

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET
CANADA PHARMACY (ONTARIO) CORP., TARGET
CANADA PHARMACY CORP., TARGET CANADA PHARMACY
(SK) CORP., and TARGET CANADA PROPERTY LLC (the
"Applicants")

**MOTION RECORD
(Declaring the Co-Tenancy Stay No Longer in Force)
(RETURNABLE MARCH 14, 2016)**

March 7, 2016

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TO: Service List

CCAA Proceedings of Target Canada Co. et al, Court File No. CV-15-10832-00CL

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(as at February 12, 2016)

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AND TO THE LANDLORDS:

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<p>Hillside Centre Holdings Inc. c/o Bentall Kennedy (Canada) Limited 1055 Dunsmuir Street, Suite 1800 Vancouver, BC, V7X 1B1</p> <p>Landlord for Marshalls #728 Victoria Hillside</p>	<p>Wayne Popowich Tel: 604-661-5698 Email: WPopowich@Bentallkenedy.com</p> <p>Andy Clydesdale Tel: 416-674-3561 Email: aclydesdale@bentallkenedy.com</p>
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PARTY	CONTACT
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<p>St. Albert Centre Holdings Inc. c/o Primaris Management Inc. 1 Adelaide Street East, Suite 900, Toronto, ON, M5C 2V9</p> <p>Landlord for Winners 286 St. Albert, Alberta</p>	<p>Toran Eggart Tel: 416-572-8232 Email: TEggert@primarisreit.co</p> <p>Mordecai Bobrowsky Email: MBobrowsky@primarisreit.com</p>
<p>RK (Burlington Mall) Inc. Burlington Mall, 77 Guelph Line Burlington, ON, L7R 3N2</p> <p>Landlord for Winners #386 South Burlington</p>	<p>Danny Kissoon Tel: 416-866-8189 Email: dkissoon@riocan.com</p> <p>Jeff Ross Tel: 416-866-3044</p>

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<p>Riotrin Properties/2176905 Ont. Ltd. c/o Trinity Development Group, Inc 359 Kent Street, Suite 400 Ottawa, ON, K2P OR6</p> <p>Landlord for HomeSense #097 + Winners #439 - The Stockyard Shopping Centre</p>	<p>Danny Kissoon Tel: 416-866-8189 Email: dkissoon@riocan.com</p> <p>Jeff Ross Tel: 416-866-3044 Email: Jross@riocan.com</p> <p>Oliver Hobday Email: OHobday@riocan.com</p> <p>Fred Waks Email: waks@trinity-group.com</p>
<p>RioKim Holdings (Abbotsford) Inc. RioCan Yonge Eglinton Centre 2300 Yonge Street , Suite 500 Toronto, ON, M4P 1E4</p> <p>Landlord for Winners/HomeSense Combo #288/046 Abbotsford Power Centre, BC</p>	<p>Danny Kissoon Tel: 416-866-8189 Email: dkissoon@riocan.com</p> <p>Ken Siegel Tel: 416-866-3033 Email: ksiegel@riocan.com</p> <p>Oliver Hobday Email: OHobday@riocan.com</p>

PARTY	CONTACT
<p>1388688 Ontario Limited c/o RioCan Yonge Eglinton Centre 2300 Yonge Street, Suite 500 Toronto, ON, M4P 1E4</p> <p>Landlord for Winners #213 Shoppers World Brampton</p>	<p>Danny Kissoon Tel: 416-866-8189 Email: dkissoon@riocan.com</p> <p>Moshe Batalion Tel: 416-866-3035 Email: Mbatalion@riocan.com</p> <p>Oliver Hobday Email: OHobday@riocan.com</p>

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET
CANADA PHARMACY (ONTARIO) CORP., TARGET
CANADA PHARMACY CORP., TARGET CANADA PHARMACY
(SK) CORP., and TARGET CANADA PROPERTY LLC (the
"Applicants")

**NOTICE OF MOTION
(Declaring the Co-Tenancy Stay No Longer in Force)
(RETURNABLE MARCH 14, 2016)**

**WMI-1 HOLDING COMPANY IN ITS CAPACITY AS GENERAL PARTNER OF
WINNERS MERCHANTS INTERNATIONAL L.P.** ("TJX"), will make a motion to a
Judge of the Commercial List on Monday the 14th day of March, 2016 at 10:00 a.m., or
as soon after that time as the motion can be heard, at 330 University Avenue, Toronto,
Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

