which event, the amount of Added Rent payable by the Tenant hereunder shall be automatically adjusted, with retroactive effect as of the Added Rent Commencement Date, by reducing the amount of the Renovation Allowance used in determining the amount of Added Rent pursuant to Subsection 7(c) of this Agreement by the amount of the Differential.

The parties hereto hereby acknowledge and agree that, for the purposes of this Agreement and the Lease, the term "**Business Days**" shall mean all days of the calendar week other than Saturday, Sunday and any statutory holiday in the Province of Ontario.

- (c) In the event that:
- (i) the Tenant receives payment of the full amount of the Renovation Allowance (and all applicable HST and interest accruing thereon in accordance with the foregoing provisions of this Agreement) payable to it in accordance with the terms of this Agreement; or
  - (ii) the Owners do not pay the Tenant the full amount of the Renovation Allowance (and all applicable HST and interest accruing thereon in accordance with the foregoing provisions of this Agreement) when due hereunder and the Tenant subsequently exercises its right to deduct from its payments of the annual basic rent, additional rent and/or other payments that the Tenant is required to make to the Landlord under the Lease the unpaid amount of the Renovation Allowance (and all applicable HST and interest accruing thereon as aforesaid) so owing to it by the Owners;

then, throughout the period of the Term commencing thirty (30) days after the date upon which the Tenant has obtained the full amount of the Renovation Allowance due to the Tenant (and all HST and interest applicable thereto), whether by receiving payment thereof from the Owners or by deducting the same from its payments of rent under the Lease as aforesaid (which date is hereinafter referred to as the "**Added Rent Commencement Date**") and ending thirty (30) years after the said Added Rent Commencement Date (the "**Added Rent Period**"), the Tenant shall pay to the Landlord, in addition to the annual basic rent, additional rent and/or other payments that the Tenant is currently required to

pay to the Landlord under the Lease, a further monthly rent (the “**Added Rent**”) in accordance with, and subject to, the following terms and conditions:

- (i) The monthly amount of Added Rent shall be determined in accordance with the following formula:

$$Z = X / ((1-(1+R)^{-N}) / R)$$

in which formula :

**Z** = the monthly amount of Added Rent to be determined

**X** = the amount of the Renovation Allowance (exclusive of HST)

**R** = the product of the 30 year Bank of Canada Rate (as that term is hereinafter defined) in effect as at the Tenant Election Notice Date, plus 2.5%, divided by 12

**N** = **360**, being the number of months contained in the Added Rent Period

The parties hereto hereby acknowledge and agree that, for all purposes of this Agreement and the Lease (as hereby amended) the term “**30 year Bank of Canada Rate**” shall mean the Government of Canada 30 Year Bond Yield issued by the Bank of Canada (as currently published by Bloomberg L.P.).

For greater clarity, and by way of example only, the parties acknowledge and agree that, if (a) based on a Renovation Allowance (exclusive of HST) of **\$6,000,000**, and (b) the 30 year Bank of Canada Rate as of the Tenant Election Notice Date were to be **3.0%**, the resulting value of **R** would be **0.0045833** (i.e. (.03 +.025)/ 12) and the monthly amount of Added Rent would be **\$34,067.34**, calculated as follows:

$$\text{\$6,000,000} / ((1-(1+0.0045833)^{-360}) / 0.0045833) = \text{\$34,067.34}.$$

- (ii) The Tenant shall pay the Added Rent in equal monthly instalments at the same time and otherwise in accordance with the same provisions as govern the Tenant’s payments of annual basic rent to the Landlord under Article 4 (“**RENT**”) of the Lease.
- (iii) Notwithstanding any of the foregoing, the parties hereto acknowledge and agree that the Tenant shall have the right to pay to the Landlord on the first day of any calendar month occurring throughout the Added Rent Period the whole or any portion of the then present value of Added Rent payable by the Tenant throughout the remainder of the Added Rent Period, which present value of Added Rent shall be determined in accordance with the following formula (the “**Added Rent Present Value Formula**”):

$$PV = X ((1 - (1 + R)^{-P}) / R)$$

in which formula:

**PV** = the present value of the said Added Rent as of the date scheduled for payment (the “**Payment Date**”)

**X** = the current monthly amount of Added Rent

**R** = the product of the 30 year Bank of Canada Rate as of the Tenant Election Notice Date, plus 2.5%, divided by 12

**P** = the number of months remaining between the aforementioned Payment Date and the end of the Added Rent Period

For greater clarity, and by way of example only, the parties acknowledge and agree that, if (a) the current monthly amount of Added Rent were to be **\$34,067.34**, (b) the number of months remaining between the proposed Payment Date and the end of the Added Rent Period were to be **240**, and (c) the 30 year Bank of Canada Rate as of the Tenant Election Notice Date were to be **3.0%**, the resulting value of **R** would be **0.0045833** (i.e.  $(.03 + .025) / 12$ ) and the present value of Added Rent payable throughout the remainder of the Added Rent Period as of the Payment Date would be **\$4,952,459.46**, calculated as follows:

$$\mathbf{\$34,067.34 [(1 - (1 + 0.0045833)^{-240}) / 0.0045833] = \$4,952,459.46}$$

The Tenant shall exercise the foregoing right to pay to the Landlord the whole or any portion of the said present value of Added Rent by sending no less than one (1) month's prior written notice thereof to the Landlord.

- (iv) If the Tenant should elect at any time to exercise the foregoing right to pay to the Landlord the whole of the then present value of Added Rent payable throughout the remainder of the Added Rent Period, the Tenant shall be forever relieved of its obligation to pay Added Rent to the Landlord from and after the date upon which such payment is made.
- (v) If the Tenant should elect at any time or from time to time to exercise the foregoing right to pay to the Landlord only a portion of the then present value of Added Rent payable throughout the then current remainder of the Added Rent Period, the monthly amount of Added Rent payable by the Tenant throughout said remainder of the Added Rent Period shall be reduced, effective as of the date upon which payment is so made by the Tenant, in proportion to the percentage reduction so effected in the present value of the Added Rent payable throughout the remainder of the Added Rent Period.

For greater clarity, and by way of example only, the parties acknowledge and agree that, if (a) the Payment Date were to be the first day of the **120<sup>th</sup>** month following the month in which the Added Rent Commencement Date occurs, and (b) the monthly amount of Added Rent as of the Payment Date were to be **\$34,067.34**, and (c) the present value of the Added Rent payable throughout the remainder of the Added Rent Period as of the Payment Date were to be **\$4,952,459.46**, and (d) the Tenant were to elect to pay to the Landlord on the said Payment Date the sum of **\$2,500,000** (which amount equals 50.48% of the said present value of Added Rent), then, from and after the said Payment Date, the monthly amount of Added Rent would be reduced by 50.48% from **\$34,067.34** to **\$16,870.15**.

- (d) Notwithstanding any of the foregoing, the parties hereto further acknowledge and agree that:
  - (i) If the Term of the Lease should expire prior to the end of the Added Rent Period as a result of the Tenant not exercising its right under Article 3 ("TERM, EXTENSIONS AND RIGHT OF TERMINATION") of the Lease to extend the Term of the Lease for any of the periods of extension

occurring throughout the Added Rent Period, the Tenant shall be required to pay to the Landlord on or before the expiration date of the Lease the present value of the Added Rent payable by the Tenant throughout the remainder of the Added Rent Period (determined as of the expiration date in accordance with the aforementioned Added Rent Present Value Formula).

- (ii) If at any time during the Added Rent Period the Landlord should exercise any right it may have under the Lease to terminate this Lease by reason of the Tenant's default thereunder, the Tenant shall be required to pay to the Landlord on or before the date upon which the Lease is so terminated the present value of the Added Rent payable by the Tenant throughout the remainder of the Added Rent Period (determined as of the said termination date in accordance with the aforementioned Added Rent Present Value Formula).

8. **Landlord Option to Increase Annual Minimum Rent.** Effective as of the Condition Satisfaction Date, Article 4 ("RENT") of the Lease shall be amended by adding the following text as a new Section 4.06 after Section 4.05 thereof:

"Section 4.06 The Landlord shall have the right to increase the amount of the annual basic rent payable by the Tenant under Section 4.00 hereof in accordance with, and subject to, the following terms and conditions:

- (a) The Landlord shall exercise the foregoing right by giving the Tenant prior written notice thereof (the "**Rent Increase Notice**") at any time during the remainder of the Term.
- (b) The Rent Increase Notice shall specify the amount by which the annual basic rent payable by the Tenant under Section 4.00 hereof shall be increased (the "**Annual Rent Increase Amount**"), which Annual Rent Increase Amount shall be equal to the average annual amount of the [additional rent payable by the Tenant pursuant to the provisions of Article 10 ("COMMON FACILITIES OPERATING COSTS") of the Lease for the five (5) calendar years immediately preceding the calendar year in which the said increase in annual basic rent takes effect.
- (c) If the Landlord should duly exercise the foregoing right to increase the amount of annual basic rent, then, commencing as of the first day of the first calendar month following the month in which the Tenant receives the Rent Increase Notice from the Landlord and thereafter throughout the remainder of the Term:
  - (i) the amount of annual basic rent payable by the Tenant under the Lease shall be increased by an amount equal to the Annual Rent Increase Amount specified in the Rent Increase Notice; and
  - (ii) the Tenant shall forever cease to be required to pay any additional rent or charge to the Landlord under the provisions of Article 10 ("COMMON FACILITIES OPERATING COSTS") of the Lease."

9. **Owners' Intervention.** Each and every one of the parties comprising the Owners hereunder hereby acknowledges and agrees with the Tenant that it fully accepts and continues to be bound by all the covenants and obligations of the Owners contained in the Lease, as hereby amended, including, without limitation and for the sake of greater certainty, all those covenants and obligations of the Owners contained in Article 26 thereof.

10. The parties hereto hereby agree that this Agreement shall be conditional upon satisfaction (and/or waiver, if applicable) of the following conditions:
  - (a) This Agreement shall be conditional upon the Tenant obtaining approval thereof from the management committee and/or board of directors of Hudson's Bay Company, within thirty (30) days after the date of execution hereof. The aforesaid condition is for the benefit of the Tenant alone and may be waived by the Tenant at any time prior to the expiry of the aforesaid 30-day period. In the event the Landlord does not receive written notice from the Tenant that this condition has been satisfied or is being waived by the Tenant within the aforesaid 30-day period, then this Agreement shall become null and void and the parties shall be relieved of all obligations hereunder.
  - (b) This Agreement shall be conditional upon the Landlord and the Owners obtaining approval thereof from their respective senior executive within thirty (30) days after the date of execution hereof. The aforesaid condition is solely for the joint benefit of the Landlord and the Owners and may be waived by the Owners and the Landlord at any time prior to the expiry of the aforesaid 30-day period. In the event the Tenant does not receive written notice from the Owners and the Landlord that this condition has been satisfied or is being jointly waived by the Owners and Landlord within the aforesaid 30-day period, then this Agreement shall become null and void and the parties shall be relieved of all obligations hereunder.
  - (c) This Agreement shall be conditional upon the Tenant obtaining approval thereof from its lender within thirty (30) days after the date of execution hereof. In the event the Landlord does not receive written notice from the Tenant that this condition has been satisfied or is being waived by the Tenant within the aforesaid 30-day period, then this Agreement shall become null and void and the parties shall be relieved of all obligations hereunder
11. The Lease is hereby amended wherever necessary to give effect to the provisions herein contained and subject thereto, and except as otherwise provided herein, all terms, clauses and conditions of the Lease shall remain in full force and effect, unchanged and unmodified.
12. The Landlord and the Owners represent and warrant that there is no lender to them whose consent is required to the entering into by them of this Agreement.
13. Neither this Agreement nor any notice or short form thereof shall be registered on title to the Shopping Centre or any other lands.
14. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns under the Lease.
15. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, emailed or pdf or faxed form and the parties adopt any signatures received electronically as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other parties an original of the signed copy of this Agreement which was provided electronically.

**[Remainder of Page Intentionally Left Blank]**

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

Signed, this 7<sup>th</sup> day of April, 2014

**YORKDALE SHOPPING CENTRE HOLDINGS  
INC.**

Per: Jeff Hess

Name: Jeffrey Hess Authorized Signing Officer

Per: Celia Hitch

Name: Celia Hitch Authorized Signing Officer  
(I/We have authority to bind the Corporation)

Signed, this \_\_\_ day of \_\_\_\_\_, 2014

**HUDSON'S BAY COMPANY**

Per: \_\_\_\_\_

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

Per: \_\_\_\_\_

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

(I/We have authority to bind the Corporation)

Signed, this 7<sup>th</sup> day of April, 2014

**OMERS REALTY CORPORATION**

Per: Jeff Hess

Name: Jeffrey Hess Authorized Signing Officer

Per: Celia Hitch

Name: Celia Hitch Authorized Signing Officer  
(I/We have authority to bind the Corporation)

Signed, this 7<sup>th</sup> day of April, 2014

**OMERS REALTY HOLDINGS (YORKDALE) INC.**

Per: Jeff Hess

Name: Jeffrey Hess Authorized Signing Officer

Per: Celia Hitch

Name: Celia Hitch Authorized Signing Officer  
(I/We have authority to bind the Corporation)

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

Signed, this 9<sup>th</sup> day of April, 2014

YORKDALE SHOPPING CENTRE HOLDINGS  
INC.

Per: 

Name: CRAG COLEMAN  
Authorized Signatory Officer

Per: \_\_\_\_\_

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

(I/We have authority to bind the Corporation)

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

HUDSON'S BAY COMPANY

Per: \_\_\_\_\_

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

Per: \_\_\_\_\_

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

(I/We have authority to bind the Corporation)

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

OMERS REALTY CORPORATION

Per: \_\_\_\_\_

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

Per: \_\_\_\_\_

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

(I/We have authority to bind the Corporation)

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

OMERS REALTY HOLDINGS (YORKDALE) INC.

Per: \_\_\_\_\_

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

Per: \_\_\_\_\_

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

(I/We have authority to bind the Corporation)

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

**YORKDALE SHOPPING CENTRE HOLDINGS  
INC.**

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

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
(I/We have authority to bind the Corporation)

Signed, this 11<sup>th</sup> day of April, 2014

**HUDSON'S BAY COMPANY**

Per: [Signature]  
Name: David Pickwood  
SVP & General Counsel

Per: [Signature]  
Name: Bruce Moore, SVP Real Estate  
(I/We have authority to bind the Corporation)

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

**OMERS REALTY CORPORATION**

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

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
(I/We have authority to bind the Corporation)

Signed, this \_\_\_\_ day of \_\_\_\_\_, 2014

**OMERS REALTY HOLDINGS (YORKDALE) INC.**

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

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
(I/We have authority to bind the Corporation)



Signed, this 9<sup>th</sup> day of APRIL, 2014

ARI YKD INVESTMENTS LP, by its general partner, ARI YKD GP INC.

Per: [Signature]  
Name: CRAIG COLEMAN  
Authorized Signing Officer  
Per: [Signature]  
Name: Melvyn Need  
Authorized Signing Officer  
(I/We have authority to bind the Corporation)

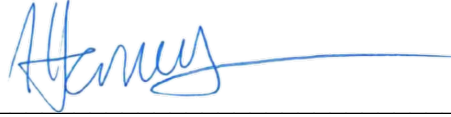
Signed, this 9<sup>th</sup> day of April, 2014

ARI YKD GP INC.

Per: [Signature]  
Name: CRAIG COLEMAN  
Authorized Signing Officer  
Per: [Signature]  
Name: Melvyn Need  
Authorized Signing Officer  
(I/We have authority to bind the Corporation)



**THIS IS EXHIBIT "D"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal flourish extending to the right.

---

Commissioner for Taking Affidavits

## LEASEHOLD LENDER AGREEMENT

This Leasehold Lender Agreement (this “**Agreement**”) made as of the 26th day of January, 2024 among:

**ROYAL BANK OF CANADA, as administrative agent**

(the “**Leasehold Mortgagee**”)

**YORKDALE SHOPPING CENTRE HOLDINGS INC.**

(the “**Landlord**”)

**OMERS REALTY CORPORATION, OMERS REALTY HOLDINGS (YORKDALE) INC., ARI YKD GP INC. and ARI YKD INVESTMENTS LP**

(collectively, the “**Owner**”)

and

**HUDSON’S BAY COMPANY ULC/COMPAGNIE DE LA BAIE D’HUDSON SRI**, in its capacity as general partner of **HBC YSS 1 LIMITED PARTNERSHIP**, and in its own capacity, as leasehold title nominee

(collectively, the “**Tenant**”)

### RECITALS:

### WHEREAS:

- A. pursuant to a lease and the amendments and supplements thereto between the Landlord and the Tenant identified and described on Schedule “A” appended to this Agreement, (the “**Lease**”), the Landlord leased to the Tenant the premises described in the Lease (the “**Premises**”) located at 3401 Dufferin Street in the City of Toronto, Province of Ontario in the Shopping Centre known as Yorkdale Shopping Centre (the “**Shopping Centre**”) and as further described on Schedule “B” attached hereto; and
- B. in connection with certain loans and other financial accommodations made in favour of the Tenant under and in connection with the Credit Agreement, the Tenant has or will have granted in favour of the Leasehold Mortgagee, a charge of the Lease and the Tenant’s leasehold interest in the Premises (the “**Mortgage**”) and other security over the Tenant’s interest in real and personal property arising from or in respect of or located upon the Premises (the “**Other Security**”), all as security for its indebtedness, liabilities and obligations to the Leasehold Mortgagee under the Credit Agreement and the other Loan Documents require that the Landlord consent to the granting of the Mortgage and the Other Security;

**NOW THEREFORE**, in consideration of the sum of Ten (\$10.00) Dollars and other good and valuable consideration given by each of the parties hereto to the others, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** In this Agreement, unless otherwise defined, capitalized terms shall have the meanings set out in the Recitals or as set out below:
  - (a) **“Credit Agreement”** means the credit agreement dated as of January 26, 2024 between, *inter alios*, the Leasehold Mortgagee, as administrative agent, and the Tenant, as borrower, as amended, supplemented and/or restated from time to time.
  - (b) **“Critical Default”** means a default by the Tenant in the performance of the Tenant’s covenants and obligations under the Lease which originated prior to the Possession Period and which: (i) poses a justifiably perceived risk of a materially adverse claim against the Landlord by unrelated third parties if permitted to continue; (ii) endangers the health or safety of members of the general public; or (iii) materially adversely affects the safe operation of the Premises. **“Critical Default”** does not include an Incurable Default and/or arrears of Rents.
  - (c) **“Crystallized Arrears”** has the meaning set out in Section 7 hereof.
  - (d) **“Default”** has the meaning set out in Section 5 hereof.
  - (e) **“Default Notice”** has the meaning set out in Section 5(a) hereof.
  - (f) **“Election Notice”** has the meaning set out in Section 7 hereof.
  - (g) **“Equipment”** means all personal property, chattels, trade fixtures and equipment owned by the Tenant and located on the Premises. For greater certainty, Equipment does not include leasehold improvements as defined or provided for in the Lease.
  - (h) **“Event of Default”** means any Event of Default under the Credit Agreement.
  - (i) **“Incurable Default”** has the meaning set out in Section 5(c) hereof.
  - (j) **“Loan Documents”** means all loan and security documentation contemplated by and granted to the Leasehold Mortgagee in connection with the Credit Agreement.
  - (k) **“New Lease”** has the meaning set out in Section 6 hereof.
  - (l) **“Nominee”** means an entity designated by the Leasehold Mortgagee as the new tenant pursuant to the New Lease provided the purpose of designating said entity is not to circumvent, directly or indirectly, the assignment provisions of the Lease. Subject to the foregoing concern, the Leasehold Mortgagee will not require the Landlord’s consent to the Nominee entering into the New Lease. The Leasehold Mortgagee shall indemnify the Landlord for the Nominee’s covenants pursuant to the New Lease provided the Leasehold Mortgagee shall be automatically released from any further liability and obligations concurrently with the Nominee with

respect to matters initially arising from and after the effective date of the sale, assignment or disposal of the New Lease to the Purchaser.

- (m) **“Non-Lender Default”** means a Default which was in existence prior to the commencement of the Possession Period and not known to the Leasehold Mortgagee or the Receiver prior to taking possession of the Premises and not included in the Status Statement or, a Default which comes into existence after commencement of the Possession Period and which is not a result of an act or omission of the Leasehold Mortgagee, Nominee or Receiver, as the case may be.
  - (n) **“Non-Rent Default”** has the meaning set out in Section 7 hereof.
  - (o) **“Other Security”** has the meaning set out in the recitals hereto.
  - (p) **“Possession Period”** has the meaning set out in Section 7 hereof.
  - (q) **“Purchaser”** has the meaning set out in Section 7 hereof.
  - (r) **“Receiver”** means a receiver, receiver and manager, agent or other representative appointed by the Leasehold Mortgagee, or on the application of the Leasehold Mortgagee to a court of competent jurisdiction in respect of the Tenant’s right, title and interest in and to the Premises and the Lease.
  - (s) **“Rents”** has the meaning set out in Section 3(b) hereof.
  - (t) **“Security”** means the Mortgage and the Other Security.
  - (u) **“Status Statement”** means a statement requested by the Leasehold Mortgagee, the Receiver and/or the Tenant and which shall be provided by the Landlord to and accepted by the Leasehold Mortgagee or the Receiver prior to the Leasehold Mortgagee or the Receiver taking possession of the Premises or exercising any other right or remedy under the Credit Agreement with respect to the Lease or the Premises.
  - (v) **“Tenant Department Store”** has the meaning set out in the Lease.
  - (w) **“Termination”** has the meaning set out in Section 5 hereof.
2. Consent. The Landlord consents to the grant by the Tenant to the Leasehold Mortgagee, of the Mortgage by way of demise and sublease of the Premises and/or by way of an assignment of the Tenant’s interest in the Lease and the Other Security and to registration of notice thereof in the applicable registry office so long as no financial terms of the Lease are disclosed. The Landlord’s consent extends only to the charge and security interest upon and in the Lease under the Mortgage and the Other Security and extends to the grant of any security interest in the Equipment but only to the extent postponed and subordinated to the Landlord's interest in the Equipment. The Landlord in giving its consent to such charge and security interest does not acknowledge or approve of any terms between Tenant and the Leasehold Mortgagee contained in any of the Loan Documents, the Mortgage, the Other

Security, the Credit Agreement or otherwise, except for the charge and security interest upon and in the Lease, the Premises and other property of the Tenant in the Premises (but only to the extent postponed and subordinated to the Landlord's interest in the Equipment as set out above). Upon the repayment and discharge of the Security, the Leasehold Mortgagee shall, at the cost of the Tenant and at no expense to the Landlord, forthwith remove from title to the Shopping Centre all registrations related to the Security.