- in writing under subrule 37.12(1) because it is made without notice;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally;

THE MOTION IS FOR:

1. a declaration that the stay of proceedings provided in paragraph 18 of the Initial Order (“**Co-Tenancy Stay**”) of Regional Senior Justice Morawetz dated January 15, 2015, as amended and restated on February 11, 2015 (“**Initial Order**”) and as extended by subsequent orders made in this proceeding, is no longer of any force or effect in accordance with its terms and, as a result, any tenant in a shopping centre or other retail development in which any of the Applicants owned or operated a retail location (a “**Co-Tenant**”), including TJX and Gap (Canada) Inc. (“**Gap**”), is entitled to exercise any rights that a Co-Tenant may have against its landlord arising from the failure of any of the Applicants to operate in such shopping centre or retail development (the “**Co-Tenant Rights**”);
2. a declaration that the Co-Tenancy Stay did not suspend or otherwise delay the running of any waiting period with respect to the exercise of Co-Tenant Rights (a “**Waiting Period**”);
3. in the alternative to (1), an Order permanently vacating and/or lifting paragraph 18 of the Initial Order as of March 14, 2016; and
4. if applicable, costs of the motion.

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to the Initial Order at paragraph 18, this Honourable Court imposed the Co-Tenancy Stay on the following terms:

18. THIS COURT ORDERS that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse properties) in which there is located a store, office or warehouse owned or operated by the Target Canada Entities shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of this Order, the declarations of insolvency by the target Canada Entities or as a result of any steps taken by the Target Canada Entities pursuant to this Order and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, modify, determine or cancel any such arrangement or be entitled to exercise any rights or remedies in connection therewith.

2. In his written Reasons for Decision in support of the Initial Order, Regional Senior Justice Morawetz made the following findings:
 - a) the Court had the jurisdiction to grant the Co-Tenancy Stay;
 - b) it was appropriate to preserve the status quo at the time the Co-Tenancy Stay was ordered; and
 - c) to the extent that the affected parties wished to challenge the broad nature of the Co-Tenancy Stay, it could be addressed at a “comeback hearing.”
3. The Applicants submitted that the Co-Tenancy Stay was required to stay the exercise of contractual rights of Co-Tenants for a finite period because any prejudice to Co-Tenants was significantly outweighed by the benefits of the Co-Tenancy Stay to all stakeholders of the Applicants during the wind-down period.
4. The Applicants did not ask the court to affect any substantive rights of Co-Tenants or to delay the running of any Waiting Period;
5. The Co-Tenancy Stay has been extended by subsequent court orders in this proceeding.
6. The terms of the Co-Tenancy Stay preclude Co-Tenants from exercising their rights only if certain conditions exist. In particular, the Co-Tenancy Stay only stays Co-Tenant Rights in a shopping centre or other retail development “in which there is located a store, office or warehouse owned or operated by the Target Canada Entities”. Accordingly, pursuant to the literal wording of the Initial Order, the Co-Tenancy Stay ceases to have any effect on a Co-Tenant as soon as the Applicants cease to own or operate in a given retail complex.
7. In order to avoid any allegation that the Co-Tenants are breaching the Co-Tenancy Stay, TJX, with the support of the Gap, seeks a declaration that the Co-Tenancy Stay is no longer in effect in accordance with its terms.
8. Alternatively, if the Co-Tenancy Stay is still in effect in accordance with its terms, it is appropriate that the Co-Tenancy Stay be permanently vacated.
9. The circumstances which led to the imposition of the Co-Tenancy Stay at the time the Initial Order was granted no longer exist. In particular,

- a) the orderly wind-down of the businesses of the Applicants is complete;
- b) the Real Property Portfolio Sales Process of the Applicants is complete;
- c) the Co-Tenancy Stay no longer provides any benefit to any of the stakeholders of the Applicants; and
- d) the continuation of the Co-Tenancy Stay significantly prejudices TJX and Gap as tenants because of the continuing postponement of their ability to enforce their respective contractual rights.

10. One or more landlords has taken the position with TJX that the Co-Tenancy Stay affected the substantive rights of TJX by also staying the commencement of Waiting Periods.