3. Confirmation of the Landlord. The Landlord confirms, as of the date hereof, the following to the Leasehold Mortgagee and the Tenant:
- (a) the Lease is valid and subsisting and has not been amended, supplemented or superseded except as described on Schedule "A" and, subject to the continued performance by the Tenant of its covenants and obligations under the Lease, neither the Tenant nor the Landlord is in default of performance of any material covenant, obligation or condition of the Lease;
  - (b) the current minimum or base rent is as set out in the Lease, the Tenant is current in payment of all rent, additional rent, percentage rent and other monies due thereunder (collectively, the "**Rents**") and no Rents have been prepaid, save and except as provided in the Lease;
  - (c) neither the Landlord nor the Tenant has any obligations to the other with respect to the subject matter of the Lease which are not set out in the Lease;
  - (d) there is no material default by the Landlord under any freehold mortgage or head lease affecting the Shopping Centre or any part thereof; and
  - (e) the Landlord is empowered to enter into the Lease and this Agreement.

Landlord shall provide a Status Statement addressed to the Leasehold Mortgagee or Receiver confirming the matters set out in subparagraphs 3(a) to 3(e) (inclusive) within ten (10) business days of the Leasehold Mortgagee or Receiver requesting said status statement from time to time, but any such requests shall not be made more frequently than once each calendar year.

4. Amendments to Lease. The Landlord agrees that unless the Tenant has obtained the prior written consent of the Leasehold Mortgagee, which shall not be unreasonably delayed or withheld, the Landlord shall not:
- (a) enter into any agreement with the Tenant, subsequent to the delivery of this Agreement, to materially amend the Lease including, for greater certainty and without limitation, reducing the term thereof, or
  - (b) accept the surrender of the Premises from the Tenant, prior to the end of the term reserved by the Lease, and the same shall not be effective without such prior written consent of the Leasehold Mortgagee.
5. Default under the Lease. The Landlord agrees that, notwithstanding any default by the Tenant under the Lease or any failure by the Tenant to perform or comply with the



covenants, obligations or conditions of the Lease which the Tenant is required to perform or comply with (a “**Default**”), and notwithstanding any termination of the Lease (a “**Termination**”), the Landlord shall not exercise any right or remedy under the Lease as against the Leasehold Mortgagee and a Termination shall not be effective as against the Leasehold Mortgagee unless:

- (a) the Landlord shall have given the Leasehold Mortgagee written notice of the Default, specifying the nature, quantum (if known or ascertainable) and other particulars of the Default (the “**Default Notice**”) prior to any Termination;
- (b) the Landlord shall have given the Leasehold Mortgagee an opportunity to cure, rectify or remedy or cause to be cured, rectified or remedied such Default during a period commencing upon the receipt by the Leasehold Mortgagee from the Landlord of the Default Notice and which (i) in the case of a Default arising from the non-payment of money, ends fifteen (15) days after such receipt, and (ii) in the case of any other Default which is not an Incurable Default, ends thirty (30) days after such receipt or within such further period as is reasonably required to cure, rectify or remedy such Default, provided the Leasehold Mortgagee begins to cure, rectify or remedy such Default within thirty (30) days of receipt and continuously and diligently maintains its efforts once begun;
- (c) in the case of a Default which by its nature cannot be cured, rectified or remedied (an “**Incurable Default**”, which for greater clarity does not include a Default in continuously operating the Premises (if so required under the Lease) or any Default caused or committed by the Leasehold Mortgagee and/or any Receiver or any one authorized by either of them during the Possession Period), the Leasehold Mortgagee has failed to exercise its rights under Section 6 hereof within thirty (30) days of the receipt of a Default Notice; and
- (d) the Leasehold Mortgagee has not (i) cured such default within the periods provided for in (b) above, or (ii) given written notice to the Landlord that it wishes to exercise its rights and remedies under Section 7, within fifteen (15) days with respect to a Default under subparagraph (b)(i), or thirty (30) days with respect to a Default under subparagraph (b)(ii), of receipt of a Default Notice and (iii) initiated the exercise of such rights and remedies within said fifteen (15) or thirty (30) day period as applicable.

Any exercise by the Landlord of any remedy contrary to the terms of this Agreement shall be void and of no effect as against the Leasehold Mortgagee or Receiver only. The Landlord shall accept performance by the Leasehold Mortgagee or any Receiver of any of the Tenant’s covenants, obligations or conditions under the Lease as if performed by the Tenant. For greater certainty, if the Leasehold Mortgagee or Receiver cures a Default within the relevant cure period, any Termination shall be deemed to be of no force or effect as against the Tenant, the Leasehold Mortgagee or Receiver. Except when required to do so under the terms of this Agreement, the Leasehold Mortgagee shall have no obligation to cure any Default or, having commenced such cure, to complete such cure. In curing any such



Default, neither the Leasehold Mortgagee nor any Receiver shall be deemed, for that reason alone, to have taken an assignment of the Lease or to have taken possession of the Premises.

6. Incurable Defaults. If there has occurred an Incurable Default and by reason thereof the Landlord is proceeding to terminate the Lease, the Landlord shall provide the Leasehold Mortgagee a Default Notice stating its intention to terminate the Lease and, at the written request of the Leasehold Mortgagee delivered to the Landlord within thirty (30) days of the receipt of the Default Notice pursuant to paragraph 5(c) above and concurrently with the delivery of an Election Notice pursuant to Section 7 below (unless the Leasehold Mortgagee has previously delivered the Election Notice and the Lease is thereafter terminated during the Possession Period), the Landlord shall concurrently with the termination of the Lease grant to the Leasehold Mortgagee (or its Nominee or Receiver on its behalf) a new lease of the Premises on the same terms and conditions as those contained in the Lease including and bringing forward into the New Lease all outstanding Defaults under the Lease other than Incurable Defaults, for the balance of the term of the Lease and any renewal and/or extension period (the “**New Lease**”), provided that the provisions of Section 7 below shall apply to the New Lease as set out therein. If the Leasehold Mortgagee takes a New Lease, it shall proceed to cure all monetary Defaults under the Lease within fifteen (15) days following the granting of the New Lease and shall commence and thereafter diligently proceed to cure all curable non-monetary defaults under the Lease, all as if there had not been an Incurable Default. If the Leasehold Mortgagee, a Receiver or Nominee is already in possession of the Premises pursuant to Section 7, the Possession Period shall not be extended by reason of the exercise of the Leasehold Mortgagee’s rights under this section.
7. Exercise by Leasehold Mortgagee of Remedies. Upon the occurrence of (i) an event of default under the Credit Agreement or any Loan Document (for greater certainty, the Tenant confirms that the Landlord may rely upon the Leasehold Mortgagee’s confirmation as to the existence of such an event of default without any further enquiry) and/or a Default by the Tenant under the Lease and the Leasehold Mortgagee exercising its rights and remedies under the Loan Documents in respect of the Premises and the Lease and/or (ii) the exercise of the Leasehold Mortgagee’s right to a New Lease under Section 6 hereof, the Leasehold Mortgagee may elect by notice in writing to the Landlord to take possession of the Premises (by itself or through its Nominee or Receiver) and to exercise the rights and remedies and perform the covenants, conditions, agreements and obligations of the Tenant under the Lease and if applicable the New Lease for a period not to exceed one hundred and fifty (150) days in the aggregate, or, if longer, the period of possession permitted to such Leasehold Mortgagee under the terms of the Lease (if no specific time period is mentioned in the Lease, there shall be no time limitation of the Possession Period except the expiry or other termination of the Term of the Lease and any exercised renewal period), to commence from the date of delivery of a written election notice (the “**Election Notice**”) by the Leasehold Mortgagee to the Landlord (provided such period may not in either case exceed the term of the Lease as renewed and/or extended from time to time) as the Leasehold Mortgagee may elect (the “**Possession Period**”). Upon receipt of the Election Notice, the Landlord shall promptly issue to the Leasehold Mortgagee a Status Statement. The Landlord agrees that the payment of Rents shall not accelerate, as against

the Leasehold Mortgagee, Nominee or Receiver only, under the Lease by reason of the exercise by the Leasehold Mortgagee of its rights under the Security or hereunder. Notwithstanding the length of the Possession Period initially set out in the Election Notice, after taking possession of the Premises, the Leasehold Mortgagee (or its Nominee or Receiver on its behalf) may without cost or penalty to it elect to shorten the Possession Period upon a minimum of thirty (30) days prior notice of its further election to do so to the Landlord. During a Possession Period, the Leasehold Mortgagee may use the Premises (i) in accordance with the Lease; and (ii) in any other manner permitted by this Agreement.

If the Leasehold Mortgagee (or its Nominee or Receiver on its behalf) goes into possession of the Premises under the Lease and/or the New Lease, or, after entering into possession of the Premises, elects to transfer, realize upon or otherwise dispose of the Tenant's interest under the Lease or the New Lease, the Leasehold Mortgagee shall only be liable for:

- (a) obligations or liabilities under the Lease or the New Lease originating during the Possession Period other than Non-Lender Defaults; and
- (b) paying all arrears of Rents in respect of which the Tenant is then in default under the Lease (other than accelerated Rents) to the extent previously disclosed in writing to the Leasehold Mortgagee in the Default Notices and/or the Status Statement previously delivered to the Leasehold Mortgagee,

and the Landlord shall continue to perform the covenants, conditions, agreements and obligations which are required to be performed under the Lease or New Lease during the Possession Period. The Landlord shall retain the right to proceed against the Tenant (presently being Hudson's Bay Company ULC, in its capacity as general partner of HBC YSS 1 Limited Partnership) under the Lease with respect to any Incurable Default.

If, after the commencement of the Possession Period, the Landlord issues a Default Notice to the Leasehold Mortgagee, Nominee or Receiver in respect of: (i) arrears of Rents (other than accelerated Rents) including adjustments to the prior two (2) years' or then current year's Rents to the extent adjustable pursuant to the Lease (and for greater certainty, the Leasehold Mortgagee, Nominee or Receiver will receive the benefit of any adjustments in favour of the Tenant) which pre-dated the Possession Period but was not disclosed in writing to the Leasehold Mortgagee, Nominee or the Receiver by the Landlord prior to the Leasehold Mortgagee, Nominee or Receiver taking possession of the Premises ("**Undisclosed Arrears**"); and/or (ii) the Leasehold Mortgagee's obligations set out in paragraphs 7(a) or 7(b) above and the Leasehold Mortgagee, Nominee or Receiver, as the case may be, refuses or neglects to pay such arrears of Rents or to cure such Defaults (in each case, within thirty (30) days of delivery of such Default Notice), then, in either case, the Landlord may terminate the Lease or the New Lease and require the Leasehold Mortgagee, Nominee or the Receiver to vacate the Premises, and upon vacating the Premises, the Leasehold Mortgagee, Nominee and/or the Receiver shall have no further rights, liabilities or obligations under or with respect to the Lease (other than those liabilities and obligations for which the Leasehold Mortgagee, Nominee or Receiver are liable under the provisions of paragraphs 7(a) and 7(b) above). In the alternative, the Landlord may compel the performance of the Leasehold Mortgagee's, Nominee's or

Receiver's liabilities and obligations for which the Leasehold Mortgagee, Nominee or Receiver are liable under the provisions of paragraphs 7(a) and 7(b) above and, if the Leasehold Mortgagee, Nominee or Receiver has not vacated the Premises prior to the expiration of the relevant cure period, the Leasehold Mortgagee, Nominee or Receiver shall then and thereafter be liable to pay the Undisclosed Arrears set out in Default Notices previously delivered to the Leasehold Mortgagee in accordance with subparagraph (i) above (the "**Crystallized Arrears**").

With respect to all other Defaults in respect of which the Tenant is then in default under the Lease and which the Landlord previously disclosed in writing to the Leasehold Mortgagee in the Default Notices and/or the Status Statement previously delivered to the Leasehold Mortgagee (other than arrears in Rents, Incurable Defaults or accelerated Rents) which are capable of being remedied (the "**Non-Rent Defaults**"):

- (c) the Leasehold Mortgagee, Nominee and/or Receiver shall not be responsible for curing Non-Rent Defaults during the Possession Period; and
- (d) the Landlord may cure Non-Rent Defaults in the same manner as the Tenant is required to do so pursuant to the Lease provided the Landlord, in doing so, does not interfere with the Leasehold Mortgagee or the Receiver's quiet enjoyment of the Premises and its operations therein more than is reasonably necessary in the circumstances and all reasonably necessary costs and expenditures incurred to cure the foregoing Non-Rent Defaults shall be paid to the Landlord concurrently with the Purchaser (as defined below) assuming the Lease and/or entering into or assuming the New Lease and upon such payment said Non-Rent Defaults shall be deemed cured for the purposes of this Agreement.

The Leasehold Mortgagee, Nominee or Receiver must vacate the Premises (and if a New Lease has been granted, deliver a surrender of the New Lease) upon the expiration of the Possession Period, unless the Leasehold Mortgagee, Nominee or Receiver elects to retain the Lease or New Lease for the balance of the term of the Lease or the New Lease, as the case may be, in which case, it must cure all Defaults under the Lease and New Lease (if applicable) which were outstanding at the beginning of the Possession Period (including Non-Rent Defaults and Crystallized Arrears but excluding any Incurable Defaults) on or before the expiration of the Possession Period. If the Leasehold Mortgagee, Nominee or Receiver or anyone authorized by them does not vacate the Premises following the expiration of the Possession Period but remains in possession of the Premises with or without the Landlord's permission then, unless otherwise agreed to in writing by the Landlord, the Leasehold Mortgagee, Nominee or Receiver shall be deemed to have elected to retain the Lease or the New Lease for the balance of the term of the Lease or the New Lease as the case may be, and shall thereafter be liable to cure the Non-Rent Defaults (excluding any Incurable Defaults). Provided that, if, before the expiration of the Possession Period, the Leasehold Mortgagee demonstrates to the Landlord that it has entered into an agreement, or is in bona fide negotiations, with a purchaser for all or a part of the mortgaged assets who will accept an assignment of the Lease in accordance with its terms and who satisfies the criteria for approval of assignees of the Lease as set out in the Lease, then the Landlord shall extend the Possession Period for an additional sixty (60)

days. The extension will be evidenced by a written acknowledgement signed by the Landlord.

For clarity, the vacating of the Premises shall not release the Leasehold Mortgagee, Nominee or Receiver from its obligation to pay all Rents and perform its other obligations referred to in paragraphs 7(a) and 7(b) above and, where applicable, with respect to the Crystallized Arrears.

Notwithstanding the foregoing, during the Possession Period, the Landlord shall have the right to seek an order from a court of competent jurisdiction to compel the Leasehold Mortgagee, Nominee or Receiver in possession to cure a Critical Default. The standard for the Court to utilize in determining if the Leasehold Mortgagee, Nominee or Receiver in possession is required to cure a Critical Default shall be the same standard used by a Court to determine whether a trustee in bankruptcy would be compelled to cure such Critical Default if it was in possession or occupation of the Premises. If a court of competent jurisdiction compels the Leasehold Mortgagee, Nominee or Receiver to cure said Critical Default, in lieu of curing said Critical Default, the Leasehold Mortgagee, Nominee and/or Receiver may elect in writing within ten (10) business days of said determination to vacate the Premises in which case the Landlord may terminate the Lease. In such an event, the Leasehold Mortgagee, Nominee and Receiver shall have no obligations with respect to the Critical Default or otherwise with respect to the Lease and/or the Premises save and except as set out in paragraphs 7(a) and 7(b) above and for payment of the Crystallized Arrears. If the Landlord's termination right herein is subject to a stay of proceedings as a result of the Tenant seeking protection under any statute or law for debtors who are bankrupt, insolvent or seeking to compromise or restructure its debts, then the Tenant, the Leasehold Mortgagee, Nominee and Receiver, to the extent each has the legal, statutory or contractual right to do so, shall, upon the written request and direction of the Landlord, disclaim, repudiate, terminate or cancel the Lease pursuant to the applicable statute or law.

In the event that the Leasehold Mortgagee, the Receiver and/or the Nominee sells, or otherwise disposes of the Lease or the New Lease to a purchaser permitted under the Lease or the New Lease or that is otherwise consented to by the Landlord (the "**Purchaser**") and the Purchaser assumes the covenants, conditions, agreements and obligations of the Tenant and/or the Leasehold Mortgagee, the Nominee or the Receiver under the Lease or the New Lease, and upon the Purchaser either curing any outstanding Default (other than Incurable Defaults), including any Defaults that occurred prior to the Possession Period (other than Incurable Defaults), or otherwise making arrangements satisfactory to the Landlord, to do so, the Leasehold Mortgagee, its Nominee and/or Receiver, as the case may be, shall have no further rights, obligations or liabilities under the Lease or the New Lease arising from and after the effective date of said sale, assignment or disposal and shall be automatically released therefrom.

8. Possession of Premises as Result of Default Under Prior Encumbrance or Lease. If and so long as the Tenant or the Leasehold Mortgagee, Nominee or Receiver pursuant to the election referred to in Section 7 shall keep and perform the terms, covenants, and conditions contained in the Lease or the New Lease on its part to be kept and performed, then the Tenant or the Leasehold Mortgagee, Nominee or Receiver, as the case may be,

shall have the right to peaceably and quietly have, hold and enjoy the Premises, without interruption or disturbance from the Landlord or from or by any mortgagee with a freehold mortgage over the Shopping Centre or any owner in the event the Shopping Centre is the subject of a ground lease, or by any mortgagee with a charge over the ground lease, or by any other person, firm or corporation claiming by, through or under the Landlord, the owner or any such mortgagee, throughout the entire term of the Lease, the New Lease and every renewal and/or extension thereof, notwithstanding that the mortgagee may obtain or become entitled to possession of the Premises by reason of any of the provisions of its mortgage, whether by way of foreclosure, the appointment of a receiver or receiver and manager, or otherwise, or the fact that the mortgagee may sell or otherwise dispose of the Premises in the exercise of any of its rights or remedies under its mortgage. If the Landlord, any owner (in the case of a ground lease) or mortgagee sells or assigns its right, title and interest (leasehold or freehold, as the case may be) in the Shopping Centre or in its mortgage, the Landlord, owner or mortgagee, as the case may be, shall cause the purchaser or assignee thereof to assume the obligations of such Landlord, owner or mortgagee hereunder. Each mortgagee with a freehold mortgage over the Shopping Centre, and each owner in the event the Shopping Centre is the subject of a ground lease, and each mortgagee with a charge over the ground lease, and any other person, firm or corporation claiming by, through or under the Landlord, the owner or any such mortgagee (an “**Encumbrancer**”), shall not exercise any of its rights under its mortgage, lease or otherwise so as to terminate the Lease without first having complied with the Landlord’s obligations under this Agreement (including the obligation to enter into a New Lease with the Leasehold Mortgagee) and no termination of the Lease shall be effective as against the Leasehold Mortgagee unless such obligations have been complied with. Each Encumbrancer consents to the granting of the Mortgage and the enforcement by the Leasehold Mortgagee of the Mortgage so long as the Leasehold Mortgagee acts in accordance and compliance with the provisions of this Agreement and each Encumbrancer agrees that should it succeed in interest to the Landlord, it shall be bound by the obligations of the Landlord hereunder. Each party to this Agreement, other than the Landlord and the Tenant, constitutes an Encumbrancer.

9. Bankruptcy and Insolvency of Tenant.

- (a) Upon the lawful repudiation, disclaimer, rejection or other termination of the Lease in any bankruptcy or insolvency proceeding (the “**Termination Date**”), at the Leasehold Mortgagee’s option (to be exercised by the Leasehold Mortgagee upon written notice to the Landlord within thirty (30) days following the Termination Date (the “**Option Period**”), and, if such option is not so exercised within the Option Period, such option shall cease to have any further force and effect), the Landlord will enter into a New Lease with the Leasehold Mortgagee (or a Nominee or Receiver on its behalf), or to the extent it is a permitted assignee in accordance with the Lease or otherwise acceptable to Landlord, the Purchaser, effective as of the Termination Date at the same rent and upon the same terms, provisions, covenants and agreements as were contained in the Lease and applicable to the period following the Termination Date (whether such terms, provisions, covenants and agreements run with the lands or not). If the Leasehold Mortgagee, its Nominee or a Purchaser takes a New Lease, Leasehold Mortgagee, its Nominee or such



Purchaser shall diligently proceed to cure all defaults under the Lease (other than Incurable Defaults), all as if the Lease had not been terminated, repudiated, disclaimed or rejected.

- (b) If any order or injunction is issued or stay granted in connection with any proceedings under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) (or otherwise when the Leasehold Mortgagee is not responsible for such issuance or grant), which prohibits the Leasehold Mortgagee from exercising any of its rights hereunder (collectively, a "**Stay**"), then, at the Leasehold Mortgagee's option, upon the expiration of the Stay, the Possession Period shall be extended for a period equal to the greater of (a) the number of days remaining in the Possession Period on the date that the Stay was issued and (b) forty-five (45) days.
10. Postponement. Subject as provided below, the Landlord hereby postpones and subordinates in favour of the Leasehold Mortgagee any security or any statutory right which the Landlord may have to distrain for arrears of rent against the Equipment, or any other similar right granted or arising by statute, equity, common law or otherwise, to the Security subject to the Leasehold Mortgagee or any Receiver postponing their interest in and granting to the Landlord first priority for the amount of any arrears of Rents under the Lease from the proceeds of any realization by the Leasehold Mortgagee or any Receiver against the Equipment.
11. Access. The Landlord will permit the Leasehold Mortgagee, a Nominee and/or any Receiver at any time from time to time prior to the expiration of the Possession Period and/or within fifteen (15) business days of the termination, rejection, repudiation and/or disclaiming of the Lease upon payment of all arrears of Rent then outstanding, access to and possession of the Equipment and permit the Leasehold Mortgagee and/or any Receiver to remove the Equipment from the Premises at all reasonable times without interference, provided that the Leasehold Mortgagee and/or Receiver shall promptly repair any damage caused to the Premises by such removal. The Landlord will not hinder the Leasehold Mortgagee's, Nominee's or any Receiver's actions in enforcing the Mortgage or other security granted to the Leasehold Mortgagee, provided that the Leasehold Mortgagee, Nominee or Receiver is in compliance with the terms of this Agreement.
12. Appointment of Leasehold Mortgagee. Without prejudice to the Tenant's rights with respect to the Leasehold Mortgagee, the Tenant confirms that Landlord may rely, and shall be fully protected in relying upon, any communication, instrument or document signed by the Leasehold Mortgagee, or any action taken by the Leasehold Mortgagee. Without in any way limiting the foregoing, if the Leasehold Mortgagee is replaced, then Tenant confirms that Landlord may rely upon the written notice received from the then current Leasehold Mortgagee setting forth the name and address of the successor Leasehold Mortgagee and, upon receipt of such written notice, the provisions of this Agreement shall be enforceable by and be binding upon the successor Leasehold Mortgagee.
13. Registration. The Landlord and Tenant agree with the Leasehold Mortgagee that the Leasehold Mortgagee may register the Security, this Agreement or notice of this

Agreement against the title to the Premises. It is understood and agreed that this Agreement shall remain in full force and effect so long as the Mortgage is outstanding. No action by the Leasehold Mortgagee shall be a release of any obligation hereunder. A full and complete discharge of the Mortgage shall operate as a full and complete release of the Leasehold Mortgagee's rights and interest hereunder and after the Mortgage has been fully discharged, this instrument shall be void and of no further effect except with respect to any outstanding obligation which then exists by reason of the provisions of this Agreement and in such case this Agreement shall remain in effect for the purpose of enforcing such obligation.

14. Notice. Any notice to be given hereunder shall be in writing and shall be given either by delivery or sent by registered mail, postage prepaid, to the address of the parties hereto as set out in the Lease or otherwise on the execution page of this Agreement. Any notice delivered, if prior to 5:00 p.m. (Toronto time) on a business day, shall be conclusively deemed given when delivered and any notice sent by registered mail, postage prepaid shall be conclusively deemed given on the third business day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall be given by delivery. Any address for notice may be changed by notice in writing pursuant to this Section 14.
15. Paramountcy.
  - (a) If any of the provisions of this Agreement are in conflict with the same matters as any provisions contained in the Lease, such provision in this Agreement shall govern.
  - (b) The Tenant and the Leasehold Mortgagee acknowledge the provisions of Section 21.00(1) of the Lease and confirm that the Tenant has granted a mortgage of its ownership interest in the Tenant Department Store to the Leasehold Mortgagee in order to effect compliance with the provisions of Section 21.00(1). Each of the Leasehold Mortgagee and the Tenant covenant and agree that any future disposition of the ownership interest in the Tenant Department Store and the mortgage of the leasehold interest of the Tenant in the Lease shall continue to co-exist entirely in the same entity save and except where co-existence is not possible as a result of the Landlord acquiring title thereto pursuant to the provisions of subsection 15(c) below.
  - (c) The Leasehold Mortgagee also acknowledges the provisions of Section 25.13 of the Lease and confirms that all of its interest in the Tenant Department Store and the Lease are specifically subject and subordinate and postponed to the interest of the Landlord under Section 25.13 of the Lease.
16. Successors and Assigns. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and assigns.
17. Governing Law. This Agreement shall be governed by the laws of the Province in which the Shopping Centre is located and the federal laws of Canada applicable therein.

18. Whole Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any other prior agreements or representations.
19. Costs. All legal costs incurred by the Landlord and each Encumbrancer in respect of the review and negotiation of this Agreement shall be paid by the Tenant within 15 days after receipt of the legal account from the Landlord and each Encumbrancer, as applicable.
20. Counterparts. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution, shall be deemed to bear the date written at the beginning of this Agreement. A pdf signature of any party to this Agreement shall constitute a valid and binding signature of such party. Email delivery by and to the parties or their respective solicitors of this Agreement in counterparts with pdf signatures of the parties shall be deemed to constitute valid execution and delivery of this Agreement.

**[Remainder of page intentionally left blank.]**



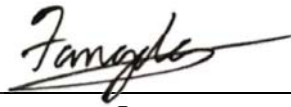
**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

Address for Service:

Royal Bank of Canada  
Agency Services Group  
155 Wellington Street West, 8th Floor  
Toronto, Ontario, M5V 3H1

Attention: Drake Guo

**ROYAL BANK OF CANADA, as  
administrative agent**

Per: 

Name: Drake Guo

Title: Deal Manager

Per: \_\_\_\_\_

Name:

Title:

*I/We have authority to bind the bank*

Address for Service:

EY Tower  
100 Adelaide Street West  
Suite 900  
Toronto, Ontario  
M5H 0E2

Attention: Vice President, National Legal  
Services

**YORKDALE SHOPPING CENTRE  
HOLDINGS INC. by its manager, without  
personal liability, OPGI MANAGEMENT GP  
INC., as general partner of OPGI  
MANAGEMENT LIMITED PARTNERSHIP**

Per: \_\_\_\_\_

Name: Julie Robbins

Title: Vice President, National Legal Services

Per: \_\_\_\_\_

Name: Sherif Masood

Title: Head of Asset Management, Canadian  
Business

*I/We have authority to bind the Corporation*

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Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

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EY Tower  
100 Adelaide Street West  
Suite 900  
Toronto, Ontario  
M5H 0E2

Attention: Vice President, National Legal  
Services

**YORKDALE SHOPPING CENTRE  
HOLDINGS INC. by its manager, without  
personal liability, OPGI MANAGEMENT GP  
INC., as general partner of OPGI  
MANAGEMENT LIMITED PARTNERSHIP**

Per: \_\_\_\_\_

Name: Julie Robbins

Title: Vice President, National Legal Services

Per: \_\_\_\_\_

Name: Sherif Masood

Title: Head of Asset Management, Canadian  
Business

*I/We have authority to bind the Corporation*

Address for Service:

EY Tower  
100 Adelaide Street West  
Suite 900  
Toronto, Ontario  
M5H 0E2

Attention: Vice President, National Legal  
Services, Oxford Legal

Address for Service:

EY Tower  
100 Adelaide Street West  
Suite 900  
Toronto, Ontario  
M5H 0E2

Attention: Vice President, National Legal  
Services, Oxford Legal

Address for Service:

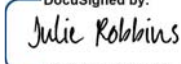
c/o AIMCo  
1600 – 10250 101 Street NW  
Edmonton, Alberta  
T5J 3P4

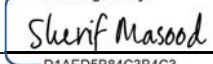
Attention: Stephen Kinsey, President and Jana  
Prete, Associate General Counsel

With a copy to:

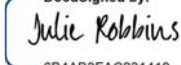
Epic Investment Services  
141 Adelaide St. W, Suite 1201  
Toronto ON M5H 3L5  
Attention: Tony Maduri

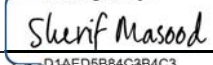
## OMERS REALTY CORPORATION

Per:   
Name: Julie Robbins  
Title: Vice President


Per:   
Name: Sherif Masood  
Title: Senior Vice President  
*I/We have authority to bind the Corporation*

## OMERS REALTY HOLDINGS (YORKDALE) INC.

Per:   
Name: Julie Robbins  
Title: Vice President

Per:   
Name: Sherif Masood  
Title: Senior Vice President  
*I/We have authority to bind the Corporation*

## ARI YKD GP INC.

Per:   
Name: Stephen Kinsey  
Title: President

*I have authority to bind the Corporation*

Address for Service:  
c/o AIMCo  
1600 – 10250 101 Street NW  
Edmonton, Alberta  
T5J 3P4

Attention: Stephen Kinsey, President and Jana  
Prete, Associate General Counsel

With a copy to:  
Epic Investment Services  
141 Adelaide St. W, Suite 1201  
Toronto ON M5H 3L5  
Attention: Tony Maduri

Address for Service:

401 Bay Street  
Suite 600  
Toronto, Ontario  
M5H 2Y4

Attention: Ian Putnam

Address for Service:

401 Bay Street  
Suite 600  
Toronto, Ontario  
M5H 2Y4

Attention: Ian Putnam

**ARI YKD INVESTMENTS LP by its general  
partner ARI YKD GP INC.**

Per: 

Name: Stephen Kinsey  
Title: President

*I have authority to bind the Partnership*

**HUDSON'S BAY COMPANY  
ULC/COMPAGNIE DE LA BAIE D'HUDSON  
SRI**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*I/We have authority to bind the Corporation*

**HBC YSS 1 LIMITED PARTNERSHIP by its  
general partner HUDSON'S BAY COMPANY  
ULC/COMPAGNIE DE LA BAIE D'HUDSON  
SRI**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*I/We have authority to bind the Partnership*

Address for Service:  
c/o AIMCo  
1600 – 10250 101 Street NW  
Edmonton, Alberta  
T5J 3P4

Attention: Stephen Kinsey, President and Jana  
Prete, Associate General Counsel

With a copy to:  
Epic Investment Services  
141 Adelaide St. W, Suite 1201  
Toronto ON M5H 3L5  
Attention: Tony Maduri

Address for Service:

401 Bay Street  
Suite 600  
Toronto, Ontario  
M5H 2Y4

Attention: Ian Putnam

Address for Service:

401 Bay Street  
Suite 600  
Toronto, Ontario  
M5H 2Y4

Attention: Ian Putnam

**ARI YKD INVESTMENTS LP by its general  
partner ARI YKD GP INC.**

Per: \_\_\_\_\_

Name: Stephen Kinsey  
Title: President

*I have authority to bind the Partnership*

**HUDSON'S BAY COMPANY  
ULC/COMPAGNIE DE LA BAIE D'HUDSON  
SRI**

Per: \_\_\_\_\_

Name: Ian Putnam  
Title: President & CEO, HBC Properties &  
Investments

*I/We have authority to bind the Corporation*

**HBC YSS 1 LIMITED PARTNERSHIP by its  
general partner HUDSON'S BAY COMPANY  
ULC/COMPAGNIE DE LA BAIE D'HUDSON  
SRI**

Per: \_\_\_\_\_

Name: Ian Putnam  
Title: Vice President

*I/We have authority to bind the Partnership*

## SCHEDULE “A”

By a lease dated September 26, 2002, the Landlord leased to the original tenant, Hudson’s Bay Company, the lands and premises as described in the Lease (the “**Premises**”), notice of which was registered on September 26, 2002 as Instrument No. AT3195, and was re-registered on November 11, 2005 as Instrument No. AT976895 (such lease, as amended from time to time, the “**Lease**”);

By a letter agreement dated October 24, 2002 between the Landlord and the original tenant, Hudson’s Bay Company, the original term of the Lease was extended pursuant to the Landlord exercising its option to extend the original term for the first four consecutive periods of five years each. Accordingly, the original term as extended by the first, second, third and fourth extension periods expires on September 25, 2027.

By letter agreement dated June 28, 2011 between the Landlord and the original tenant, Hudson’s Bay Company, the parties agreed upon certain terms, including respecting certain Landlord’s Work and Tenant’s Work in connection with the opening of a Top Shop store or department within the Premises and certain other Landlord’s work in the Tenant’s Home Outfitters store in connection with the construction of the new food court in the shopping centre.

By amending agreement dated April 3, 2014, between the Landlord, the Owner and the Tenant, the parties agreed upon certain terms, including respecting a parking ratio reduction, change to the no-build exception, tenant renovation allowance, and the Landlord’s option to increase annual minimum rent.

By beneficial lease assignment dated November 25, 2015, Hudson’s Bay Company, the legal and beneficial owner of the leasehold interest in the Premises, assigned its beneficial leasehold interest in and to the Premises to HBC YSS 1 Limited Partnership.

**SCHEDULE “B”**  
**Legal Description**

PIN 10232-0290 (LT)

Part of Lot 8, Concession 2, WYS, designated as Parts 10, 11, 12 and 13 on Plan 66R-13323, save and except Part 1 on Plan 66R-20399, City of Toronto.

PIN 10232-0310 (LT)

Part of Parcel 8-9, Section Y7, being Part of Lot 9, Concession 2, WYS, designated as Parts 1 & 2 on Plan 66R-13323, save and except Part 2 on Plan 66R-16192 and Part 1 on Plan 66R-26957, subject to NY427518 (93168), City of Toronto.

PIN 10232-0139 (LT)

Part of Parcel 8-2, Section Y-7, Freehold, being Part of Lots 8 and 9, Concession 2, WYS, designated as Parts 5 and 6 on Plan 66R-16192, City of Toronto.

PIN 10232-0146 (LT)

Part of Parcel 8-1, Section Y-7, Freehold, being Part of Lots 8 and 9, Concession 2, WYS, designated as Parts 3, 14 and 15 on Plan 66R-13323, save and except Part 1 on Plan 66R-15578, save and except Part 3 on Plan 66R-16192, and save and except Part 4 (leasehold) on Plan 66R-16192, subject to NY329294 (B108844), NY353722 (B108843), NY357732 (B108842) and subject to NY353722 (B108843), City of Toronto.

PIN 10232-0308 (LT)

Part of Parcel 8-9, Section Y7 Freehold, being part of Lot 9, Concession 2 WYS, designated as Part 2 on Plan 66R-16192; and Parcel 9-2, Section Y7 Freehold, being part of Lot 9, Concession 2 WYS, designated as Part 4 on Plan 66R-13323 except Part 1 on Plan 66R-27868 and Part 2 on Plan 66R-26957, City of Toronto.

PIN 10232-0312 (LT)

Part of Lot 9, Concession 2 WYS, being Part 3 on Plan 66R-16192 except Part 2 on Plan 66R-27868, together with C702847; and Part of Lots 8 & 9, Concession 2, WYS, designated as Parts 5 & 6 on Plan 66R-13323, save and except Parts 5 & 6 on Plan 66R-16192 & Part 1 on Plan 66R-19232, subject to A900224, over part 1 on 66R-10317; the east limit of Yorkdale Road confirmed by Boundaries Act Plan 66BA1840 by Instrument No. A903615 amended by C13675, the north limit of Highland Hill confirmed by Boundaries Act Plan 66BA1910 by Instrument No. A933197/D746, City of Toronto.

PIN 10232-0292 (LT)

Part of Lot 8, Concession 2, WYS, designated as Part 7 on Plan 66R-13323, save and except Part 3 on Plan 66R-20399, subject to NY410178 (B106442), City of Toronto.

PIN 10232-0294 (LT)

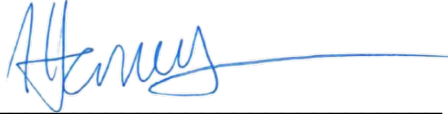
Part of Lot 8, Concession 2, WYS, designated as Parts 8 and 9 on Plan 66R-13323, save and except Part 2 on Plan 66R-20399, City of Toronto.

PIN 10232-0151 (LT)

Parcel 8-1 and Parcel 8-2, Section Y7 Leasehold, being part of Lots 8 and 9, Concession 2, WYS, designated as Parts 4, 5 and 6 on Plan 66R-16192, City of Toronto.



**THIS IS EXHIBIT "E"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Dennis Blasutti", with a long horizontal flourish extending to the right.

---

Commissioner for Taking Affidavits

Court File No. CV-\_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN

**RIOCAN REAL ESTATE INVESTMENT TRUST, RIOCAN HOLDINGS INC., RIOCAN HOLDINGS (OAKVILLE PLACE) INC., RIOCAN PROPERTY SERVICES TRUST, RC HOLDINGS II LP, RC NA GP 2 TRUST and RIOCAN FINANCIAL SERVICES LIMITED**

Applicants

- and -

**RIOCAN-HBC LIMITED PARTNERSHIP, RIOCAN-HBC GENERAL PARTNER INC., HBC YSS 1 LIMITED PARTNERSHIP, HBC YSS 1 LP INC., HBC YSS 2 LIMITED PARTNERSHIP, HBC YSS 2 LP INC., RIOCAN-HBC OTTAWA LIMITED PARTNERSHIP, RIOCAN-HBC (OTTAWA) HOLDINGS INC., and RIOCAN-HBC (OTTAWA) GP, INC.**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF DENNIS BLASUTTI  
(sworn May 29, 2025)**

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>- 1 -</b>
<b>II.</b>	<b>BACKGROUND AND OVERVIEW .....</b>	<b>- 6 -</b>
<b>III.</b>	<b>THE PARTIES.....</b>	<b>- 12 -</b>
<b>IV.</b>	<b>THE JV PROPERTIES AND THE SECURED INDEBTEDNESS .....</b>	<b>- 14 -</b>
	A. Overview .....	- 14 -
	B. JV Properties .....	- 15 -
	(i) Owned Real Properties .....	- 15 -
	(ii) Co-Owned Properties.....	- 15 -
	(iii) Leasehold Properties .....	- 15 -
	C. Secured Indebtedness.....	- 16 -
	D. Security Held by RioCan .....	- 18 -
<b>V.</b>	<b>THE JV ENTITIES AND THE HBC CCAA PROCEEDINGS.....</b>	<b>- 19 -</b>
<b>VI.</b>	<b>THE PROPOSED TRANSITION TO RECEIVERSHIP PROCEEDINGS .....</b>	<b>- 22 -</b>
<b>VII.</b>	<b>FINANCING THE RECEIVERSHIP.....</b>	<b>- 23 -</b>
<b>VIII.</b>	<b>PROPOSED APPOINTMENT ORDER .....</b>	<b>- 24 -</b>
<b>IX.</b>	<b>CONCLUSION .....</b>	<b>- 26 -</b>

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN

**RIOCAN REAL ESTATE INVESTMENT TRUST, RIOCAN HOLDINGS INC., RIOCAN HOLDINGS (OAKVILLE PLACE) INC., RIOCAN PROPERTY SERVICES TRUST, RC HOLDINGS II LP, RC NA GP 2 TRUST and RIOCAN FINANCIAL SERVICES LIMITED**

Applicants

- and -

**RIOCAN-HBC LIMITED PARTNERSHIP, RIOCAN-HBC GENERAL PARTNER INC., HBC YSS 1 LIMITED PARTNERSHIP, HBC YSS 1 LP INC., HBC YSS 2 LIMITED PARTNERSHIP, HBC YSS 2 LP INC., RIOCAN-HBC OTTAWA LIMITED PARTNERSHIP, RIOCAN-HBC (OTTAWA) HOLDINGS INC., and RIOCAN-HBC (OTTAWA) GP, INC.**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF DENNIS BLASUTTI  
(sworn May 29, 2025)**

I, Dennis Blasutti, of the City of Toronto, in the Province of Ontario, MAKE OATH AND  
SAY:

**I. INTRODUCTION**

1. I am the Chief Financial Officer of RioCan Real Estate Investment Trust (the “**REIT**” and, together, with RioCan Georgian Mall, RioCan Oakville Place, RC Property Services,

RC Holdings, RC NA Trust and RioCan Financial Services (each as defined below), “**RioCan**”). RioCan is a partner with Hudson’s Bay Company ULC Compagnie De La Baie D’Hudson SRI (collectively, with its affiliates “**HBC**”) in the real estate joint venture carried on by RioCan-HBC Limited Partnership (the “**RioCan-HBC JV**”). RioCan is also a co-owner with the RioCan-HBC JV of the Georgian Mall and Oakville Place properties and is party to various lending and other financing arrangements with the RioCan-HBC JV and certain of its subsidiaries. Specifically, RC Holdings II LP (“**RC Holdings**”) and RioCan Property Services Trust (“**RC Property Services**”), subsidiaries of the REIT, are each secured creditors of the RioCan-HBC JV.

2. I have been directly involved in the management and administration of RioCan’s arrangements with the RioCan-HBC JV, including since HBC commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). As such, I have personal knowledge of the matters deposed to herein. To the extent that information has been provided to me by others, I have specified the source of that information and in each case, I believe the information to be true. Nothing in this affidavit is intended to limit or waive privilege.