11. Accordingly, TJX (with the support of the Gap) seeks a declaration that the Co-Tenancy Stay did not stay, suspend, delay, or otherwise affect the running of any Waiting Period and thus any applicable Waiting Period ran during the period of the Co-Tenancy Stay.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used in support of the motion:

1. the Affidavit of Jeff Ryckman sworn March 7, 2016; and
2. such further and other evidence as counsel may advise and this Honourable Court permits.

Date: March 7, 2016

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Lawyers for WMI-1 Holding Company in its capacity as General Partner of Winners Merchants International L.P.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO) CORP., TARGET CANADA PHARMACY CORP., TARGET CANADA PHARMACY (SK) CORP., and TARGET CANADA PROPERTY LLC (the "Applicants")

Court File No. CV-10832-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**NOTICE OF MOTION
(RETURNABLE MARCH 14, 2016)**

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP.,
TARGET CANADA PHARMACY (ONTARIO) CORP.,
TARGET CANADA PHARMACY CORP., TARGET CANADA
PHARMACY (SK) CORP., and TARGET CANADA
PROPERTY LLC (the "**Applicants**")

AFFIDAVIT OF JEFF RYCKMAN

I, JEFF RYCKMAN, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a Senior Vice President, Property Development of WMI-1 Holding Company in its capacity as general partner of Winners Merchants International L.P., an Ontario limited partnership (collectively, "**TJX**"). As such, I have personal knowledge of the matters to which I hereinafter depose, unless stated to be based upon information and belief, in which case I state the source of my information and believe it to be true. With respect to the evidence in this affidavit relating to Gap (Canada) Inc. ("**Gap**"), I have been informed by Paul R. Mohun, Associate General Counsel of Gap Inc. and believe such information to be true.

2. This affidavit is in support of a motion by TJX for a declaration that the stay of proceedings under paragraph 18 of the Initial Order of Justice Morawetz dated January 15, 2015 ("**Initial Order**") is no longer of any force or effect in accordance with its terms and, as a result, no longer applies to any tenant in a commercial shopping centre or other commercial property in which there was located a store, office, or warehouse

owned or operated by the Applicants (the “**Co-Tenants**”). In the alternative, this motion is for an order vacating the stay of proceedings against the Co-Tenants imposed under paragraph 18 of the Initial Order.

3. TJX also seeks clarification that the stay in paragraph 18 of the Initial Order did not stay, suspend, or otherwise prevent the contractual waiting periods between tenants and landlords from continuing to run during the pendency of such stay.

4. In accordance with the practice in these *Companies’ Creditors Arrangement Act* (“**CCAA**”) proceedings, any capitalized terms used and not defined herein shall have the meanings ascribed in the Initial Order, Amended Initial Order, Claims Procedure Order, Monitor’s Reports and other orders or documents referenced in this affidavit.

TJX IS AFFECTED BY PARAGRAPH 18 OF THE INITIAL ORDER

5. The ultimate parent of TJX is The TJX Companies, Inc., a Fortune 500 Company that is a leading off-price retailer with more than 3,300 stores in seven countries.

6. In Canada, TJX operates 387 retail locations under the banners of Winners, Marshalls, and HomeSense. TJX’s stores are most commonly found in retail “power centres”, although a number are locating in shopping centres (i.e., enclosed malls).

7. TJX is not a creditor of the Applicants. However, TJX has been affected by the stay contained in paragraph 18 of the Initial Order.

8. Paragraph 18 (the “**Co-Tenancy Stay**”) of the Initial Order states as follows:

18. THIS COURT ORDERS that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by the Target Canada Entities shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of any steps taken by the Target Canada Entities pursuant to this Order and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith.

Attached hereto and marked as **Exhibit "A"** is a copy of the Initial Order of Justice Morawetz dated January 15, 2015.

9. The terms of TJX's leases with its landlords typically grant TJX certain rights, including, without limitation, the right to a reduction or the restructuring of rent ("**Co-Tenant Rights**"), in the event that specifically-named anchor tenants such as the Applicants cease to operate within the retail complex for any reason, including insolvency, or if the amount of occupied retail space in the complex falls below a specified percentage of total available space.

10. Typically, in the event that such circumstances occur, TJX's leases allow TJX, as Co-Tenant, to withhold certain monthly fees payable to the landlord or to calculate the payable rent as a percentage of gross sales for the month. In certain leases, TJX also has the right to terminate its lease without penalty in those circumstances.