3. This affidavit is sworn in support of an application by RioCan for an order (the “**Appointment Order**”), among other things:

- (a) appointing FTI Consulting Canada Inc. (“**FTI**”) as receiver and manager (in such capacity, and not in its personal or corporate capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of the RioCan-HBC JV, RioCan-HBC General Partner Inc. (the “**JV General Partner**”), HBC YSS 1 Limited Partnership (“**YSS 1**”), HBC YSS 1 LP Inc. (“**YSS 1 LP**”), HBC YSS 2 Limited Partnership (“**YSS 2**”), HBC YSS 2 LP Inc. (“**YSS 2 LP**”), RioCan-HBC Ottawa Limited Partnership (the “**Ottawa LP**”), RioCan-HBC (Ottawa) Holdings

Inc. (the “**Ottawa Nominee**”) and RioCan-HBC (Ottawa) GP, Inc. (collectively, the “**JV Entities**” and each individually, a “**JV Entity**”) acquired for or used in relation to a business carried on by the JV Entities (including all proceeds thereof, the “**Property**”) pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and section 101 of the *Courts of Justice Act* (Ontario) (the “**CJA**”), including, without limitation, the Owned Real Properties, the Co-Ownership Interests, and the Leasehold Interests (each as defined below);

- (b) ordering that (i) the Receiver shall be at liberty and is empowered to borrow from RioCan, and/or any other persons (including, without limitation, any other Secured Lender (as defined below)), by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$20 million for the purpose of funding the business of the JV Entities or the exercise of the powers and duties conferred upon the Receiver by the Appointment Order, and (ii) the whole of the Property shall be charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon (collectively, the “**Receiver’s Borrowings**”), in priority to all encumbrances in favour of any person, provided that (x) the Receiver’s Borrowings Charge shall be subordinate in priority to the Receiver’s Charge (as defined below), the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA, (y) the amount of the Receiver’s Borrowings Charge shall only apply against any JV Property (as defined below) in the amount allocated to such JV Property in accordance with the allocation described below in

paragraph 3(d), below, save and except the amount of the Receiver's Borrowings Charge as against each of the BMO Secured Properties (as defined below), which in each case shall be the total aggregate amount allocated to the BMO Secured Properties, and (z) the amount of the Receiver's Borrowings Charge in respect of any Receiver's Borrowings borrowed from a Secured Lender other than RioCan, if any, shall only apply against any JV Property against which such Secured Lender has a charge or other security interest;

- (c) granting the Receiver a charge over all of the Property as security for the Receivership Costs (as defined below) (other than the Receiver's Borrowings, which shall be secured by the Receiver's Borrowings Charge) incurred both before and after the granting of the Appointment Order (the "**Receiver's Charge**"), with the Receiver's Charge having priority over all other charges and security interests, subject to (i) subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA and (ii) the amount of the Receiver's Charge only applying against any JV Property in the amount allocated to such JV Property in accordance with the allocation described below paragraph 3(d), below, save and except the amount of the Receiver's Charge as against each of the BMO Secured Properties, which in each case shall be the total aggregate amount allocated to the BMO Secured Properties;
- (d) ordering that the Receiver shall allocate the costs of the receivership proceedings, including, without limitation, the fees and expenses of the Receiver and its counsel incurred both before and after the granting of the Appointment Order in respect of these proceedings, the costs of RioCan in bringing this application and for any other matters completed for the benefit of these receivership proceedings pursuant to the

terms of the proposed Appointment Order, the Receiver's Borrowings, and any other reasonable general costs incurred (collectively, the "**Receivership Costs**"), against each of the JV Properties, in such amounts as the Receiver determines to be fair and reasonable, subject to the consent of RioCan and the Secured Lenders, or further order of the Court, and that the Receiver shall report to RioCan and the Secured Lenders and their respective representatives and advisors at such times and intervals as the Receiver may deem appropriate with respect to the current amount of the Receivership Costs and the proposed allocation thereof;

- (e) ordering that any agent or Secured Lender, as applicable, which holds a charge or other security interest registered against any JV Property that ranks senior in priority ahead of any charge or other security interest of RioCan in respect of such JV Property (in each case, a "**Priority Secured Lender**"), may, at any time, serve on the Receiver, RioCan, the other Secured Lenders and HBC a certificate in the form attached as Schedule "C" to the proposed Appointment Order (the "**Termination Certificate**") advising that such Priority Secured Lender wishes to terminate these receivership proceedings in respect of the JV Property against which such Priority Secured Lender holds priority security, and effective as of 12:01 a.m. (Toronto time) on the day that is seven days after service of the Termination Certificate (the "**Termination Time**"), the Receiver shall be discharged as Receiver of the applicable JV Property (subject, among other things, to payment by the Priority Secured Lender to the Receiver, or arrangements for payment satisfactory to the Receiver, of any Receivership Costs allocated to such JV Property);



- (f) staying all proceedings against or in respect of the JV Entities or their Property (which includes, for greater certainty, any Proceeding against any nominee, mandatory or prête-nom holding registered title to any JV Property in respect of any JV Property), except with the written consent of the Receiver or with leave of this Court; and
- (g) staying and suspending all rights and remedies against the JV Entities, the Receiver, or affecting the Property (which includes, for greater certainty, any rights and remedies against any nominee, mandatory or prête-nom holding registered title to any JV Property in respect of any JV Property), except with the written consent of the Receiver or leave of this Court, and subject to other customary exclusions.

4. Unless otherwise stated, (a) all monetary amounts contained herein are expressed in Canadian dollars, and (b) capitalized terms used but not otherwise defined herein have the meanings given to them in the affidavit of Jennifer Bewley dated March 7, 2025 (the “**Initial Bewley Affidavit**”), a copy of which is attached (without exhibits) as Exhibit “A” hereto.

## **II. BACKGROUND AND OVERVIEW**

5. The REIT and HBC are the limited partners of the RioCan-HBC JV. The REIT holds an approximately 22% limited partnership interest in the RioCan-HBC JV, and HBC holds the remaining approximately 78% limited partnership interest indirectly through its wholly-owned subsidiary, HBC Holdings LP.

6. On March 7, 2025, HBC sought and obtained an initial order (as amended and restated on March 21, 2025, the “**Initial Order**”) granting HBC protection under the CCAA (such proceedings, being referred to herein as the “**HBC CCAA Proceedings**”). The JV Entities, other

than YSS 1 LP and YSS 2 LP, are not applicants in the HBC CCAA Proceedings. However, as part of the relief obtained by HBC pursuant to the Initial Order, certain protections of the Initial Order were extended to the non-applicant JV Entities as “Non-Applicant Stay Parties”.

7. As detailed in the Initial Bewley Affidavit, sworn in support of HBC’s application for the Initial Order, the RioCan-HBC JV and its subsidiaries, YSS 1, YSS 2 and the Ottawa LP, own or co-own interests in 12 separate freehold and head leasehold properties (collectively, the “**JV Properties**” and each individually, a “**JV Property**”). The JV Properties include certain key real estate within Canada’s major markets. HBC is party to lease or sublease agreements with the applicable JV Entity and/or its nominee or bare trustee in respect of store locations at each of the JV Properties (collectively, the “**JV Leases**”).

8. In addition to the REIT being a partner with HBC of the RioCan-HBC JV, RioCan has advanced certain secured financing to the RioCan-HBC JV pursuant to the Georgian Mall Second Mortgage Credit Agreement and the Ottawa Second Mortgage Credit Agreement (each as defined below) and holds security in respect of the REIT’s guarantee of the Yorkdale RBC Financing (as defined below). The REIT is also a co-owner with the RioCan-HBC JV of the Georgian Mall and Oakville Place shopping centres. Further background regarding the RioCan-HBC JV and RioCan’s various arrangements with the RioCan-HBC and the other JV Entities is provided in my affidavit sworn on March 14, 2025, a copy of which is attached (without exhibits) as Exhibit “B” hereto.

9. The JV Entities are also subject to seven other secured financing arrangements involving various secured lenders (all secured lenders, collectively, the “**Secured Lenders**”) in addition to the Georgian Mall Second Mortgage Credit Agreement and the Ottawa Second Mortgage Credit Agreement. The various secured financing arrangements and the security granted by the JV

Entities in respect of these financing arrangements are described in the Initial Bewley Affidavit and summarized in a chart attached as Exhibit “C” hereto.

10. On March 21, 2025, the Court issued the following orders in the HBC CCAA Proceedings:

- (a) the SISP Order, among other things, approving a sale and investment solicitation process in respect of HBC’s business and property (the “**SISP**”); and
- (b) the Lease Monetization Process Order, among other things, approving a process to market HBC’s leases (the “**Lease Monetization Process**”).

11. The SISP and the Lease Monetization Process included marketing efforts in respect of the JV Entities (including, for example, HBC’s 78% interest in the RioCan-HBC JV) and the JV Leases, respectively, subject to various reservations of rights in favour of RioCan and the Secured Lenders.

12. The SISP preserves the ability of any party to challenge the ability of the HBC applicant entities or the Non-Applicant Stay Parties to transfer any Business or Property (each as defined in the SISP), and also provides, among other things, that no bid could be considered a Final Qualified Bid (as defined in the SISP): (a) in respect of any Property (as defined in the SISP) of a Non-Applicant Stay Party, without the prior written consent of the relevant Non-Applicant Secured Creditor (as defined in the Initial Order), and (b) in respect of any Property of RioCan, without the prior written consent of RioCan.

13. The Lease Monetization Process similarly preserves the ability of any party to challenge the ability of the HBC applicant entities or the Non-Applicant Stay Parties to transfer any leases, and also provides, among other things, that the Lease Monetization Process is subject to any rights

that RioCan may have in relation to a JV Head Lease (defined in the Initial Order as being any lease between a landlord and the RioCan-HBC JV, YSS1, YSS2 and the Ottawa LP), and no bid shall be considered a Successful Bid (as defined in the Lease Monetization Process): (i) 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 (ii) in respect of RioCan's interest in any JV Head Lease, without the prior written consent of RioCan.

14. RioCan's counsel engaged from time to time with counsel to HBC and Alvarez & Marsal Canada Inc., in its capacity as monitor of the applicants in the HBC CCAA Proceedings (the "**Monitor**"), and the Monitor's counsel, as HBC and its advisors advanced the SISP and the Lease Monetization Process to discuss the RioCan-HBC JV. Among other things, RioCan expressed its willingness to engage with HBC and its advisors to advance potential transaction and restructuring solutions involving the JV Entities and/or their properties and assets depending on the outcome of the SISP and the Lease Monetization Process, including from RioCan's standpoint as a partner of the RioCan-HBC JV and as secured creditor of the RioCan-HBC JV.

15. Following the bid deadlines in the SISP and the Lease Monetization Process, I am aware based on various discussions or exchanges with HBC and discussions or exchanges between RioCan's counsel and counsel to HBC and the Monitor and its counsel, that (a) the SISP did not result in any bid for HBC's 78% interest in the RioCan-HBC JV or a transaction that provided for the assumption or assignment of the JV Leases on their current terms, and (b) the Lease Monetization Process did not generate any transactions in respect of the JV Leases on their current terms.

16. Given the results of the SISP and the Lease Monetization Process, and considering the current status and circumstances of HBC, the HBC CCAA Proceedings and the significant secured

debt claims against the JV Entities, I believe that RioCan and the various other Secured Lenders have the fulcrum economic interest in the JV Entities. HBC's interest in the JV Entities is subject to the secured claims of RioCan and the other Secured Lenders and any unsecured claims against the JV Entities.

17. Accordingly, RioCan and its counsel engaged with HBC and the Monitor, as well as their respective counsel, to discuss and develop a global solution for the RioCan-HBC JV in order to preserve and maximize value of the JV Entities and their assets for the benefit of stakeholders. Following discussions and efforts to work to develop a consensual, value-maximizing solution for the RioCan-HBC JV, the parties decided that the best path forward in the circumstances for the JV Entities and their stakeholders was to transition the JV Entities to a receivership process.

18. During this time, RioCan and its counsel also engaged in discussions with the other Secured Lenders and their respective counsel in an effort to develop a broadly supported transition plan.

19. Following extensive efforts led by RioCan, in consultation with HBC and the Monitor and the parties' respective counsel, RioCan believes that it has developed a global transition plan for the RioCan-HBC JV and the other JV Entities. Pursuant to the proposed Appointment Order, RioCan seeks the appointment of FTI as the Receiver of the Property of the JV Entities pursuant to subsection 243(1) of the BIA and section 101 of the CJA, including, without limitation, the Owned Real Properties, the Co-Ownership Interests, and the Leasehold Interests. The appointment of FTI as the Receiver will enable the Receiver, in consultation with RioCan, the applicable Secured Lenders, the landlords of the Leasehold Properties (as defined below) (the "**JV Landlords**") and HBC, as appropriate, to take steps to preserve and maximize value. This may involve, without limitation, advancing various secured creditor credit bid transactions, conducting additional sale efforts in respect of certain of the JV Properties, seeking to identify new

tenants and subtenants for the JV Properties on amended or new lease terms, and/or advancing potential redevelopment opportunities.

20. RioCan has also consulted with the other Secured Lenders regarding the proposed appointment of the Receiver and the terms of the proposed Appointment Order, and intends to continue to engage with such Secured Lenders regarding the proposed receivership transition. Recognizing the varying interests of the Secured Lenders and in an effort to balance the interests of all stakeholders of the JV Entities, the proposed Appointment Order provides that any Priority Secured Lender may elect during the receivership proceedings to terminate such proceedings in respect of the JV Property against which it holds priority security, effective as at the Termination Time and subject to payment by the Priority Secured Lender, or arrangements for payment satisfactory to the Receiver, of any Receivership Costs allocated to such JV Property in accordance with the proposed Appointment Order, by serving a Termination Certificate on the Receiver and RioCan. In such circumstances the Receiver would be discharged as receiver of the applicable JV Property save and except only to complete certain incidental duties as may be required.

21. RioCan believes that transitioning the RioCan-HBC JV into receivership proceedings pursuant to the proposed Appointment Order is appropriate at this time given the results of the SISP and Lease Monetization Process and the current circumstances of HBC, and will provide a stabilized environment for the Receiver to preserve and maximize the value of the JV Entities and their assets. RioCan is prepared to provide funding to the Receiver, on a priority basis pursuant to Receiver's borrowing certificates, to fund the cost of these receivership proceedings. RioCan believes that a global solution for the JV Entities will reduce costs, maximize the value of the assets of the JV Entities, avoid competing efforts and preserve the priority interests of the various Priority Secured Lenders.

22. RioCan, together with its advisors, and in consultation with HBC and the Monitor and their respective advisors, has considered the potential alternatives available to preserve and maximize the value of the JV Entities and their assets. RioCan is aware of certain third-parties who are interested in entering into new or amended sublease agreements in respect of the Leasehold Properties and additional third-parties who have an interest in other JV Properties. RioCan believes that transitioning the JV Entities to a receivership represents the best path forward, and that the proposed Appointment Order provides for a fair balancing of the interests of the various stakeholders.

### **III. THE PARTIES**

23. The applicants are the REIT, RC Holdings, RC Property Services, RioCan Holdings Inc. (“**RioCan Georgian Mall**”), RioCan Holdings (Oakville Place) Inc. (“**RioCan Oakville Place**”), RC NA GP 2 Trust (“**RC NA Trust**”) and RioCan Financial Services Limited (“**RioCan Financial Services**”).

24. The REIT is a Canadian real estate investment trust. The REIT’s units are listed on the Toronto Stock Exchange under the symbol “REI.UN”. The REIT is an approximately 22% limited partner of the RioCan-HBC JV.

25. RC Holdings, RC Property Services, RioCan Oakville Place, RioCan Georgian Mall, RC NA Trust and RioCan Financial Services are each subsidiaries of the REIT.

26. RC Holdings is a limited partnership registered and carrying on business in Ontario. RC Holdings is a secured creditor of the RioCan-HBC JV pursuant to the Georgian Mall Second Mortgage Credit Agreement and the Ottawa Second Mortgage Credit Agreement. RC NA Trust is the general partner of RC Holdings, and RioCan Financial Services is the trustee of RC NA Trust.

27. RC Property Services is a trust registered and carrying on business in Ontario. RC Property Services is a secured creditor of the RioCan-HBC JV in connection with the REIT's guarantee of the Yorkdale RBC Financing.

28. RioCan Oakville Place and RioCan Georgian Mall are both corporations incorporated under the laws of Ontario. RioCan Oakville Place and RioCan Georgian Mall are the bare trustee and nominee corporations holding legal title to the Oakville Place and Georgian Mall properties, respectively, for and on behalf of the REIT and the RioCan-HBC JV, as co-owners.

29. The respondents are the JV Entities, consisting of:

- (a) four limited partnerships that hold beneficial interests in the JV Properties, being the RioCan-HBC JV, YSS 1, YSS 2 and the Ottawa LP. The RioCan-HBC JV holds all (but one) of the limited partnership units of each of YSS 1 and YSS 2, and all of the limited partnership units of the Ottawa LP;
- (b) YSS 1 LP and YSS 1 LP, each of which hold one limited partnership unit of each of YSS 1 and YSS 2, respectively;
- (c) the JV General Partner, being the general partner of the RioCan-HBC JV, and the RioCan-HBC (Ottawa) GP, Inc., being the general partner of the Ottawa LP; and
- (d) the Ottawa Nominee, being the entity that holds the legal interest in the Ottawa property.

30. Attached as Exhibit "D" hereto is the HBC corporate chart included as an exhibit to the Initial Bewley Affidavit, which includes the structure of the JV Entities.



31. Each of the JV Entities are either Ontario corporations or Ontario limited partnerships. Limited partnership reports and corporate profile reports in respect of each of the JV Entities obtained from the Ontario Ministry of Government Services are attached as Exhibit “E” hereto.

#### **IV. THE JV PROPERTIES AND THE SECURED INDEBTEDNESS**

##### **A. Overview**

32. The Initial Bewley Affidavit, a copy of which is attached (without exhibits) as Exhibit “A” hereto, provides a detailed overview of the JV Properties and the various secured financing arrangements of the RioCan-HBC JV and the other JV Entities at paragraphs 51 to 79 thereof.

33. In addition, attached as Exhibit “C” hereto is a summary chart setting out various the JV Properties, the relevant JV Entities that hold the beneficial interest in such properties, the relevant nominee entities that hold the legal interest in the JV Properties for the benefit of the applicable limited partnership beneficiary JV Entity, and the various secured financing arrangements in respect of each of the JV Properties. As described in the Initial Bewley Affidavit, the nominee entities that hold the legal interest in the JV Properties do not have any beneficial interest in the JV Properties and are required to deal with the applicable JV Property in accordance with the instructions of the applicable JV Entity.

**B. JV Properties**

34. In summary, the JV Properties consist of owned properties, co-owned properties and leased properties as follows:

*(i) Owned Real Properties*

35. The RioCan-HBC JV owns four wholly-owned freehold properties in Vancouver, Calgary, Montreal and Windsor (the Devonshire Mall), and the Ottawa LP owns one wholly-owned freehold property in Ottawa (collectively, the “**Owned Real Properties**”).

*(ii) Co-Owned Properties*

36. The RioCan-HBC JV holds an undivided 50% co-ownership interest (the “**Co-Ownership Interests**”) in the Oakville Place and Georgian Mall shopping centres (the “**Co-Owned Properties**”). The REIT is the other 50% co-owner of these two properties.

*(iii) Leasehold Properties*

37. The JV Entities hold the beneficial leasehold interest (the “**Leasehold Interests**”) in respect of five head leases in the following locations: (i) Yorkdale Shopping Centre; (ii) Scarborough Town Centre; (iii) Square One; (iv) Carrefour Laval; and (v) Promenade St. Bruno (the “**Leasehold Properties**”).

38. Each of the head leases are long-term ground leases or emphyteutic leases of certain premises within which the applicable HBC stores are situated and such premises have been further leased to HBC pursuant to the JV Leases.

39. I am also advised by Robert J. Chadwick of Goodmans LLP, counsel to RioCan, that the JV Entities have certain leasehold interests relating to the Calgary, Montreal, Devonshire Mall and Ottawa Owned Real Properties.

**C. Secured Indebtedness**

40. The Initial Bewley Affidavit described the following secured financing arrangements in respect of the JV Entities:

- (a) the “**Yorkdale RBC Financing**” meaning the \$75 million first mortgage financing made available pursuant to the credit agreement between, among others, YSS 1, as borrower, the REIT, as guarantor, and Royal Bank of Canada and various other financial institutions party thereto, as lenders, dated January 26, 2024;
- (b) the “**BMO First Mortgage Financing**” means the \$105 million first mortgage financing made available pursuant to an amended and restated credit agreement between, among others, Bank of Montreal, Canadian Imperial Bank of Commerce, Bank of China (Canada), SBI Canada Bank, and Hudson’s Bay Company Pension Plan, as lenders, and the RioCan-HBC JV, as borrower, dated as of May 31, 2024 (as amended). As security for the BMO First Mortgage Financing, Bank of Montreal, as administrative agent, has a security interest against the Calgary property and the Carrefour Laval and Promenade St. Bruno Leasehold Interests (collectively, the “**BMO Secured Properties**”);
- (c) the “**Vancouver HSBC First Mortgage Financing**” meaning the \$202 million first mortgage financing made available pursuant to the credit agreement between, among others, the RioCan-HBC JV, as borrower, and Royal Bank of Canada (formerly HSBC Bank Canada), Canadian Western Bank, United Overseas Bank, and Industrial & Commercial Bank of China (Canada), as lenders, dated as of May 24, 2022;

- (d) the “**Montreal RBC First Priority Financing**” meaning the \$161 million first priority financing made available pursuant to the amended and restated loan agreement between, among others, the RioCan-HBC JV, as borrower, and Royal Bank of Canada, as lender, dated as of October 3, 2022;
- (e) the “**Ottawa First Mortgage Financing**” meaning the \$56,525,000 first mortgage financing made available pursuant to the loan agreement between Desjardins Financial Security Life Assurance Company, as lender, RioCan-HBC (Ottawa) Holdings Inc., as borrower, the RioCan-HBC JV and the REIT, as co-guarantors (the RioCan-HBC JV on a full recourse basis, and the REIT on a limited 21.9% basis), dated as of October 3, 2024;
- (f) the “**Ottawa Second Mortgage Financing**” meaning the \$16,650,000 second mortgage financing made available pursuant to the loan agreement between the RioCan-HBC JV, as borrower, and RC Holdings, as lender, dated as of October 3, 2024 (the “**Ottawa Second Mortgage Credit Agreement**”);
- (g) the “**Oakville First Mortgage Financing**” meaning the \$87,400,000 first mortgage financing made available pursuant to the loan agreement between RioCan Holdings (Oakville Place) Inc., as borrower, and The Toronto-Dominion Bank and The Canada Life Assurance Company, as lenders, dated as of June 14, 2021;
- (h) the “**Georgian Mall First Mortgage Financing**” meaning the \$110 million first mortgage financing made available pursuant to the loan agreement between RioCan Holdings Inc., as borrower, Desjardins Financial Security Life Assurance

Company, as lender, and RioCan-HBC JV and the REIT as co-guarantors (on a proportionate basis), dated as of February 12, 2024; and

- (i) the “**Georgian Mall Second Mortgage Financing**” meaning the \$24.5 million second mortgage financing made available pursuant to the loan agreement between RioCan-HBC JV, as borrower, RC Holdings, as lender, dated February 12, 2024 (as amended, the “**Georgian Mall Second Mortgage Credit Agreement**”).

41. As at May 27, 2025, the total amount outstanding to RioCan under the Georgian Mall Second Mortgage Credit Agreement and the Ottawa Second Mortgage Credit Agreement was approximately \$24.1 million and \$14.1 million, respectively, in each case inclusive of principal, interest and certain other fees, costs and expenses.

#### **D. Security Held by RioCan**

42. RioCan holds several security interests against the JV Entities and their assets. In particular, as security for the obligations under the Ottawa Second Mortgage Financing, among other things, RioCan-HBC (Ottawa) Holdings Inc., as the registered owner of the Ottawa property, granted a registered charge on the Ottawa property in favour of RioCan Financial Services (as trustee of RC NA Trust, general partner of RC Holdings LP), a copy of which is attached as Exhibit “F” hereto.

43. Regarding the Georgian Mall Second Mortgage Credit Agreement, among other things, RioCan Holdings Inc., as the registered owner of the subject property, granted a registered charge against the undivided co-ownership interest of the RioCan-HBC JV in the Georgian Mall property in favour of RioCan Financial Services (as trustee of RC NA Trust, general partner of RC Holdings LP), a copy of which is attached as Exhibit “G” hereto.

44. RioCan is also party to various other financing arrangements with the JV Entities and has been granted certain other security interests in the assets of the JV Entities. Such additional security interests in favour of RioCan include, among other things:

- (a) a pledge by the RioCan-HBC JV of the YSS 1 units it holds;
- (b) a pledge by the RioCan-HBC JV of the Ottawa LP units it holds;
- (c) a first-ranking charge on the RioCan-HBC JV's freehold property at the Devonshire Mall;
- (d) a second-ranking charge / hypothec on the RioCan-HBC JV's freehold property in downtown Montreal; and
- (e) a second-ranking charge on the RioCan-HBC JV's 50% undivided co-ownership interest in the Oakville Place property.

45. RioCan's various security interests in the assets of the JV Entities are also reflected in the summary chart attached as Exhibit "C" hereto.

## **V. THE JV ENTITIES AND THE HBC CCAA PROCEEDINGS**

46. HBC was the principal tenant of the JV Properties and the monthly rents payable by HBC under the JV Leases represented the main source of funds from which the JV Entities would fund operations, service their secured debt obligations and pay rent obligations owing to the JV Landlords under the head leases relating to the Leased Properties, among other things. Given the current circumstances of HBC, its wind-down pursuant to the HBC CCAA Proceedings and the

results of the SISP and Lease Monetization Process, HBC, in consultation with the Monitor, has taken steps to disclaim the JV Leases and otherwise cease paying monthly rents to the JV Entities.

47. HBC has delivered notices of disclaimer to RioCan in respect of the JV Leases related to the Co-Owned Properties and all of the Owned Real Properties. The effective date of the disclaimers are as follows:

- (a) June 16, 2025, for the JV Leases related to the Co-Owned Properties;
- (b) June 20, 2025, for the JV Leases related to all of the Owned Real Properties other than the Devonshire Mall property; and
- (c) June 22, 2025, for the JV Lease related to the Devonshire Mall property.

48. Regarding the JV Leases related to the Leasehold Properties, RioCan and HBC reached an agreement for HBC to defer issuing notices of disclaimers in respect of such JV Leases as part of efforts to maximize the value of the head leases for such properties in conjunction with the applicable JV Leases. Under this arrangement, RioCan and HBC agreed, among other things, to cause the applicable JV Entities to waive all obligations of HBC under the applicable JV Leases from and after June 16, 2025, and that the JV Entities would remain liable for obligations under the applicable head leases and for municipal tax obligations, with RioCan agreeing, if needed, to provide sufficient interim secured funding to enable the JV Entities to meet such obligations going forward pending the results of the receivership proceedings relating to such Leasehold Properties.

49. Based on the current circumstances, the JV Entities will be unable to meet their secured debt obligations to the Secured Lenders and any other obligations owed to stakeholders from and after receiving the June rent payments from HBC.

50. RioCan believes that, given the significant secured debt claims against the JV Entities and the current status and circumstances of HBC, including the results of the SISP and the Lease Monetization Process and the fact that HBC is completing the wind-down of its business and the sale of its assets (which does not include any sale or assignment in respect of the assets of the JV Entities), it is appropriate to appoint the Receiver in respect of the Property of the JV Entities to act in the interests of the JV Entities and their stakeholders and ensure that the assets of the JV Entities are protected. The Receiver will engage with the key stakeholders of the JV Entities and take steps to maximize value of the JV Entities and their assets.

51. On May 29, 2025, RioCan issued a letter to the RioCan-HBC JV (subject to HBC's written consent to, or a court order granting, the lifting of the stay of proceedings in the HBC CCAA Proceedings, as necessary) declaring all obligations owing by the RioCan-HBC JV to RioCan pursuant to the Georgian Mall Second Mortgage Credit Agreement and the Ottawa Second Mortgage Credit Agreement to be due and payable and demanding payment in full of such obligations (the "**Demand Letter**"). The Demand Letter also enclosed notices of intention to enforce security pursuant to subsection 244(1) of the BIA (the "**BIA Notices**"). A copy of the Demand Letter is attached hereto as Exhibit "H".

52. It is my understanding that HBC's written consent to the lifting of the stay of proceedings for the purposes of permitting RioCan to issue the 244 Notices and proceed with its application seeking the proposed Appointment Order, among other things, is expected to be provided by HBC prior to the application for the Appointment Order.



## **VI. THE PROPOSED TRANSITION TO RECEIVERSHIP PROCEEDINGS**

53. RioCan believes that transitioning the JV Entities into receivership proceedings and appointing FTI as the Receiver is necessary and appropriate at this time given HBC's current circumstances and the results of the SISP and the Lease Monetization Process in order to preserve and maximize value with respect to the JV Entities and their assets. HBC and its employees were largely responsible for managing the day-to-day affairs of the JV Entities. Given the foregoing, the assistance of an experienced Court officer is necessary and will provide the JV Entities with stability for the benefit of all stakeholders of the JV Entities and enable the Receiver to work with RioCan, the Secured Lenders, the JV Landlords and HBC, as appropriate, on solutions for the various JV Properties. A continued stay of proceedings is needed in order to address the various JV Properties and provide the Receiver time to attempt to advance and ultimately enter into various transactions for the benefit of the stakeholders of the JV Entities.

54. RioCan also believes that transitioning the JV Entities into a single, global receivership proceeding represents the most efficient path forward to deal with the JV Entities and the various JV Properties. RioCan understands that the JV Properties have been managed by HBC to date on a global basis, including from a record-keeping and accounting standpoint. RioCan believes that preserving this structure within a global receivership proceeding is most effective and efficient in the circumstances.

55. RioCan has determined, in consultation with HBC and the Monitor, to bring this receivership application given its position as limited partner of, secured lender to and guarantor of certain obligations of the RioCan-HBC JV. This is not a situation in which there is a single secured creditor with a general security interest over all of the property and assets of the applicable debtor

entities. RioCan has also worked to consult with the other Secured Lenders regarding the proposed appointment of the Receiver.

56. The appointment of FTI as the Receiver at this time is appropriate as it will enable the Receiver, in consultation with RioCan, the applicable Secured Lenders, the JV Landlords and HBC, as appropriate, to immediately take steps and actions with respect to the JV Entities and their assets. The SISP and the Lease Monetization Process did not result in any transactions in respect of the JV Entities or their assets. It is now appropriate to appoint the Receiver on the terms of the proposed Appointment Order in order to immediately and efficiently take steps regarding the JV Entities and their Property. This may involve, without limitation, advancing various secured creditor credit bid transactions, conducting additional sale efforts in respect of certain of the JV Properties, seeking to identify new tenants and subtenants for the JV Properties on amended or new lease terms, and/or advancing potential redevelopment opportunities.

57. RioCan also has the expertise to work with the Receiver to the extent it would assist the Receiver on identifying and implementing any other solutions that would maximize the value of the JV Properties for the benefit of stakeholders of the JV Entities.

58. FTI is a licensed insolvency trustee with extensive experience in Canadian insolvency proceedings, including receiverships. FTI has consented to act as Receiver if appointed by this Court, subject to the form of receivership order granted being substantially in the form of the proposed Appointment Order. A copy of FTI's consent is attached to as Exhibit "I" hereto.

## **VII. FINANCING THE RECEIVERSHIP**

59. The Receiver, if appointed, will require funding to perform its powers and duties as Receiver. RioCan is only prepared to advance funds to support the JV Entities in the context of

these receivership proceedings. If the proposed Appointment Order is granted, RioCan is prepared to advance funds to the Receiver. The proposed Appointment Order also permits the Receiver to borrow from any other persons, including any other Secured Lender.

60. Pursuant to the proposed Appointment Order, RioCan's costs of bringing this application for the appointment of the Receiver pursuant to the Appointment Order and for any other matters requested by the Receiver to be completed by RioCan's counsel, Goodmans LLP, for the benefit of these receivership proceedings, shall form part of the Receivership Costs, which benefit from the Receiver's Charge, and shall be paid by the Receiver.

#### **VIII. PROPOSED APPOINTMENT ORDER**

61. I am advised by Robert J. Chadwick of Goodmans LLP, counsel to RioCan, that the proposed Appointment Order is based on and includes most of the customary terms contained in the model receivership order. RioCan seeks the appointment of the Receiver over all of the Property of the JV Entities pursuant to subsection 243(1) of the BIA and section 101 of the CJA pursuant to the proposed Appointment Order.

62. The proposed Appointment Order requires the Receiver to allocate the Receivership Costs against each of the JV Properties in such amounts as the Receiver determines to be fair and reasonable, subject to the consent of RioCan and the Secured Lenders, or further order of the Court, and that the Receiver shall report to RioCan and the Secured Lenders and their respective representatives and advisors at such times and intervals as the Receiver may deem appropriate with respect to the current amount of the Receivership Costs and the proposed allocation thereof.

63. Further, the proposed Appointment Order provides that the Receiver's Charge and the Receiver's Borrowings Charge shall only apply against any JV Property in the amount allocated

to such JV Property in accordance with the above allocation requirement, save and except the amount of the Receiver's Charge and the Receiver's Borrowings Charge as against each of the BMO Secured Properties, which in each case shall be the total amount allocated to the BMO Secured Properties. The amount of the Receiver's Borrowings Charge in respect of Receiver's Borrowings borrowed from a Secured Lender other than RioCan, if any, shall only apply against any JV Property against which such Secured Lender has a charge or other security interest.

64. The proposed Appointment Order also authorizes the Receiver to engage with HBC and the Monitor and their respective representatives, as the Receiver may deem appropriate, to discuss and address matters relating to the proposed receivership proceedings.

65. I am advised by Robert J. Chadwick of Goodmans LLP that the proposed Appointment Order includes the customary stay provisions of the model receivership order. It is critical that the JV Entities continue to benefit from a stay of proceedings as part of transitioning to a receivership proceeding to ensure that the value of the JV Entities and their assets is protected. The stay of proceedings will also ensure that the Receiver has the necessary time and stability to work to try to identify and implement available value maximizing transactions for the benefit of the stakeholders of the JV Entities.

66. With respect to the JV Entities' interests in the Leasehold Properties, there are operating covenants in the head leases relating to the Leased Properties which generally require the continued operation by the tenant of its permitted business from the Leased Properties on the terms identified in the applicable head leases. I believe that it is essential to provide the Receiver with the opportunity to determine if there are any replacement tenants that would be interested in subleasing the Leased Premises on revised terms, and that it would be detrimental to the JV Entities if the

wind-down of HBC's business operations pursuant to the HBC CCAA Proceedings were to permit the JV Landlords under the head leases to exercise any rights or remedies pursuant to a breach of the continuous operating covenants or otherwise.

67. RioCan is aware of certain third-parties who have expressed an interest in entering into new or amended sublease agreements in respect of the Leasehold Properties and certain other properties. In this regard, RioCan has taken steps to preserve the JV Leases related to the Leasehold Properties by reaching the agreement with HBC referred to above to defer the issuance of notices of disclaimers with respect to such JV Leases. Accordingly, a stay of proceedings against or in respect of the JV Entities or their Property is also necessary to protect the interests of the JV Entities in the head leases and preserve and maximize value in the circumstances.

## **IX. CONCLUSION**

68. RioCan believes that a global solution for the JV Entities will preserve and maximize value for the benefit of the stakeholders of the JV Entities. For the reasons set out above, RioCan seeks the appointment of FTI as the Receiver of the Property of the JV Entities, including the Owned Real Properties, the Co-Ownership Interests, and the Leasehold Interests. Given the current circumstances of HBC, its wind-down pursuant to the HBC CCAA Proceedings and the results of the SISF and Lease Monetization Process, RioCan believes it is appropriate at this time to transition the JV Entities to a receivership process, and that the proposed receivership proceedings will provide the appropriate forum to protect the interests of the stakeholders of the JV Entities and maximize value. I believe that the proposed Appointment Order provides for a fair balancing

of the interests of the various stakeholders and allows the Receiver to take appropriate steps to effectively and efficiently deal with the various JV Properties.

SWORN before me by Dennis Blasutti  
stated as being located in the City of  
Toronto in the Province of Ontario  
before me at the City of Toronto in the  
Province of Ontario, on May 29, 2025,  
in accordance with *O. Reg 431/20*,  
*Administering Oath or Declaration*  
*Remotely*



A Commissioner for taking affidavits

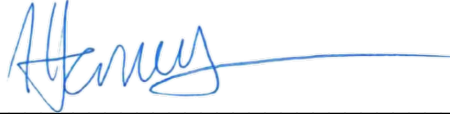
Andrew Harmes  
LSO#723221A

Signed by:



B456BC7AC7854CE  
**DENNIS BLASUTTI**

**THIS IS EXHIBIT "F"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal line extending to the right.

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Commissioner for Taking Affidavits

## SUBLEASE

THIS SUBLEASE made as of the 12th day of August 2025.

## BETWEEN:

**FTI CONSULTING CANADA INC.**, solely in its capacity as court appointed receiver and manager, without security, of all of the assets, undertakings and properties of **HBC YSS 1 LIMITED PARTNERSHIP** and **HBC YSS 1 LP INC.** and certain other respondents, and not in its personal or corporate capacity

(the "**Sublandlord**")

- and -

**FAIRWEATHER LTD.**

(the "**Subtenant**")

## WHEREAS:

- A. By a lease dated the 26<sup>th</sup> day of September, 2002 (as amended, supplemented and assigned, collectively, the "**Head Lease**"), Yorkdale Shopping Centre Holdings Inc. (the "**Head Landlord**"), as landlord and successor-in-interest to each of OMERS Realty Corporation, OMERS Realty Holdings (Yorkdale) Inc. and 1331430 Ontario Inc., collectively, as original landlords, leased certain department store premises (the "**Premises**") to HBC YSS 1 Limited Partnership ("**YSS 1**"), as tenant and successor-in-interest to Hudson's Bay Company, in the shopping centre known as Yorkdale Mall (the "**Shopping Centre**") in the City of Toronto, Province of Ontario;
- B. Pursuant to an Order of the Ontario Superior Court of Justice (the "**Court**") dated June 3, 2025 (such order, as it may be amended, extended, varied and/or replaced from time to time is hereinafter collectively referred to as the "**Receivership Order**", and the proceeding pursuant to the Receivership Order is hereinafter referred to as the "**Receivership**"), FTI Consulting Canada Inc. was appointed as court-appointed receiver, without security, of all of the assets, undertaking and properties of YSS 1, HBC YSS 1 LP INC., and the other JV Entities (as defined in the Receivership Order) (in such capacity, the "**Receiver**").
- C. Pursuant to the Receivership Order, the Receiver is empowered and authorized to, among other things, enter into an agreement to lease or sublease any JV Properties (as defined in the Receivership Order), including the Premises, subject to the terms of the Receivership Order; and
- D. Sublandlord has agreed, subject to the terms of this Sublease, to sublease the entirety of the Premises to the Subtenant (the "**Subleased Premises**") for a term (the "**Sublease Term**") commencing on the date (the "**Commencement Date**") that the Sublandlord delivers vacant possession of the Subleased Premises to the Subtenant in a condition that is suitable for commencement of the Subtenant's Work (as defined hereunder), as determined by the Sublandlord, acting reasonably, notwithstanding that during the Fixturing Period (as defined hereunder), the Sublandlord may access the Subleased Premises with the Subtenant for the purposes of completing any items of work required of it under Section 16 of this Sublease, which Commencement Date will be identified in a notice to be delivered by the Sublandlord to the Subtenant and is currently anticipated to be September 15, 2025, provided the foregoing date is an estimate only and is not binding on the Sublandlord and, subject to Section 5 hereof, expiring on the day immediately preceding the last day of the final renewal or extension term of the Head Lease, such that the maximum length of the Sublease Term shall be the maximum term available to the Sublandlord under the Head Lease, less one day, all on the terms and conditions as hereinafter set out,

NOW THEREFORE THIS SUBLEASE WITNESSES that in consideration of the rents, covenants and agreements hereinafter set forth, other good and valuable consideration and the sum of two (\$2.00) dollars now paid by each of the parties to the other (the receipt and sufficiency of which is



hereby acknowledged by both of the parties), the parties hereto covenant and agree with each other as follows:

**1. Capitalized Terms**

Each capitalized term used herein shall have the meaning ascribed to it herein and if not herein then in the Head Lease.

**2. Grant**

The Sublandlord hereby demises and subleases to the Subtenant the Subleased Premises for the Sublease Term in accordance with and subject to the terms, covenants and conditions contained in this Sublease and in the Head Lease. Notwithstanding anything contained herein to the contrary, the Sublandlord reserves to itself the last day of the Term of the Head Lease, each party hereby acknowledging and agreeing that this Sublease is, and is intended to be, a sublease of the Subleased Premises and that this Sublease shall not operate as an assignment of the Head Lease to the Subtenant.

**3. Sublease**

It is the express intention of the parties that this Sublease is to be on the same terms and conditions as contained in the Head Lease save and except as provided for herein. The Subtenant hereby acknowledges receipt of a true, complete and correct copy of the Head Lease.

**4. Fixturing Period**

In order to prepare the Subleased Premises for its initial opening in accordance with plans and specifications approved by the Sublandlord in writing in advance, such approval not to be unreasonably withheld, conditioned or delayed (the "**Subtenant's Work**"), the Subtenant shall have a fixturing period (the "**Fixturing Period**") commencing on the Commencement Date and expiring on the earlier of: (a) the day immediately preceding the date upon which the Subtenant opens for business in any part of the Subleased Premises; and (b) the date that is six months from the Commencement Date. The Subtenant's Work shall be completed in accordance with the terms and conditions of this Sublease, including, without limitation, Section 11 hereunder.

Prior to commencing any Subtenant's Work, the Subtenant must deliver to the Sublandlord a certificate confirming that its contractor has obtained general liability insurance in the form acceptable to the Sublandlord, naming both the Sublandlord and its property manager as additional named insureds. During the Fixturing Period, the Subtenant shall be bound by all terms, covenants and conditions contained in this Sublease, save and except for those requiring the payment of Gross Rent payable herein (save for any amounts arising by virtue of the default of the Subtenant under this Sublease and save for the obligation of the Subtenant to pay for all Utilities (as defined herein) used by the Subtenant or consumed in the Subleased Premises during the Fixturing Period), provided that the Subtenant shall only be liable for the cost of Utilities actually used or consumed by the Subtenant during any period of physical occupation by the Subtenant of the Subleased Premises, such that the Sublandlord shall remain responsible for the cost of any Utilities attributable to the Subleased Premises during any portion of the Fixturing Period that precedes the Subtenant's initial date of occupancy.

In the event the Subtenant fails to open the Subleased Premises for business fully fixtured, stocked and staffed by not later than May 31, 2026, then the Sublandlord shall, in addition to any and all remedies herein provided, have the option to terminate this Sublease upon notice to the Subtenant, without prejudice to any of the Sublandlord's rights or remedies hereunder or at law.

**5. Sublease Term**

- (a) Sublandlord and Subtenant covenant and agree that the initial Sublease Term (the "**Initial Term**") will be the period of time commencing on the day immediately following the date of expiry of the Fixturing Period (the "**Rent Commencement Date**") and expiring on the date that is twenty-five (25) years from the Rent Commencement Date, subject to the provisions of Section 5(b).
- (b) The Subtenant shall have the option to further extend the Initial Term for consecutive periods of fifteen (15) years each (each such period, an "**Extension Term**") commencing on the expiration of the Initial Term or the immediately preceding Extension Term (or in the case of the final Extension Term, for a period equal to the remainder of the existing term of the Head Lease and all renewal or extension terms available to the Sublandlord under the Head Lease), excluding the last

day of the final renewal or extension term of the Head Lease, as the case may be, provided that (i) in the case of the first Extension Term, the Subtenant gives the Sublandlord written notice exercising such option to extend (an "**Extension Notice**") not later than 5:00 p.m. on the date which is six (6) months prior to the expiration of the Initial Term, or each subsequent Extension Term, as applicable. Notwithstanding anything to the contrary, there shall be no further right to extend the Term or renew this Sublease beyond the maximum term available to the Sublandlord under the Head Lease (being the remainder of the existing term and all remaining renewal or extension terms available to the Sublandlord under the Head Lease), excluding the last day of the final renewal or extension term of the Head Lease which will not be included in this demise but which will be held by the Sublandlord in trust for the full benefit and use of the Subtenant (subject to the same limitations and restrictions on use as provided herein). If the Term is validly extended in accordance with this Section 5(b), all provisions, terms and conditions of this Sublease shall be applicable during the relevant Extension Term. If the Subtenant does not exercise any of its options to extend the Sublease Term in accordance with this Section 5(b), the Sublandlord will have the right to terminate this Sublease at any time during the remainder of the Initial Term or the applicable Extension Term, as the case may be.

- (c) The Sublandlord irrevocably and unconditionally covenants and agrees with the Subtenant that it will exercise from time to time all rights to renew and extend the term of the Head Lease as are available to the Sublandlord under and in accordance with the terms of the Head Lease in order to provide to the Subtenant with a Sublease Term that is equal to Extension Terms that are the subject of Extension Notices delivered by the Subtenant.
- (d) Notwithstanding the foregoing, the Subtenant acknowledges and agrees that in the event of the termination of the Head Lease prior to the expiration of the Sublease Term hereof, this Sublease shall automatically terminate, and be of no further force and effect, and the parties hereto shall be released from all duties, obligations, liabilities and responsibilities under this Sublease accruing thereafter except for any duties, obligations, liabilities and responsibilities of one party to the other that arise out of any default by either party under this Sublease. Notwithstanding the foregoing, the Sublandlord shall not voluntarily terminate or surrender the Head Lease without the prior written consent of the Subtenant in its sole discretion.

#### 6. Net Sublease – Intentionally Deleted

#### 7. Gross Rent

The Subtenant covenants to pay rent to the Sublandlord during each year of the Sublease Term in accordance with the following:

- (a) Commencing on the Rent Commencement Date and expiring on May 31, 2029 (the "**Gross Rent Period**"), the Subtenant will pay gross rent (the "**Gross Rent**") to the Sublandlord in an amount equal to the greater of (i) and (ii) below:
  - (i) during the initial year of the Sublease Term, \$1,000,000.00 (the "**Gross Rent Floor**"), plus applicable taxes; and
  - (ii) 12% of Gross Receipts (as defined below) from all business done on and from the Subleased Premises (the "**Percentage Rent**") during each consecutive three-month period (each, a "**Quarter**") commencing on the Rent Commencement Date, plus applicable taxes.