11. The Co-Tenant Rights are typically subject to waiting periods before TJX can exercise its rights (collectively, "**Waiting Periods**"). There is often a Waiting Period (for example, 60, 90, or 120 days) during which the retail complex is not occupied by an anchor tenant like the Applicants before any adjustment can be made to TJX's rent. Similarly, there is often a longer Waiting Period, such as 365 days, before TJX is entitled to exercise its right to terminate its lease.

12. Most of TJX's leases in Canada are drawn up using TJX's standard form of lease as a base and therefore it is typical for TJX to have Co-Tenant Rights in most of its leases. However, the specific nature of the Co-Tenant Rights and the Waiting Periods varies from location to location.

13. A total of 13 TJX locations are currently affected by the Co-Tenancy Stay because TJX has been unable to exercise its Co-Tenant Rights in respect of those stores.

14. Attached hereto and marked as **Exhibit "B"** is a chart disclosing each TJX location where the Applicants' cessation of retail operations has given rise to Co-Tenant Rights. Attached hereto and marked, collectively, as **Exhibit "C"** are copies of the relevant clauses in the leases relating to the TJX locations listed in Exhibit "B".

15. By the spring of 2015, the Applicants had now ceased to operate in all of the retail developments where TJX is a Co-Tenant. However, to the extent that the Co-Tenancy Stay remains in effect in accordance with its terms, TJX is prohibited from taking any proceedings or exercising its Co-Tenant Rights.

THE CO-TENANCY STAY IS LIKELY NO LONGER OF ANY FORCE OR EFFECT

16. TJX always intended to assert all available Co-Tenant Rights against its landlords. In good faith, TJX has respected the Co-Tenancy Stay for over 13 months.

17. The Initial Order states that the Co-Tenancy Stay applies to persons having agreements with landlords of, “commercial shopping centres...in which there is located a store, office or warehouse owned or operated by the Target Canada Entities.” [underlining added] Accordingly, the Initial Order appears to state on its face that the Co-Tenancy Stay ceases to stay a Co-Tenant like TJX as soon as the Applicants cease to own or operate in a given retail complex.

18. As mentioned in the 18th Report of the Monitor dated July 15, 2015, there are no longer any stores, offices, or warehouses owned or operated by the Applicants in Canada. The Applicants have now completely wound down operations, disposed of leases and realized all relevant proceeds, completing the Applicants’ Real Property Portfolio Sales Process (“**RPPSP**”). Attached hereto and marked as **Exhibit “D”** is a copy of the 18th Report of the Monitor dated July 15, 2015, without exhibits.

19. In order to avoid any allegation that TJX is in breach of the Co-Tenancy Stay, TJX, with the support of Gap, seeks a declaration confirming that the Co-Tenancy Stay is no longer in effect. It is the position of TJX that the terms of the Co-Tenancy Stay no longer apply to the Co-Tenants and the court should thus provide a declaration to that effect in order to ensure that Co-Tenants and their landlords understand their rights and obligations.

THE CO-TENANCY STAY DID NOT SUSPEND ANY WAITING PERIOD

20. At least one of TJX’s landlords has taken the position that, in addition to temporarily staying the exercise (but not the substance) of Co-Tenant Rights, the Co-

Tenancy Stay also prevented Waiting Periods from running during stay period. If true, this would mean that Waiting Periods would run only after the Co-Tenancy Stay no longer applies, thereby further delaying the date on which TJX and other Co-Tenants can enforce their rights against landlords.

21. Although TJX does not believe that the Co-Tenancy Stay could in any way have delayed or otherwise affected Waiting Periods, given the position taken by at least one landlord, TJX seeks clarification from the court as to the scope of the Co-Tenancy Stay,

22. I am advised by my counsel, John Birch, that when the Applicants brought their CCAA application on January 15, 2015 for the Initial Order, they did not ask the Court to affect any substantive rights of the Co-Tenants or to delay the running of any Waiting Period.

23. The Initial Order and the Co-Tenancy Stay in particular make no reference to the staying or delaying of any Waiting Period, nor do any subsequent Orders in these proceedings appear to affect Waiting Periods.