Notwithstanding the foregoing, on each anniversary of the Rent Commencement Date during the Sublease Term, the Gross Rent Floor shall be deemed to be the amount equal to the Gross Rent paid during the immediately preceding year plus two percent (2%) thereof.

- (b) Commencing the day after the date of expiry of the Gross Rent Period (the "**Head Lease Rent Commencement Date**") until expiry of the Sublease Term, this Sublease shall be absolutely net and carefree to the Sublandlord during the balance of the Sublease Term and all renewals thereof, free and clear of all payments, charges, taxes and obligations of any nature whatsoever with respect to the Subleased Premises, except as may expressly be set forth in this Sublease, such that the Subtenant will pay to the Sublandlord all amounts, without duplication, required to be paid by the

Sublandlord to the Head Landlord pursuant to the Head Lease with respect to the Subleased Premises, including, without limitation, all basic or minimum rent payable by the Sublandlord, together with all amounts payable as additional rent under the Head Lease, including, without limitation, operating costs, fees, assessments and realty taxes, in each case, in accordance with the provisions of the Head Lease and subject to any adjustments set out thereunder.

- (c) The Subtenant also covenants to pay all Utilities (as defined in Section 8 hereof) to the Sublandlord or, if directed by the Sublandlord, to the Head Landlord directly, for periods of time owing during the Sublease Term.

The Subtenant shall be required to report Gross Receipts to the Sublandlord in writing and in such detail, style and scope as the Sublandlord reasonably requires, within fifteen (15) days of the end of each Quarter. Without limiting the foregoing, within thirty (30) days of expiry of each year of the Sublease Term, the Subtenant shall deliver a final report of Gross Receipts for the year, together with a written statement signed by the Subtenant and certified by it to be true and correct, to the Sublandlord in writing.

For the purposes of this Sublease, "**Gross Receipts**" means the total of all gross sales and receipts from all business conducted upon or from the Subleased Premises, whether or not by the Subtenant, and whether for cash, cheques, credit, charge account, exchange or otherwise, and shall include, but not be limited to, amounts received or receivable from the sale of goods or services and the amount of all orders taken or received at the Subleased Premises regardless of where they are filled, whether such sales be made at a sales desk or counter, over the telephone by catalogue, by internet order, or by any vending device, or goods received at the Subleased Premises by a customer irrespective of where the sale of goods or services originated or was completed. Interest, instalment, finance charges and deposits will be included, and bank or collection agency charges and uncollectible amounts or bad debts will not be deducted. A credit or instalment sale will be considered as a sale for the full price in the month in which it takes place. Gross Receipts shall not include:

- (a) sales for which the customer has received a refund, provided that the original sale was included in Gross Receipts;
- (b) sales of merchandise in exchange for returned merchandise, but only to the extent the original sale of the returned merchandise was included in Gross Receipts;
- (c) sales taxes and any other sales, use, excise or gross receipts tax directly on sales and collected from customers at the point of sale, provided that the amount thereof is added to the selling price and shown and/or collected as a separate item, and paid by the Subtenant to such governmental authority;
- (d) delivery charges;
- (e) transfers of merchandise between stores of the Subtenant or returned to suppliers of the Subtenant, but only if such transfer or return is not for the purpose of reducing Gross Receipts; and
- (f) sales of gift cards issued by or on behalf of the Subtenant, provided that sales of merchandise paid for by means of gift cards or gift certificates are included in Gross Receipts at the time of their redemption on the Subleased Premises.

## 8. Utilities

The Subtenant further covenants and agrees with the Sublandlord with respect to the Subleased Premises to pay the cost of supplying heat, water, gas, electricity or any other utilities used or consumed in the Subleased Premises (collectively, "**Utilities**") directly to the utility providers on the basis of separate meters, check meters or sub-meters, if available. If there are no separate meters in the Subleased Premises for any of the utilities, the Subtenant shall pay to the Sublandlord or, if directed by the Sublandlord, the Head Landlord, all charges for utilities used or consumed in the Subleased Premises charged on the basis of an equitable allocation as determined by the Sublandlord plus the Sublandlord's

costs of determining the Subtenant's share of the costs of all utilities including, but not limited to, professional, engineering and consulting fees, and an administration fee of 15% of all such costs).

**9. Time and Method of Payment**

- (a) Subject to this Section 9, the Gross Rent for each year of Gross Rent Period shall be payable to the Sublandlord commencing on the Rent Commencement Date in equal consecutive monthly instalments in advance on the first day of each month during such year except that if the Gross Rent Period commences on a day other than the first day or ends on a day other than the last day of the month, Rent (being, for clarity, instalments of the Gross Rent Floor, Percentage Rent, if applicable, and Utilities payable pursuant to this Sublease) for fractions of a month at the commencement and at the end the Gross Rent Period shall be adjusted on a pro rata basis.
- (b) Without limiting the foregoing, Gross Rent shall be payable as follows:
  - (1) the Subtenant shall pay to the Sublandlord on the first day of each month of the Gross Rent Period commencing on the Rent Commencement Date an equal monthly instalment of the annual Gross Rent Floor, subject to Section 9(b)(2), below;
  - (2) the Percentage Rent payable, if applicable, shall be calculated on a per-Quarter basis during each year of the Gross Rent Period, and any amounts owed over and above the Gross Rent Floor during such Quarter, shall be payable to the Sublandlord within fifteen (15) days after expiry thereof.
- (c) For greater certainty, notwithstanding anything to the contrary herein, the Subtenant shall not be responsible for payment of any amounts payable by the Sublandlord to the Head Landlord under the terms of the Head Lease in respect of operating costs or realty taxes during the Gross Rent Period including, in particular, any Additional Charges under article 4.01 of the Head Lease, save for Utilities pursuant to the terms of this Sublease.
- (d) From and after the Head Lease Rent Commencement Date, all payments of rent and other payments provided for in this Sublease shall be made by the Subtenant to the Sublandlord in accordance with the payment terms set out in the Head Lease, save and except that at the Sublandlord's option, the Sublandlord may require the Subtenant to make any of such payments directly to the Head Landlord, in which case the Subtenant shall do so forthwith.

**10. Covenants of Subtenant**

Subtenant covenants and agrees with Sublandlord:

- (i) to perform all of the obligations of the tenant under the Head Lease with respect to the Subleased Premises, except as expressly provided in this Sublease, and to be bound by the terms, covenants and conditions of the Head Lease as if named therein as tenant with each reference therein to "Landlord" being deemed to include the Head Landlord and Sublandlord, and with each reference therein to the "Tenant" being deemed to mean the Subtenant, including, without limitation, compliance with the obligations of the tenant in respect of use and operation pursuant to the terms of the Head Lease at all times, provided that, notwithstanding the foregoing, during the Gross Rent Period, the Subtenant shall not be obligated to perform the obligations of the tenant under the Head Lease, if any (the "**Base Building Replacement Obligations**") regarding replacement of base building systems located within or upon the Subleased Premises (such as, by way of example only, escalator, elevator, roof and HVAC replacement) (collectively, the "**Base Building Systems**"), which obligations, if any, shall be performed by the Sublandlord during such Gross Rent Period at its sole cost and expense, it being acknowledged by the Subtenant that the Subtenant shall remain responsible for maintenance and repair of the Base Building Systems during the Gross Rent Period, to the extent applicable to the tenant under the terms of the Head Lease (for clarity, upon expiry of the Gross Rent Period, any Base Building Replacement Obligations shall be performed by the Subtenant at its sole cost and expense);

- (ii) not to do or omit to do any act which would cause a breach of the Sublandlord's obligations as tenant under the Head Lease;
- (iii) to indemnify and save harmless the Sublandlord against and from any and all rentals, expenses, costs, damages, suits, actions or liabilities arising or growing out of the failure of the Subtenant to perform any of its obligations hereunder and from all claims and demands of every kind and nature made by any person or persons to or against the Sublandlord for all and every manner of costs, damages or expenses incurred by or injury or damage to such person or persons or his, her or their property, if such claims or demands arise out of the use and occupation of the Subleased Premises by the Subtenant or any such person, and from all costs, counsel fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought in respect thereto;
- (iv) wherever the consent or approval of the Head Landlord is required pursuant to the Head Lease in respect of anything done or proposed to be done by the tenant in respect of the Subleased Premises, the Subtenant shall not do any such thing until it has first obtained the consent of the Sublandlord and the terms of the Head Lease in this regard shall apply to the Sublandlord's consent or approval;
- (v) this Sublease is subject to and subordinate to the Head Lease and that any rights conveyed by the Sublandlord pursuant to this Sublease are conveyed subject to the extent permitted thereby;
- (vi) commencing on the day immediately following the expiry of the Fixturing Period, to occupy the Subleased Premises throughout the Sublease Term and continuously, actively, and diligently operate, fully fixtured, stocked and staffed in accordance with the applicable use provisions of the Head Lease on such days and during such hours as the Sublandlord determines from time to time, and only under the advertised name "Les Ailes de la Mode" or such other trade name that is approved by the Sublandlord, in writing and in advance, such approval not to be unreasonably withheld; and
- (vii) in the event that this Sublease is terminated early in accordance with any of the termination rights set out hereunder, the Subtenant shall surrender vacant possession of the Subleased Premises to the Sublandlord in a clean, broom-swept condition.

#### 11. Changes to the Subleased Premises

Without limiting the provisions of Section 10 of this Sublease, all internal and external alterations, expansions, additions, modifications, renovations, restorations and other improvements to the Subleased Premises shall be completed in compliance with the Head Lease and all applicable statutes, laws, by-laws, regulations, building codes, permits, ordinances, judgments, orders and requirements of any governmental authorities having jurisdiction, and all amendments thereto, at any time and from time to time having force of law in the jurisdiction in which the Subleased Premises are located, including without limitation all environmental laws (collectively, "**Applicable Laws**"), and Subtenant shall, prior to commencing any alterations, obtain at its expense all necessary permits and licenses required by Applicable Laws and any applicable Head Landlord consents in respect of the performance and installation of the alterations. All alterations pursuant to this Section 11 shall be performed at the Subtenant's cost, and in a good and workmanlike manner. To the extent any notice is required to be delivered to the Head Landlord pursuant to the Head Lease in connection with any such alterations, the Subtenant shall deliver a copy of such notice to the Sublandlord concurrently with delivery to the Head Landlord.

Any works the Subtenant wishes to complete to prepare the Subleased Premises for its initial opening shall be constructed in accordance with the foregoing and with plans and specifications approved by the Sublandlord in writing in advance, such approval not to be unreasonably withheld, conditioned or delayed (the "**Subtenant's Work**").

#### 12. Early Termination Right in Favour of Subtenant; Sublandlord Right to Rescind

The Subtenant may terminate this Sublease for any reason effective as of the date of expiry of the Gross Rent Period by delivery of written notice to the Sublandlord (the "**Subtenant Termination Notice**") not less than six (6) months' and not more than fourteen (14) months' prior to the date of expiry

of the Gross Rent Period and, upon such date of expiry, this Sublease shall be deemed terminated and of no further force or effect and thereafter neither party shall have any further duties or obligations to the other party under this Sublease (except for those obligations that expressly survive the termination of this Sublease which, for clarity, includes the end of term obligations of the Subtenant). Notwithstanding the foregoing, upon receipt of the Subtenant Termination Notice, the Sublandlord may elect, by delivery of written notice to the Subtenant (the "**Rescission Notice**") within ten (10) business days of receipt of the Subtenant Termination Notice, to cause the Subtenant Termination Notice to be immediately rescinded and the termination right in this Section 12 to be null and void and of no further force or effect, such that this Sublease shall continue on the same terms and conditions as if the termination right set out in this Section 12 had not been exercised, save and except that: (i) Section 7(b) of this Sublease shall be null and void and of no further force or effect and the Subtenant shall be obligated solely to pay the Gross Rent for the balance of the Sublease Term in accordance with the terms and conditions of Section 7(a) hereof, notwithstanding expiry of the Gross Rent Period; and (ii) notwithstanding the provisions of Section 10 hereof, any Base Building Replacement Obligations shall remain the obligation of the Sublandlord. For clarity, upon delivery of the Rescission Notice, the Tenant shall be precluded from sending a subsequent Subtenant Termination Notice.

**13. Early Termination Right in Favour of Sublandlord Tied to Alternative Transaction; Payment of Termination Fee**

- (a) This Sublease may be terminated at any time (whether prior to or during the Sublease Term) by the Sublandlord by delivery of prior written notice to the Subtenant (the "**Transaction Termination Notice**") if the Sublandlord determines to enter into a definitive written agreement (other than a confidentiality agreement) for an Alternative Transaction. In the event the Sublandlord exercises the foregoing termination right, this Sublease shall terminate on a date to be identified in the Transaction Termination Notice, which date shall not be less than nine (9) months after the date of delivery of the Transaction Termination Notice (the "**Transaction Termination Date**"), provided that in no event may the Transaction Termination Date be between October 1 and January 31, and the Sublandlord shall pay to the Subtenant a termination fee (the "**Termination Fee**") equal to:
  - (i) the actual, reasonable, out-of-pocket costs incurred by the Subtenant in connection with the preparation of the Subleased Premises for occupation by the Subtenant (including, without limitation, hard costs paid to contractors engaged in order to complete the Subtenant's Work and reasonable, out-of-pocket legal fees), provided that such costs are substantiated by way of delivery of written evidence satisfactory to the Sublandlord, acting reasonably; and
  - (ii) (A) twenty percent (20%) of the total consideration payable to the Sublandlord in connection with the Alternative Transaction if the Transaction Termination Date occurs at any time between the date of mutual execution of this Sublease by the parties hereto and the date of expiry of the Gross Rent Period; or  
(B) fifty percent (50%) of the total consideration payable to the Sublandlord in connection with the Alternative Transaction if the Transaction Termination Date occurs at any time after expiry of the Gross Rent Period.
- (b) "**Alternative Transaction**" means, a transaction with any Person or group of Persons other than the Subtenant, relating to any assignment, sale, transfer, disposition, termination or other arrangement having the same economic effect as an assignment, sale, transfer, disposition or termination, of the Sublandlord's interest in the Head Lease.
- (c) The Termination Fee shall be paid within ten (10) business days following the consummation of the Alternative Transaction. The Termination Fee shall be paid (less any applicable withholding or other applicable taxes) by the Sublandlord to the Subtenant (or as the Subtenant may direct by notice in writing) by wire transfer to an account designated by the Subtenant in writing; if the Subtenant does not provide the account information to the Sublandlord at least ten (10) business days prior to the date the Termination Fee is due, then the due date for the Termination Fee shall be delayed until ten (10) business days following the date on which the Subtenant provides the required account information in writing.
- (d) Each of the Sublandlord and Subtenant agrees that the agreements contained in this Section 13 are an integral part of the transaction contemplated by this Sublease, and that without



these agreements the parties would not enter into this Sublease and that the payment amount set out in this Section 13 represents a liquidated damages payment in consideration for the disposition of the rights of the Subtenant under Section 13 and that such amount is a genuine pre-estimate of the damages, including opportunity costs, that the Subtenant will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Sublease, and is not a penalty. The Sublandlord irrevocably waives any right that it may have to raise as a defence to paying the Termination Fee that any such liquidated damages/amounts are excessive or punitive.

- (e) In the event that the Termination Fee is paid to the Subtenant (or as it directs) in the manner provided in this Section 13, no other amounts will be due and payable as damages or otherwise by the Sublandlord in connection with the termination of this Sublease (including, without limitation, on account of the Subtenant's hard costs, soft costs, and loss of business revenue) and the Subtenant hereby accepts that the Termination Fee is the Subtenant's sole and exclusive compensation in connection with the termination of this Sublease hereunder, the transactions contemplated by this Sublease or any other matter forming the basis of such termination and is the maximum aggregate amount that the Sublandlord shall be required to pay in lieu of any damages or any other payments or remedy that the Subtenant may be entitled to in connection with this Sublease (and the termination hereof), the transactions contemplated by this Sublease or any other matter forming the basis of such termination, under this Sublease, at law, or in equity.

#### **14. Mutual Termination Right**

At any time after August 31, 2030, either the Sublandlord or the Subtenant may deliver written notice (the "**Convenience Termination Notice**") to the other party terminating this Sublease for any reason (or no reason whatsoever). The Convenience Termination Notice shall stipulate the effective date of termination of this Sublease, it being acknowledged and agreed that such effective date of termination shall not be earlier than the date that is nine (9) months after the date of delivery of the Convenience Termination Notice, provided that in no event may the Transaction Termination Date be between October 1 and January 31. Upon the exercise of this right by one of the parties hereto, such right shall not be available for exercise by the other party thereafter and during the applicable notice period. Upon the effective date stipulated in the Convenience Termination Notice, this Sublease shall be deemed terminated and of no further force or effect and thereafter neither party shall have any further duties or obligations to the other party under this Sublease (except for those obligations that expressly survive the termination of this Sublease).

Notwithstanding the foregoing, in the event that the Sublandlord exercises the foregoing termination right pursuant to this Section 14 and, during the five (5) year period commencing on the effective date of termination of this Sublease, the Sublandlord completes an Alternative Transaction, the Sublandlord shall pay to the Subtenant the Termination Fee in accordance with the provisions of Section 13(a)(ii)(B) of this Sublease in accordance with the timing set out in Section 13 hereof.

#### **15. Intentionally Deleted**

#### **16. Sublandlord's Covenants**

Subject to the due performance by the Subtenant of its obligations herein, the Sublandlord covenants and agrees with the Subtenant as follows:

- (a) provided Subtenant is not in default hereunder, that the Subtenant shall peaceably and quietly hold and enjoy the Subleased Premises for the Sublease Term without hindrance or interruption by the Sublandlord, subject nevertheless to the terms and conditions of this Sublease and the Head Lease;
- (b) that it will perform all of the obligations of the Sublandlord under this Sublease and will perform and observe the covenants on its part contained in the Head Lease insofar as such covenants are not required to be performed or observed by the Subtenant; and
- (c) that, if the Head Landlord shall fail to observe or perform any of the obligations on the part of the Head Landlord contained in the Head Lease, then the Sublandlord will give such notice to the Head Landlord and take such reasonable action as may be necessary to enforce such obligations, provided that the Sublandlord shall not be obligated to give such notice or

to take such action unless the same has been requested in writing by the Subtenant. The Subtenant agrees to reimburse the Sublandlord for all its costs and expenses in giving such notice or taking such action and, if required by the Sublandlord shall pay to the Sublandlord in advance, an amount equal to the Sublandlord's reasonable estimate of such costs and expenses.

The Sublandlord's sole obligations under this Sublease are those expressly stated herein. The Sublandlord shall not be liable for any failure on the part of the Head Landlord to observe and perform the covenants and agreements contained on the part of the Head Landlord under the Head Lease.

**17. Head Landlord's Covenants**

Wherever, in the Head Lease, a covenant is made by the Head Landlord in favour of the tenant thereunder, such covenant shall not, except as otherwise provided herein, be a covenant made by the Head Landlord and/or the Sublandlord in favour of the Subtenant.

**18. As Is**

The Subtenant acknowledges that it has seen the Subleased Premises and agrees to accept the said Subleased Premises in "as is" condition and shall not call upon the Sublandlord to perform any leasehold improvements or any other work therein, save and except that the Sublandlord shall ensure that the existing HVAC, electrical service, elevators and escalators located within the Subleased Premises shall be in a condition that is suitable to permit the operation of the Subtenant's business from the Subleased Premises, as agreed upon by the Sublandlord and the Subtenant, each acting reasonably (collectively, the "Sublandlord Work"). Subtenant acknowledges that Sublandlord has not made and does not make any representations or warranties as to the physical condition, expenses, operation and maintenance, zoning, status of title, the use that may be made of the Subleased Premises or any other matter or thing affecting or related to the Subleased Premises.

**19. No Assignment and Subletting**

The Subtenant shall not be permitted to assign this Sublease or further sublet the Subleased Premises, in whole or in part, at any time or times during the Sublease Term without the prior written consent of the Sublandlord, which consent may be unreasonably or arbitrarily withheld. The Sublandlord may assign all of its rights, interests and obligations under this Sublease to any successor in interest to the Sublandlord. For greater certainty, the Sublandlord may, at any time, seek discharge from its role as Receiver, and in connection with such discharge the Receiver may assign its interest in this Sublease to a third party or such interest shall be deemed held by YSS 1.

**20. Terms of the Head Lease Incorporated**

Save and except as may be otherwise provided in this Sublease, all of the covenants, terms, agreements and conditions contained in the Head Lease are hereby incorporated *mutatis mutandis* into this Sublease as if the Sublandlord were the "landlord" in the Head Lease and the Subtenant were the "tenant" in the Head Lease. If any term or condition of this Sublease is inconsistent with or at variance with any term or condition of the Head Lease, then the term or condition of the Head Lease shall prevail.

**21. Default**

If the Subtenant shall fail to pay to the Sublandlord any amounts required to be paid pursuant to the provisions of this Sublease or the Head Lease, as the case may be, or fail to perform any of its obligations herein, the Sublandlord shall have all the rights, remedies, privileges, protections and indemnities against the Subtenant which the Head Landlord has under the Head Lease for breach thereunder.

**22. Receiver Capacity**

Notwithstanding anything else contained herein or elsewhere, the Subtenant acknowledges and agrees that: (a) FTI Consulting Canada Inc. ("FTI") is entering into this Sublease and any related documentation solely in its capacity as court appointed receiver, without security, of all of the assets, undertakings and properties of YSS 1 and HBC YSS 1 LP Inc. but with no personal or corporate liability; (b) FTI and its agents, officers, directors, partners, employees and lawyers have no and shall have no personal or corporate liability of any kind whatsoever, in contract, in tort, at law, in equity or otherwise as a result of or in any way connected with this Sublease or as a result of the Sublandlord performing or



failing to perform any of its covenants or obligations hereunder; and (c) this Sublease is executed and delivered without prejudice to any rights or remedies FTI may have pursuant to the Receivership Order from time to time. The foregoing qualifications and limitations shall be deemed incorporated by reference into each and every document relating to the matters contemplated herein from time to time.

**23. Time Period Stipulated in Head Lease**

The Subtenant covenants and agrees that each and every reference to a time period in the Head Lease, within which the tenant is required to notify the Head Landlord or perform or comply with any obligation under the Head Lease, for the purpose of this Sublease and the Subtenant's obligation to notify the Sublandlord or perform or comply with any obligation under the Sublease, shall be construed as one-half the time period so specified under the Head Lease.

**24. Notice**

Any notice, consent and approval permitted or required to be given to under the terms of this Sublease shall be in writing and shall be sufficiently given if personally delivered (by hand or courier) or sent by electronic mail to the party for whom it is intended or if mailed, postage prepaid, by registered mail addressed to the party for whom it is intended. The addresses for notice are as follows:

*Sublandlord:*

FTI Consulting Canada Inc., as court appointed receiver of  
HBC YSS 1 Limited Partnership *et al.*  
TD South Tower, 79 Wellington Street West  
Toronto Dominion Centre, Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8

Attention: Paul Bishop / Jim Robinson  
Email: [paul.bishop@fticonsulting.com](mailto:paul.bishop@fticonsulting.com) / [jim.robinson@fticonsulting.com](mailto:jim.robinson@fticonsulting.com)

With a copy that shall not constitute notice to the Receiver's counsel:

Norton Rose Fulbright Canada LLP  
222 Bay Street, Suite 3000, P.O. Box 53  
Toronto, ON M5K 1E7

Attention: Evan Cobb / Orestes Pasparakis  
Email: [evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)  
[orestes.pasparakis@nortonrosefulbright.com](mailto:orestes.pasparakis@nortonrosefulbright.com)

With a copy that shall not constitute notice to:

RioCan Real Estate Investment Trust  
2300 Yonge Street, Suite 2200  
P.O. Box 2386  
Toronto, ON M4P 1E4

Attention: Jennifer Suess / Rob Frasca  
Email: [jsuess@riocan.com](mailto:jsuess@riocan.com) / [rfrasca@riocan.com](mailto:rfrasca@riocan.com)

With a copy that shall not constitute notice to:

Goodmans LLP  
Bay Adelaide Centre – West Tower  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Attention: Robert J. Chadwick / Bram Green  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca) / [bgreen@goodmans.ca](mailto:bgreen@goodmans.ca)

*Subtenant:*

Fairweather Ltd.

1185 Caledonia Road  
Toronto, ON M6A 2X1

Attention: Isaac Benitah / Paul Brener

Email: [ibenitah@inc.ca](mailto:ibenitah@inc.ca)  
[pbrener@incgroup.ca](mailto:pbrener@incgroup.ca)

With a copy that shall not constitute notice to:

ML Kaufman LLP  
800 René-Lévesque Blvd. West  
Montreal, Quebec H3B 1X9

Attention: Michael Schacter  
Email: [mschacter@mlkaufman.ca](mailto:mschacter@mlkaufman.ca)

Any of the parties may change its address for notice by written notice to the other.

Any notice shall be deemed to have been received; (i) if personally delivered, on the date on which it was delivered, (ii) if mailed, on the date that is three (3) business days after the date on which it was mailed, and (iii) if sent by email, on the day of transmission if such day is a business day and the transmission is made prior to 4:00 p.m. (local time where the recipient is located) and, if not, on the next business day following transmission.

## **25. Confidentiality**

Neither the Sublandlord nor the Subtenant nor any of their respective officers, directors, agents or employees will disclose to any person whatsoever any terms and conditions of this Sublease or any of the matters contemplated herein (such as, by way of example only, the exercise of any rights hereunder), except to the extent required by law or to their respective lawyers, accountants, insurance advisors and other professional consultants and advisors or any actual or potential lender, purchaser or investment broker, so long as such parties agree to employ the same level of confidentiality as set out in this Section 25 or with the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, nothing herein shall restrict the Sublandlord from proceeding with any disclosure: (i) it believes to be required in accordance with its obligations as a court-appointed Receiver; (ii) as it believes to be required for the purpose of obtaining court approval of the transactions set out herein; or (iii) to any Applicant in the Receivership or to any lender or creditor of YSS 1 or HBC YSS 1 LP Inc.

## **26. Miscellaneous**

- (a) this Sublease shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereby irrevocably attorn to the exclusive jurisdiction of the Court in the Receivership, so long as the Receivership exists, and if the Receivership does not exist, to the exclusive jurisdiction of the Court, with respect to any and all disputes, controversies or other matters arising out of or in connection with this Sublease;
- (b) all dollar amounts expressed herein shall be payable in Canadian currency;
- (c) time shall be of the essence of this Sublease;
- (d) no amendment or other modification to this Sublease shall be valid or binding upon the parties unless the same is in writing and executed by both parties;
- (e) whenever a personal pronoun is used herein, it is understood that such usage shall include both singular and plural, masculine, feminine and neuter, and refer in appropriate cases to corporations or other legal entities as well as individuals;
- (f) the captions contained herein are for reference only and in no way effect this Sublease;
- (g) each obligation the Sublandlord or of the Subtenant in this Sublease, even though not expressed as a covenant, is considered for all purposes to be a covenant;

- (h) if the Subtenant is more than one person or corporate entity, then each covenant, agreement and obligation of the Subtenant herein shall be deemed to be a joint and several covenant, agreement and obligation of each of the persons or corporate entities named herein;
- (i) if any covenant, obligation or agreement or part thereof or the application thereof to any person or circumstances shall be found to be invalid or unenforceable then such covenant, obligation or agreement or part thereof shall be deemed to be severable and shall not affect the validity or enforceability of any other provision or covenant hereof;
- (j) this Sublease, including any schedules thereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein;
- (k) each party will from time to time hereafter and upon any reasonable request of any other party, execute, make or cause to be made, all such further acts, deeds, assurances, certificates and things as may be required to more effectually implement the true intent of this Sublease;
- (l) this Sublease shall enure to and be binding upon the parties hereto and their respective successors and assigns;
- (m) this Sublease may be executed by counterparts each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument; and
- (n) this Sublease shall be considered validly executed and delivered by a party, if said party delivers an executed copy of the document to the other parties hereto in a .PDF or other common format by email; such emailed copy shall be deemed as valid and binding as an executed original.

## **27. Sublandlord Conditions**

Notwithstanding anything to the contrary in this Sublease, this Sublease shall remain conditional upon the following:

### **(1) 45 Day Conditions:**

- (a) Head Lease. Either (i) the Head Landlord shall have provided to the Sublandlord its written consent to this Sublease and the transaction contemplated by this Sublease, or (ii) the Court shall have granted an order in the Receivership, among other things, confirming that no consent of the Head Landlord is required for the Sublandlord to complete the transaction contemplated by this Sublease (which order shall have become a final order)
- (b) Court Approval. The Court shall have granted an order in the Receivership approving, among other things, this Sublease and the Sublandlord entering into this Sublease in form and substance acceptable to the Sublandlord (which order shall have become a final order);
- (c) Termination Fee Acknowledgement. Each of (i) Royal Bank of Canada ("RBC"), as administrative agent pursuant to the credit agreement dated as of January 26, 2024, among, *inter alia*, YSS 1, as borrower, and RBC, as administrative agent and lender, and the lenders thereunder, as lenders, and (ii) RioCan Real Estate Investment Trust, shall have delivered a written acknowledgement to the Sublandlord and the Subtenant acknowledging that the Termination Fee shall be paid by the Sublandlord to the Subtenant from the proceeds of any Alternative Transaction pursuant to the terms of this Sublease;
- (d) Lender Approval. The Sublandlord obtaining prior written consent of RBC to this Sublease; and
- (e) Nominee Matters. Either (i) Hudson's Bay Company ULC (the "**Sublandlord Nominee**"), as the registered owner of the leasehold interest in the Premises and the Tenant's interest in the Head Lease, which interests are held by the Sublandlord Nominee as nominee and bare trustee for and on behalf of the Sublandlord, shall have executed and delivered to the Sublandlord such additional documents as may be necessary or desirable for the completion

of the transaction contemplated by this Sublease, or (ii) the Court shall have granted an order in the Receivership, among other things, addressing any matters related to the Sublandlord Nominee holding legal title as nominee and bare trustee for and on behalf of the Sublandlord,

in each case, on or prior to the date that is forty-five (45) days after the date of mutual execution of this Sublease by the parties hereto, provided that the Sublandlord may, by delivery of written notice to the Subtenant at any time prior to the date of expiry of the foregoing conditions, further extend such date(s) of expiry (for any, or all, conditions) by a period of up to a further forty-five (45) days;

In the event the Court's order in (a) or (b) above is appealed, the aforementioned forty-five (45) day deadline for satisfaction of the conditions in (a) and (b) above will automatically be extended for the duration of the appeal if the Receiver determines that such appeal should be pursued or contested; and

- (2) 30 Day Condition (Sublandlord Cost): The Sublandlord being satisfied, in its sole discretion, that the aggregate cost of completing the Sublandlord's Work as defined in this Sublease shall not exceed \$2,500,000.00, plus applicable taxes, by the date that is thirty (30) days after the date of mutual execution of this Sublease by the parties hereto.

If the Sublandlord does not notify the Subtenant of the waiver or satisfaction of all of the foregoing conditions set out in the above Sections 27(1) and (2), respectively, within the appropriate deadline(s), this Sublease shall be null and void and neither party shall have any further liability to the other hereunder.

## **28. Condition Precedent**

Intentionally deleted.

## **29. Good Faith Implementation**

Each of the Sublandlord and the Subtenant covenants and agrees to cooperate with the other and to act reasonably, diligently, and in good faith in carrying out their respective obligations and in exercising their respective rights under this Sublease, including in connection with the implementation and administration of the terms hereof. The Sublandlord agrees to employ commercially reasonable efforts to: (i) satisfy the Sublandlord conditions set forth in Section 27(1) hereinabove; and (ii) complete the assessment contemplated within the Sublandlord condition set forth in Section 27(2) hereinabove in good faith by the deadline set out therein, respectively. The parties further agree to take such steps and actions as may be reasonably required to give full effect to the provisions and intent of this Sublease. The Sublandlord acknowledges that it would prejudice the Subtenant if the Sublandlord shared any information contained in this Sublease with any third party other than its professionals referred to herein.

## **30. Acceptance by the Sublandlord**

The present Sublease is open for acceptance by the Sublandlord until August 13<sup>th</sup>, 2025 at 5:00 p.m. Eastern Time. If not accepted and signed by the Sublandlord and delivered to the Subtenant within this deadline, this Sublease shall automatically become null and void without further notice or delay.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Sublease.

**FTI CONSULTING CANADA INC., solely in its capacity as court appointed receiver and manager, without security, of all of the assets, undertakings and properties of HBC YSS 1 LIMITED PARTNERSHIP and HBC YSS 1 LP INC. and not in its personal or corporate capacity**

Per: \_\_\_\_\_



Name: Jim Robinson

Title: Senior Managing Director

I/We have the authority to bind the Sublandlord.

**FAIRWEATHER LTD.**

Per: \_\_\_\_\_

Name: Isaac Benitah

Title: President

I have the authority to bind the Subtenant.

IN WITNESS WHEREOF the parties hereto have executed this Sublease.

**FTI CONSULTING CANADA INC., solely in its capacity as court appointed receiver and manager, without security, of all of the assets, undertakings and properties of HBC YSS 1 LIMITED PARTNERSHIP and HBC YSS 1 LP INC. and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Name:

Title:

I/We have the authority to bind the Sublandlord.

**FAIRWEATHER LTD.**

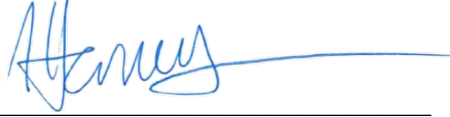
Per: \_\_\_\_\_

Name: Isaac Benitah

Title: President

I have the authority to bind the Subtenant.

**THIS IS EXHIBIT "G"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal flourish extending to the right.

---

Commissioner for Taking Affidavits

September 4, 2025

**BY EMAIL**

Norton Rose Fulbright Canada LLP  
222 Bay Street, Suite 3000  
Toronto, ON  
M5K 1E7

**Attention: Mr. Evan Cobb**

Dear Evan:

**Re: RioCan Real Estate Investment Trust et al v. RioCan-HBC Limited Partnership et al, Court File No.: CV-25-00744295-00CL (the “JV Receivership Proceeding”)**

As you are aware, we are counsel to Oxford Properties (“**Oxford**”) in connection with the JV Receivership Proceeding, and the parallel CCAA proceeding involving Hudson Bay Company (“**HBC**”).

We refer to:

1. The Order dated June 3, 2025 as amended, appointing FTI Consulting Canada Inc. as Receiver over various JV Entities including HBC YSS 1 LP, as such terms are defined therein (the “**Receivership Order**”) in respect of certain head tenant lessee interests (“**Leasehold Interests**”) in certain Leasehold Properties as defined in the Receivership Order described in Part III of Schedule “A” thereto;
2. the lease (the “**Head Lease**”) dated September 26, 2002 between Yorkdale Shopping Centre Holdings Inc., as landlord, and HBC YSS 1 LP as tenant in respect of certain premises located at Yorkdale Mall previously operated by HBC (the “**Leased Premises**”);
3. the sublease (the “**Sublease**”) dated November 25, 2015 between HBC in its capacity as general partner of HBC YSS 1 LP, as sublandlord, and HBC as subtenant, in respect of the Leased Premises;



4. an Agreement dated August 12, 2025 (the “**Proposed Sublease Agreement**”) between “the Receiver of HBC YSS 1 LP and HBC YSS 1 LP Inc.<sup>1</sup> as Sublandlord” and Fairweather Ltd. (“**Fairweather**”) whereby the Receiver seeks to create a new Sublease with Fairweather. A copy of the Proposed Sublease Agreement was provided to Oxford following the case conference on August 19, 2025.

The agreement sent to us by the Receiver is not an assignment of the Head Lease, or an assignment of the Sublease. It is an entirely new Proposed Sublease Agreement that the Receiver seeks to enter into, while acting as Receiver of a tenant under the Head Lease that is subject to an insolvency proceeding under the *Bankruptcy and Insolvency Act* (the “**BIA**”).

Section 19 of the Proposed Sublease Agreement indicates that the Receiver intends to seek an assignment of the Head Lease to a solvent entity at some future date pursuant to a separate agreement (the “**Proposed Future Head Lease Assignment**”), although no details relating to that further proposed transaction or the proposed assignee (“**Proposed Future Assignee**”) have been provided. As you are aware, the Proposed Sublease Agreement and the Proposed Future Head Lease Assignment are each subject to the terms of the Head Lease with Oxford. It is the interest of the head tenant under the Head Lease over which the Receiver was appointed, defined as the Leasehold Interest forming part of the Property under paragraph 3 of the Receivership Order.

Oxford reserves its rights in terms whether the Receivership Order permits the Receiver to enter into a new Proposed Sublease Agreement with a third party, while leaving the Head Lease in place and under the continuing control of the Receiver in an insolvency proceeding. While we await full details from the Receiver as to any Proposed Future Head Lease Assignment, we make certain information requests as we and our client consider the matter.

Please provide particulars and supporting documentation as follows:

1. **Corporate Information:**

- (a) Proposed Future Assignee: Full legal name of the Proposed Future Assignee under a Proposed Future Head Lease Assignment, together with details of ownership, affiliation, or control by RioCan; corporate profile, articles of incorporation, and shareholder list;
- (b) Fairweather: Corporate profile, articles of incorporation, and shareholder register;
- (c) Corporate Structures: For both the Proposed Future Assignee and Fairweather: organizational charts (including parent companies and

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<sup>1</sup> The Proposed Sublease Agreement refers to HBC YSS 1 LP Inc. in the definition of the Receiver’s capacity as “Sublandlord”, although this entity is not a party to the Head Lease or Sublease in respect of the Leased Premises at Yorkdale Mall.

subsidiaries) and a description of the types of businesses carried on by each entity and their affiliates;

- (d) Leadership: Lists of directors and officers of each of the Proposed Future Assignee and Fairweather;
- (e) Tenant Contacts: Name, title, and contact details of the individual(s) who would serve as the primary contact for the Proposed Future Assignee as tenant under the Head Lease;
- (f) Decision-Makers: Names and titles of persons at the Proposed Future Assignee responsible for decision-making with respect to the Head Lease;
- (g) Fairweather Leadership: Names and titles of those responsible for the Les Ailes de la Mode (“**LADLM**”) brand;
- (h) LADLM IP: Evidence of ownership of the LADLM intellectual property and trademarks;

**2. Financial Information:**

- (a) Audited financial statements, *pro forma* balance sheets, and income statements for both the Proposed Future Assignee and Fairweather;
- (b) Banking details for both the Proposed Future Assignee and Fairweather, including duration of banking relationships and disclosure of any terminated banking relationships;
- (c) Financial details regarding capitalization of any business to be operated from the Leased Premises by the Proposed Future Assignee and Fairweather;
- (d) Current credit checks for both the Proposed Future Assignee and Fairweather;
- (e) Full disclosure as to whether Fairweather, or any of its affiliates, predecessors, or related entities, together with any of their respective directors, officers, or principals, has ever: (i) filed for protection under the *Companies’ Creditors Arrangement Act* (Canada); (ii) become subject to receivership, whether privately appointed or court-appointed, in respect of all or any portion of its assets or operations; (iii) made an assignment in bankruptcy or been petitioned into bankruptcy; or (iv) been subject to any formal or informal arrangement, compromise, or settlement with its creditors;

3. **Department Store Experience:**

- (a) Fairweather: Details of Fairweather's experience as a department store operator, including:
  - (i) Current and historical number of stores;
  - (ii) Number of stores closed, together with dates and reasons for any closures;
  - (iii) Whether any lease of Fairweather or its affiliates (across all brands) has been terminated: (i) by any landlords due to default, or (ii) by Fairweather in connection with any insolvency proceeding;
- (b) LADLM: Details regarding LADLM, including:
  - (i) The number of operating and closed locations, with the dates and reasons for closure;
  - (ii) Names and positions of all members of the senior leadership team;
  - (iii) Customer demographics, market studies, competitor analysis, and research in respect of the LADLM brand, and any particular data in respect of the proposed department store operation at Yorkdale Mall;
  - (iv) Details of the goods and services offered, categories of departments, and supplier information; and
  - (v) A copy of the use clause from all current LADLM leases, or, if there are currently no leases, copies of use clauses from the most recent 5 LADLM leases;
- (c) LADLM at Yorkdale: Detailed information regarding the proposed operations within the Leased Premises, including:
  - (i) Floor plans, designs, drawings, renderings, and applicable design standards;
  - (ii) Sales projections;
  - (iii) Key milestone dates and anticipated opening timeline; and
  - (iv) Business and marketing plans;

- (d) Proposed Future Assignee: Details of any department store experience of the Proposed Future Assignee of the Head Lease, including:
  - (i) Current operating department stores; and
  - (ii) Details of any previous store closures, with dates and reasons for closure.

Oxford will continue to review and evaluate information received regarding the Proposed Sublease Agreement, and may, upon reviewing the financial materials, request that one of its accountants meet with the CFO of each of Fairweather and the Proposed Future Assignee (once the details as to the Proposed Future Head Lease Assignment are provided) to address any additional questions or concerns. As you know, additional protections in favour of Oxford were negotiated and made to the Receivership Order in respect of any intended transaction involving the Leasehold Interest, making it different than the terms of the model order that's used as a baseline in receivership proceedings.

Oxford has prepared a one-page summary of the estimated costs required to be incurred to bring the Leased Premises into compliance with the obligations under the Head Lease, based on information received from consultants and its own information. That summary is attached, and indicates that approximately \$9.3 million is required immediately, and over the next 24 months, with \$16.9 million being required overall.

We also note that the Receiver has not ensured that all FF&E was removed from the Leased Premises at Square One Shopping Centre and Scarborough Town Centre upon the effective date of the Notice of Intended Termination (August 31, 2025), nor has the exterior signage been removed at either location. The premises were not left in a broom-swept condition as required, and that must be addressed forthwith. Photos showing the extensive amount of FF&E and garbage remaining on site at each location are being sent with this letter and are accessible at the following ShareFile link:

<https://tgf.sharefile.com/public/share/web-se848396eccae499a9d399080d0d7e043>

Oxford expressly reserves its rights, including as to payment of ongoing rent by the Receiver at both locations until such time as the FF&E has been removed as required.