24. TJX therefore asks the court to confirm that Co-Tenancy Stay did not delay or otherwise affect the running of any Waiting Period and, as a result, any applicable Waiting Period ran during the period of the Co-Tenancy Stay.

THE CO-TENANCY STAY SHOULD BE PERMANENTLY VACATED

25. If the court determines that the Co-Tenancy Stay is still in effect in accordance with its terms, TJX seeks an order permanently vacating and lifting the Co-Tenancy Stay because the underlying purpose for such stay no longer exists.

26. I am advised by counsel for TJX, John Birch, that at the hearing on January 15, 2015 for the Initial Order, the Applicants made submissions to the court arguing that the Co-Tenancy Stay was necessary to ensure the orderly wind-down of the Applicants' operations in Canada and to postpone the Co-Tenant Right of the Co-Tenants for a finite period.

27. In granting the Co-Tenancy Stay, Justice Morawetz concluded that “it is appropriate to preserve the status quo at this time.” Attached hereto and marked as **Exhibit “E”** is a copy of the Endorsement of Justice Morawetz dated January 16, 2015.

28. The circumstances which led to the imposition of the Co-Tenancy Stay at the time of the Initial Order no longer exist. The orderly wind-down of the Applicants’ business and the RPPSP are complete. In fact, no Target retail store has operated in Canada since the spring of 2015.

29. The Co-Tenancy Stay was granted without notice to TJX.

30. The Co-Tenancy Stay no longer provides any benefit to the stakeholders of the Applicants. If the Co-Tenancy Stay were lifted and TJX was able to exercise its rights against its landlords, it would have no effect on the Applicants’ CCAA proceedings or the Plan of Compromise or Arrangement. The Co-Tenancy Stay merely delays the inevitable date on which TJX may exercise its Co-Tenant Rights.

31. The Co-Tenant Rights are purely a matter of contract between TJX and its landlords. The landlords agreed to grant the Co-Tenancy Rights to TJX as a commercial term of the leases and voluntarily assumed the risk that the Applicants might cease operations at some point during the term of the leases. To the extent that landlords have suffered any loss as a result of the insolvency of the Applicants, none results from any act or omission of TJX.

32. TJX wishes to exercise its Co-Tenant rights, free from the restrictions of the Co-Tenancy Stay, retroactive to the date that such rights initially arose. This will mean that TJX’s landlords will be required to provide rent relief and other contractual benefits to TJX retroactive to the date (in most, if not all cases, in 2015) that TJX became entitled to Co-Tenant Rights.

33. On March 7, 2016, TJX informed its landlords that it wished to exercise its Co-Tenant Rights as soon as it obtained the required clarification and/or relief from the court at this motion on March 14, 2016. Attached hereto and marked as **Exhibit “F”** is a sample letter that TJX sent to its landlords.

GAP (CANADA) INC. CO-TENANCY RIGHTS

34. I am advised by Paul R. Mohun, Associate General Counsel of Gap, Inc., that Gap supports TJX's motion. Gap and its affiliates operate 21 retail locations as former Co-Tenants of the Applicants. Gap is also prejudiced by the continued operation of the Co-Tenancy Stay and is prevented from taking any proceedings or exercising any available Co-Tenant Rights under Gap's leases. Attached hereto and marked as **Exhibit "G"**, is a chart disclosing each Gap Co-Tenant location, and the applicable landlord.

35. Mr. Mohun also advises me that certain landlords have also taken the position with Gap to the effect that the Co-Tenancy Stay also prevented the Waiting Periods from running.

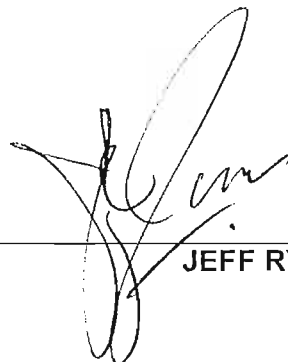
SWORN/AFFIRMED BEFORE ME

at the City of Toronto
in the Province of Ontario
this 7th day of March, 2016



Commissioner for Taking Affidavits
(or as may be)

Leonard Loewith
LSUC#65606N



JEFF RYCKMAN

TAB A

This is Exhibit "A" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)



Court File No. CV-15-10032-00C

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) THURSDAY, THE 15TH
REGIONAL SENIOR JUSTICE) DAY OF JANUARY, 2015
MORAWETZ)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
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CANADA PHARMACY (ONTARIO) CORP., TARGET
CANADA PHARMACY CORP., TARGET CANADA
PHARMACY (SK) CORP., and TARGET CANADA
PROPERTY LLC (the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark J. Wong sworn January 14, 2015 and the Exhibits thereto (the "Wong Affidavit") and the pre-filing report dated January 14, 2015 of Alvarez & Marsal Canada Inc. ("A&M") in its capacity as Proposed Monitor of the Applicants (the "Pre-Filing Report"), and on hearing the submissions of counsel for the Applicants and the partnerships listed on Schedule "A" hereto (the "Partnerships", and collectively with the Applicants, the "Target Canada Entities"), Target Corporation, A&M, the Directors and Employee Representative Counsel, and on reading the consent of A&M to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not Applicants, the Partnerships shall enjoy the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants, individually or collectively, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”), between, *inter alia*, one or more of the Target Canada Entities and one or more classes of their applicable secured and/or unsecured creditors as the Applicants deem appropriate.

4. THIS COURT ORDERS that the amounts owing by Target Canada Co. (“**TCC**”) to Nicollet Enterprise 1 S.à r.l. shall be subordinated and postponed to the proven claims of the unsecured creditors of TCC.

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Target Canada Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Target Canada Entities shall continue to carry on business in a manner consistent with the preservation of the value of their business (the “**Business**”) and Property. The Target Canada Entities shall each be authorized and empowered to continue to retain and employ the employees, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further

Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Target Canada Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Wong Affidavit or, with the consent of the Monitor and the DIP Lender (as defined herein), replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan Chase Bank, National Association (“**JPMorgan**”)) shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Target Canada Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Target Canada Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that the Target Canada Entities (other than Target Canada Property LLC and Target Canada Property LP) (collectively, the “**DIP Entities**”) shall segregate all cash and non-cash receipts arising out of or in connection with the sale of the following Property of the DIP Entities (the “**DIP Property**”), which receipts shall be held in trust by the DIP Entities as follows:

- (a) net cash proceeds of any sale or other disposition (including as a result of casualty or condemnation) by the DIP Entities of any DIP Property other than inventory (whether such inventory is sold or disposed of through return to the vendor or wholesaler, the liquidation of the inventory by a liquidation agent if appointed by the Court in connection with the Liquidation Agent Solicitation Process (as defined herein) or otherwise), which shall be held in trust for and on behalf of the DIP Lender (as defined herein) and applied, except as otherwise agreed by the DIP Lender in

writing as follows, pursuant to and in accordance with the Term Sheet (as defined herein):

- (i) first, to pay accrued and unpaid interest on, and expenses in respect of, the DIP Obligations (as defined herein);
- (ii) second, to repay any principal amounts or other DIP Obligations outstanding; and
- (iii) third, the balance to be paid to the DIP Entities.

8. THIS COURT ORDERS that the Target Canada Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after this Order to the extent that such expenses are incurred and payable by the Target Canada Entities:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental and similar benefit plans or arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll processing expenses;
- (b) all outstanding or future amounts owing in respect of customer rebates, refunds, discounts or other amounts on account of similar customer programs or obligations;
- (c) all outstanding or future amounts related to honouring gift cards issued before or after the date of this Order;
- (d) the fees and disbursements of any Assistants retained or employed by the Target Canada Entities at their standard rates and charges;
- (e) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Target Canada Entities prior to the date of this Order by:
 - (i) logistics or supply chain providers, including customs brokers and freight forwarders and security and armoured truck carriers;
 - (ii) providers of credit, debit and gift card processing related services; and

- (iii) other third party suppliers up to a maximum aggregate amount of \$10,000,000, if, in the opinion of the Target Canada Entities, the supplier is critical to the Orderly Wind-down (as defined herein); and
 - (f) any and all sums due and owing to Amex Bank of Canada and JPMorgan in respect of credit cards issued to management and employees of the Target Canada Entities.
9. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Target Canada Entities shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the Business in the ordinary course during the Orderly Wind-down after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Target Canada Entities following the date of this Order.
10. THIS COURT ORDERS that the Target Canada Entities shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Target Canada Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
 - (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Target Canada Entities in connection with the sale of goods and services by the Target Canada Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or

where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Target Canada Entities; and
- (d) taxes under the *Income Tax Act* (Canada) or other relevant taxing statute giving rise to any statutory deemed trust amounts in favour of the Crown in right of Canada or any Province thereof or any political subdivision thereof or any other taxation authority.