Yours truly,

*D.J. Miller*

[electronic signature]

D.J. Miller

c.c. Oxford Properties

Yorkdale - Consolidated Capital Needs by Category					
Category	Immediate	Short Term <sup>1</sup>	Mid Term <sup>2</sup>	Total	Commentary
<b>Building Structure</b>	\$0	\$30,000	\$30,000	<b>\$60,000</b>	<ul style="list-style-type: none"> <li>- <b>Penthouse Wall Repairs</b> - Significant cracking was observed on the east exterior wall of the penthouse equipment room leading to potential integrity issues</li> <li>- <b>Structural Maintenance Repairs</b> - Age-related deterioration such as slab cracking, delamination, and waterproofing damage in the penthouse and basement areas require attention to prevent further degradation</li> </ul>
<b>Roofing</b>	\$0	\$0	\$6,350,000	<b>\$6,350,000</b>	<ul style="list-style-type: none"> <li>- <b>North Roof Replacement</b> - Built Up Roof (BUR) system is +30 years old and Modified Bitumen Membrane (MBM) system is ~18 years old. Both are nearing end-of-life and are recommended to be replaced at the same time to make use of economies of scale and for warranty purposes. Overall replacement is needed to prevent leaks and interior damage</li> <li>- <b>South Roof Replacement</b> - MBM system is 18 years old and showing signs of deterioration and poor maintenance. Insufficient bleed-out of the bitumen material also could lead to open seams and water infiltration. Replacement is recommended within 6 - 10 years</li> </ul>
<b>Cladding</b>	\$20,000	\$0	\$185,000	<b>\$205,000</b>	<ul style="list-style-type: none"> <li>- <b>Precast Sealant Replacement</b> - Sealant is approaching the end of its typical service life of 15-20 years. Sealant currently ranges from fair to poor condition with adhesive failures and cracking. Replacement is needed to maintain weatherproofing and prevent moisture ingress</li> <li>- <b>Localized Repairs, Penthouse Brick/Ceramic Tile Repairs, and Panel Replacements</b> - Cracked precast panels, damaged ceramic tiles, and punctured aluminum panels require targeted repairs to preserve integrity</li> </ul>
<b>Electrical</b>	\$0	\$10,000	\$50,000	<b>\$60,000</b>	<ul style="list-style-type: none"> <li>- <b>Thermal Infrared Scan, Power Distribution Refurbishments, and Miscellaneous Repairs</b> - Equipment age is unknown and may require upgrades to maintain safe and reliable operation. Budget is held for preventative maintenance, assess equipment condition, and address minor issues</li> </ul>
<b>Mechanical</b>	\$17,500	\$1,907,500	\$0	<b>\$1,925,000</b>	<ul style="list-style-type: none"> <li>- <b>Heating Boiler Replacement</b> - Boilers from 1983 are past their 25-year life expectancy. Replacement is needed to avoid heating failures, poor temperature control, and uncomfortable working conditions</li> <li>- <b>Air Handling Unit (AHU) Replacements</b> - Units from ~1985 are aging and require replacement to ensure adequate ventilation and energy efficiency</li> <li>- <b>Domestic Hot Water Boiler &amp; Tank</b> - Units from 1991 to 1994 are beyond their service life and should be replaced to avoid service interruptions</li> <li>- <b>Heating Water Circulation Pump</b> - Decommissioned due to failure. Immediate replacement is required</li> <li>- <b>Heat Exchanger Replacement</b> - From 1983, the exchanger is aging and should be replaced to maintain heating performance</li> </ul>
<b>Escalators and Elevators</b>	\$0	\$2,200,000	\$0	<b>\$2,200,000</b>	<ul style="list-style-type: none"> <li>- <b>Large Freight Elevator Modernization</b> - Original 1964 system is obsolete. Modernization is needed to avoid downtime and costly repairs</li> <li>- <b>Escalator In-Truss Modernization and Escalator Replacement</b> - Of the total eight escalators, half may be able to retain only their escalator structural truss and replacing all other components to provide a renewed escalator. The other half will likely need replacement, a more disruptive alternative to modernization but much faster</li> </ul>
<b>Building and Fire Code</b>	\$177,300	\$0	\$0	<b>\$177,300</b>	<ul style="list-style-type: none"> <li>- <b>Range of fire code violations are required to be corrected immediately for fire code compliance (BCA list was non-exhaustive)</b></li> </ul>
<b>Hazmat<sup>3</sup></b>	\$3,735,667	\$0	\$0	<b>\$3,735,667</b>	<ul style="list-style-type: none"> <li>- <b>Hazmat Removal Estimate</b> - Refer to Hazmat report details. Estimates are an average and include interior demolition</li> </ul>
<b>Consult Fees<sup>3</sup></b>	\$592,570	\$622,125	\$992,250	<b>\$2,206,945</b>	<ul style="list-style-type: none"> <li>- <b>Required Reports</b> - Scoped, documented and reviewed by third party entities</li> </ul>
<b>Total<sup>4</sup></b>	<b>\$4,543,037</b>	<b>\$4,769,625</b>	<b>\$7,607,250</b>	<b>\$16,919,912</b>	

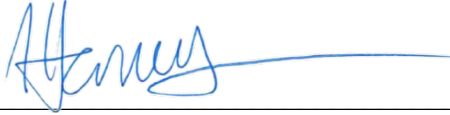
<sup>1</sup> "Short-term" means within the next 24 months

<sup>2</sup> "Mid-Term" means within the next 3 to 10 years

<sup>3</sup> Estimates for Hazmat removal is based on an average of 3<sup>rd</sup> party estimates. Consulting fees estimate for out-of-scope reports, conservative estimate at 15% (actual consult fees can range from 15-30% based on project and total project cost)

<sup>4</sup> Totals in the summary above may differ from BCA due to hazmat estimates, consulting estimates, and Oxford's internal expertise and assessment

**THIS IS EXHIBIT "H"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal flourish extending to the right.

---

Commissioner for Taking Affidavits

**From:** [Evan Cobb \(he/him\)](#)  
**To:** [D. J. Miller](#)  
**Cc:** [Robinson Jim](#); [paul.bishop@fticonsulting.com](mailto:paul.bishop@fticonsulting.com); [Andrew Nesbitt](#); [Deborah Palter](#); [Orestes Pasparakis](#)  
**Subject:** Riocan-HBC / Oxford

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Hi D.J.,

I am writing further to your letters dated September 4<sup>th</sup> and September 23<sup>rd</sup>.

**September 23<sup>rd</sup> - Yorkdale Property Taxes**

An unpaid balance of \$303,365.35 appears to be the accrued amount for the pre-filing period from January 1<sup>st</sup> to March 6<sup>th</sup>. HBC confirmed this portion was not paid by them. They did remit property taxes for the period March 7 to June 15<sup>th</sup>, and the Receiver has paid all property tax instalments since that time.

The Receiver is not in a position to pay property tax amounts that arose before the Receiver's appointment. It appears HBC was not able to pay property tax amounts that arose prior to the CCAA proceedings.

That non-payment of the \$303,365.35 amount causes the shortfall now showing in Oxford's records, though part of it is offset by what appears to be a HBC overpayment for the post-filing period.

**September 4<sup>th</sup> – FFE**

Your correspondence raised concerns about FF&E remaining on site at Square One and Scarborough Town Centre.

The Receiver has confirmation from HBC that the FF&E removal at Square One is now complete.

The Receiver has also received confirmation from HBC that the FF&E removal at Scarborough Town Centre was completed last week.

This removal remained the responsibility of HBC in accordance with the Amended and Restated Liquidation Sale Approval Order.

The Receiver has spoken with HBC regarding signage at each of the locations as well. The Receiver understands that HBC is not removing signage from any locations at this time. The Receiver has not assumed responsibility to remove signage that was in place at the time of the Receiver's appointment.

**Yorkdale Transaction**

-  
We understand there is no consensual resolution between the parties on the proposed Yorkdale transaction and the Court will be required to deal with the matter. Please let us know as soon as possible if you have a different understanding.

The Receiver is not in a position to provide the information requested in your September 4<sup>th</sup> letter regarding Fairweather Ltd. We understand Fairweather is a known counterparty to Oxford and other major landlords. The Receiver will address the appropriate information in its materials.

Based on the current status, we need to schedule the motion and a timetable. Our proposal would be:

1. Receiver's Motion Record - October 8<sup>th</sup>
2. Oxford Responding Motion Record – October 22<sup>nd</sup>

3. Receiver's Reply (if any) – October 28<sup>th</sup>
4. Hearing the week of November 3<sup>rd</sup>.

Facta would need to be exchanged during the period between October 28<sup>th</sup> and the hearing date.

Please let us know if we can agree on the above schedule and we can work with the Commercial List office to reserve the court dates, or attend a scheduling appointment as soon as possible with Justice Osborne if needed.

Thanks.

**Evan Cobb**  
Partner

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.  
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[evan.cobb@nortonrosefulbright.com](mailto:evan.cobb@nortonrosefulbright.com)

**NORTON ROSE FULBRIGHT**



**THIS IS EXHIBIT "I"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "H. Henry", with a long horizontal line extending to the right.

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Commissioner for Taking Affidavits

October 2, 2025

**BY EMAIL**

Norton Rose Fulbright Canada LLP  
222 Bay Street, Suite 3000  
Toronto, ON M5K 1E7

**Attention: Mr. Evan Cobb**

Dear Evan:

**Re: RioCan Real Estate Investment Trust et al v. RioCan-HBC Limited Partnership et al, Court File No.: CV-25-00744295-00CL (the “JV Receivership Proceeding”)**

As you are aware, we are counsel to Oxford Properties (“**Oxford**”) in connection with the JV Receivership Proceeding, and the parallel CCAA proceeding involving Hudson Bay Company (“**HBC**”).

We refer to your email received on October 1, 2025, which is in response to our letter dated September 3, 2025 (the “**September 3 Oxford Letter**”) requesting certain information, in respect of which we also followed up by email dated September 15, 2025.

Capitalized terms used in this letter and not defined, are as defined in the September 3 Oxford Letter.

We also refer to:

- (i) The Order dated June 3, 2025 as amended, appointing FTI Consulting Canada Inc. as Receiver over various JV Entities including HBC YSS 1 LP, as such terms are defined therein (the “**Receivership Order**”) in respect of certain head tenant lessee interests (“**Leasehold Interests**”) in certain Leasehold Properties as defined in the Receivership Order described in Part III of Schedule “A” thereto;
- (ii) the lease (the “**Head Lease**”) dated September 26, 2002 between Yorkdale Shopping Centre Holdings Inc., as landlord, and HBC YSS 1 LP as tenant in respect of certain premises located at Yorkdale Mall previously operated by HBC (the “**Leased Premises**”);
- (iii) the sublease (the “**Sublease**”) dated November 25, 2015 between HBC in its capacity as general partner of HBC YSS 1 LP, as sublandlord, and HBC as

subtenant, in respect of the Leased Premises;

- (iv) an Agreement dated August 12, 2025 (the “**Proposed Sublease Agreement**”) between “the Receiver of HBC YSS 1 LP and HBC YSS 1 LP Inc.<sup>1</sup> as Sublandlord” and Fairweather Ltd. (“**Fairweather**”) whereby the Receiver seeks to create a new Sublease with Fairweather. A copy of the Proposed Sublease Agreement was provided to Oxford following the case conference on August 19, 2025. As indicated in the September 3 Oxford Letter, the Proposed Sublease Agreement is not an assignment of the Head Lease, or an assignment of the Sublease. It is an entirely new Proposed Sublease Agreement that the Receiver seeks to enter into, while acting as Receiver of a tenant under the Head Lease that is subject to an insolvency proceeding under the *Bankruptcy and Insolvency Act* (the “**BIA**”).

Section 19 of the Proposed Sublease Agreement indicates that the Receiver intends to seek an assignment of the Head Lease to a solvent entity at some future date pursuant to a separate agreement (the “**Proposed Future Head Lease Assignment**”), although no details relating to that further proposed transaction or the proposed assignee (“**Proposed Future Assignee**”) have been provided. As you are aware, and as confirmed in the September 3 Oxford Letter, the Proposed Sublease Agreement and the Proposed Future Head Lease Assignment are each subject to the terms of the Head Lease with Oxford. It is the interest of the head tenant under the Head Lease over which the Receiver was appointed, defined as the Leasehold Interest forming part of the Property under paragraph 3 of the Receivership Order.

The September 3 Oxford Letter requested certain information in relation to the Proposed Sublease Agreement and a Proposed Future Head Lease Assignment contemplated by the Proposed Sublease Agreement, in respect of which no details or information have been provided. One month after receiving the September 3 Oxford Letter, the Receiver has now responded by email to state that it is not providing any of the information requested by Oxford. This is extraordinary, coming from a court officer.

On what possible basis does the Receiver believe that it is not required to respond to the September 3 Oxford Letter and provide the information requested by the landlord? This appears to be the same approach initially taken by the Receiver in serving a Report the evening prior to a case conference (following service of an Aide Memoire by Oxford), wherein the Receiver disclosed for the first time that it had entered into a transaction at Yorkdale – but refused to provide any details or a copy of the transaction document to Oxford. Only following the Court’s direction at the case conference was the Proposed Sublease Agreement provided by the Receiver to Oxford.

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<sup>1</sup> The Proposed Sublease Agreement refers to HBC YSS 1 LP Inc. in the definition of the Receiver’s capacity as “Sublandlord”, although this entity is not a party to the Head Lease or Sublease in respect of the Leased Premises at Yorkdale Mall.

To state that the proposed assignee is “well known to Oxford and other landlords” is inexplicable. Oxford is entitled to receive the information set out in the September 3 Oxford Letter in respect of any proposed transaction involving Yorkdale Mall. The Receiver’s refusal to provide any information speaks volumes. We urge the Receiver to reconsider its position in that regard.

Your email indicates “*We understand there is no consensual resolution between the parties on the proposed Yorkdale transaction and the Court will be required to deal with the matter.*” On what basis could the Receiver ever assume otherwise? The Receiver has not provided any information to Oxford in connection with the transaction, including the information requested in the September 3 Oxford Letter. In any event, the assumption is correct, and if the Receiver chooses to proceed in seeking Court approval of the Proposed Sublease Agreement, Oxford will vigorously oppose it.

The schedule you propose for the hearing of a contested motion is not workable, and also does not reflect the lack of urgency with which the Receiver has addressed the transaction to date, including in taking one month to respond to our letter – only then to advise that it does not intend to respond or provide any of the information requested. Oxford will require three weeks from whatever date the Receiver (and any parties supporting the motion) serve motion materials, to file responding materials. The Receiver (and any parties supporting the motion) can then serve any Reply materials within 5 days of the date on which Oxford serves its responding materials, which Reply materials are limited to replying to issues raised in Oxford’s responding materials. Once any Reply materials are received, we will need 5 clear days to prepare for examinations that will be conducted, including Rule 39.03 examinations. Three full days will need to be set aside for examinations. Following receipt of transcripts from the examinations, the Receiver (and all parties supporting its motion) will serve any Factum – you can advise as to how long you require following receipt of the transcripts. Oxford will serve its responding Facta one week after the Receiver (and supporting parties) deliver their Factum. The hearing date will flow from that timetable. Once you consider the above, you can provide us with a proposed timetable and we will respond promptly to same.

As it relates to the removal of FF&E and signage at Square One and Scarborough Town Centre (two locations for which the leases were terminated by the Receiver), Oxford reserves its rights against both the Receiver and HBC in that regard. We do not accept that any arrangement that may have been reached between HBC and the Receiver is binding on Oxford. Our client also reserves the right to take steps to have the exterior signage removed immediately and have all such costs reimbursed by HBC and the Receiver on a joint and several priority basis. The Receiver can sort out with HBC whatever arrangements you choose, but Oxford relies on the terms of the court Orders that have been issued in the CCAA proceeding and in the receivership proceeding.

Contrary to the assertion in your email of October 1, 2025 that “*the FF&E removal was completed last week*”, FF&E has not been completely removed from the Square One and Scarborough Town Centre locations that were terminated by the Receiver. Here is a link that includes photos of the remaining FF&E at each location, taken on October 1, 2025. A PDF containing these photos of the remaining FF&E at each location will be sent to you under separate cover:



Thornton Grout Finnigan LLP

4.

<https://tgf.sharefile.com/d-s29503741bb1d4d6eb4b7d4c035f78ee0>

The remaining FF&E must be removed forthwith and represents an ongoing breach of a court Order.

As it relates to the payment of property taxes, we disagree with your position. Oxford will address it as part of any further court attendance.

Yours truly,

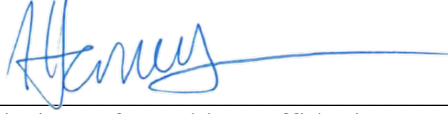
*"D.J. Miller"*

[electronic signature]

D.J. Miller

*c.c. Oxford Properties*

**THIS IS EXHIBIT "J"**  
**TO THE AFFIDAVIT OF DENNIS BLASUTTI**  
**SWORN BEFORE ME OVER VIDEOCONFERENCE**  
**THIS 12<sup>th</sup> DAY OF OCTOBER, 2025**

A handwritten signature in blue ink, appearing to read "Henry", with a long horizontal line extending to the right.

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Commissioner for Taking Affidavits

October 9, 2025



**Sent By Email**

Thornton Grout Finnigan LLP  
100 Wellington Street West, Suite 3200  
Toronto, Ontario, Canada  
M5K 1K7

**Attention: D.J. Miller**

Norton Rose Fulbright Canada LLP  
222 Bay Street, Suite 3000  
Toronto, Ontario, Canada M5K 1E7,

F: +1.416.216.3930  
[nortonrosefulbright.com](http://nortonrosefulbright.com)

**James Renihan**  
416.216.1944  
[james.renihan@nortonrosefulbright.com](mailto:james.renihan@nortonrosefulbright.com)

Dear Ms. Miller:

**Re: RioCan Real Estate Investment Trust et al. v. 2455034 Ontario Limited Partnership et al. (Court File No. CV-25-00744295-00CL) (the “Receivership Proceedings”)**

We write on behalf of our client, FTI Consulting Canada Inc., in its capacity as court-appointed receiver and manager (the “**Receiver**”) in the Receivership Proceedings, in response to your letter dated October 2, 2025.

The specific purpose of this letter is to respond to Oxford’s stated concerns about the Proposed Sublease Agreement with Fairweather. Capitalized terms used in this letter and not otherwise defined have the meanings given to them in your October 2<sup>nd</sup> letter.

The Proposed Sublease Agreement is the result of the Receiver’s good faith efforts to perform its duty to maximize value from the assets of 2491815 Ontario Limited Partnership (formerly HBC YSS 1 Limited Partnership) and maximize recoveries for the benefit of stakeholders. The transaction also provides continuity of the head lease for the benefit of the head landlord. At all times, the Receiver’s focus has been on achieving the best outcome for all stakeholders as an officer of the Court. The Receiver does not intend to individually respond to the attempts throughout your October 2<sup>nd</sup> letter to impugn its intentions or actions.

The Receiver understands Oxford intends to oppose the Proposed Sublease Agreement. Oxford has an obligation as landlord in these circumstances to consider the Proposed Sublease Agreement in an objectively reasonable manner. This obligation is stated clearly in the Head Lease as well as applicable legislation and case law. Further, as you are aware, Oxford has certain obligations under the Leasehold Lender Agreement dated January 26, 2024 with Royal Bank of Canada, as secured lender to 2491815 Ontario Limited Partnership. Those obligations also inform the parties’ reasonable expectations and appropriate matters for Oxford to consider in relation to the Proposed Sublease Agreement.

The case law is clear that a landlord acts unreasonably if it withholds consent arbitrarily, opportunistically or for an improper or ulterior purpose. Landlords must also comply with the general contractual obligations of good faith in considering a proposed sublease.

Reviewing the correspondence received from Oxford on this matter, the Receiver has significant concerns about Oxford’s objectives. Rather than reasonably considering the Proposed Sublease Agreement, it appears that Oxford is adopting a litigation strategy intended to frustrate any transaction that would support the continued existence of the Head Lease, even with an experienced and bona fide subtenant. The Receiver is concerned that Oxford’s objective is to force a surrender of the remaining term of the Head Lease, which exceeds 100 years, for no consideration. Such a result would be detrimental to 2491815 Ontario Limited Partnership and to recoveries on the Royal Bank of Canada’s loan of approximately \$75 million secured by the Head Lease, as well as other

interested stakeholders. This would be an inequitable result given the viable solution presented by the Proposed Sublease Agreement.

A few examples highlight the Receiver's concerns:

1. Oxford has requested various categories of corporate and ownership structure information about Fairweather, as counterparty on the Proposed Sublease, including proof of its existence as a corporation in good standing.

We are told that Fairweather is an existing tenant at various Oxford properties and recently entered into a new department store lease with Oxford for a former HBC location at Kingsway Mall in Edmonton. Oxford should therefore be familiar and comfortable with Fairweather's corporate existence.

2. Oxford has requested extensive financial information about Fairweather, without the protection of a non-disclosure agreement, including:
  - a. Non-public and confidential audited and pro forma financial statements;
  - b. Details of Fairweather's confidential banking arrangements;
  - c. Current credit checks on Fairweather; and
  - d. Disclosure of whether Fairweather, any of its affiliates, predecessors or related entities, together with any of their respective directors, officers or principals has ever been subject to a formal insolvency proceeding or any informal arrangement, compromise or settlement with its creditors.

The Receiver is advised that Fairweather has not been required to provide any of the foregoing information in connection with its other dealings with Oxford or other major landlords. The Receiver also understands that Fairweather has a lengthy track record of more than 25 years in the Canadian retail market and currently operates over 100 locations across Canada. Fairweather has not agreed to provide the above highly sensitive confidential and competitive information. The Receiver believes that Fairweather's position is reasonable in the circumstances.

3. Oxford has further requested detailed information regarding Fairweather's department store plans including:
  - a. Floor plans, designs, drawings, renderings and applicable design standards;
  - b. sales projections; and
  - c. marketing plans.

The Receiver does not believe any of the foregoing information is required to reasonably assess Oxford's consent to the Proposed Sublease Agreement. It is understandable that at this stage Fairweather would not be willing to share its confidential, proprietary, business plans with Oxford.

4. Oxford has proposed to establish a litigation schedule for the Proposed Sublease Agreement approval that will run into at least December and involve three full days of examination of third parties to be identified, who the Receiver assumes would include representatives of Fairweather.

The Receiver's proposal for the Yorkdale premises is a reasonable commercial transaction resulting from marketing processes that involves a single sublease of a single location. There is no need for an expanded litigation schedule and no need to subject a bona fide counterparty to the burden of an unwarranted investigation and multi-day examination, which could only be value destructive. Further, as Oxford is aware, it is a condition of



the Proposed Sublease Agreement that Oxford's consent or Court approval is obtained prior to the conclusion of Oxford's proposed schedule.

As you know, assignment or consent restrictions in a commercial agreement involving an insolvent counterparty are often addressed in a summary fashion either at the time Court approval of a transaction is sought or within 7 to 10 days after that approval has been obtained. These are real-time commercial matters which are addressed in a timely, cost-efficient and summary way. The proposed Fairweather transaction should proceed on a fair and reasonable litigation schedule.

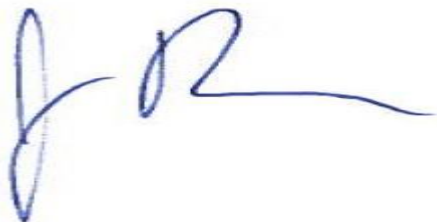
We believe the foregoing clarifies the Receiver's position with respect to information previously requested. As noted in prior correspondence, the Receiver will provide appropriate information in its motion materials and in response to appropriate requests.

The Receiver reserves all rights to seek costs in connection with an opposed approval motion in the circumstances, and any other remedies to the extent Oxford's approach to this matter and to Fairweather is determined to be unreasonable and/or otherwise impairs the transaction.

The Receiver will seek a motion date prior to the November 11, 2025 deadline under the Proposed Sublease Agreement and hopes that Oxford will work cooperatively with it to do so.

In the meantime, the Receiver remains available to respond to reasonable questions regarding the Proposed Sublease Agreement with information that is within the Receiver's control, and which is not otherwise already available or accessible to Oxford.

Yours Truly,

A handwritten signature in blue ink, appearing to read 'JR' followed by a long horizontal stroke.

James Renihan

**RIOCAN REAL ESTATE  
INVESTMENT TRUST, et al.**

Applicants

**2455034 ONTARIO LIMITED, et al.**

Respondents

Court File No. CV-25-00744295-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF DENNIS BLASUTTI**

(Sworn October 12, 2025)

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