11. THIS COURT ORDERS that, except as specifically permitted herein, the Target Canada Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the Target Canada Entities to any of their creditors as of the date of this Order; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of the Court.

ORDERLY WIND-DOWN

12. THIS COURT ORDERS that the Target Canada Entities shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the term sheet (the "**Term Sheet**") governing the DIP Facility (as defined herein), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of redundant or non-material assets not exceeding \$1,000,000 in any one transaction or \$5,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant Target Canada Entity deems appropriate;

- (c) pursue all offers for sales of material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any sale (except as permitted by paragraph 12(a)) above;
- (d) in consultation with, and with the oversight of, the Monitor, engage in discussions with and solicit proposals and agreement(s) from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the “**Liquidation Agent Solicitation Process**”) and return to Court for approval of such agreement(s); and
- (e) to apply to this Court for such approval, vesting or other Orders as may be necessary to consummate sale transactions for all or any part of the Property,

all of the foregoing to permit the Target Canada Entities to proceed with an orderly wind-down of the Business (the “**Orderly Wind-down**”).

REAL PROPERTY LEASES

13. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Target Canada Entities shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts normally payable to the landlord under its lease, but for greater certainty, excluding accelerated rent) or as otherwise may be negotiated between the applicable Target Canada Entity and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

14. THIS COURT ORDERS that the Target Canada Entities shall provide each of the relevant landlords with notice of the relevant Target Canada Entity’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the relevant Target Canada Entity’s entitlement to remove any such fixture under the provisions of the lease, such fixture

shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Target Canada Entity, or by further Order of this Court upon application by the Target Canada Entities on at least two (2) days' notice to such landlord and any such secured creditors. If any of the Target Canada Entities disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the relevant Target Canada Entity's claim to the fixtures in dispute.

15. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA by any of the Target Canada Entities, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Target Canada Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Target Canada Entities in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

16. THIS COURT ORDERS that, notwithstanding anything to the contrary in any real property lease or elsewhere, the Target Canada Entities shall have no obligation to stock or re-stock and/or operate from any of its locations and/or remodel, fixture or open any new or renovated stores during these proceedings.

STAY OF PROCEEDINGS

17. THIS COURT ORDERS that until and including February 13, 2015, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Target Canada Entities or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Target Canada Entities and the Monitor, or with leave of this Court, and any and

all Proceedings currently under way against or in respect of the Target Canada Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

18. THIS COURT ORDERS that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by the Target Canada Entities shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of this Order, the declarations of insolvency by the Target Canada Entities or as a result of any steps taken by the Target Canada Entities pursuant to this Order and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith.

19. THIS COURT ORDERS that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Target Corporation and its direct and indirect subsidiaries (other than the Target Canada Entities) (collectively, "**Target US**") arising out of or in connection with any right, remedy or claim of any Person (as defined herein) against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future, which indebtedness, indemnity, liability or obligation is derivative of the primary liability of the Target Canada Entities except with the written consent of the Target Canada Entities and Target US and the Monitor, or with leave of this Court; provided that this paragraph shall not apply to any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and

JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

NO EXERCISE OF RIGHTS OR REMEDIES

20. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Target Canada Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Target Canada Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Target Canada Entities to carry on any business which the Target Canada Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien, and provided further that this paragraph shall not apply to any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

NO INTERFERENCE WITH RIGHTS

21. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Target Canada Entities, except with the written consent of the relevant Target Canada Entity and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant Target Canada Entity shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

22. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Target Canada Entities or statutory or regulatory mandates for the supply

of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payroll and benefits services, pharmaceutical services, insurance, warranty services, transportation services, freight services, security and armoured truck carrier services, utility, customs clearing, warehouse and logistics services or other services to the Business or the Target Canada Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Target Canada Entities, and that the Target Canada Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Target Canada Entities in accordance with normal payment practices of the Target Canada Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Target Canada Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

23. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Target Canada Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

24. THIS COURT ORDERS that the Key Employees Retention Plan (the “**KERP**”), as described in the Wong Affidavit, is hereby approved and the Target Canada Entities are authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

25. THIS COURT ORDERS that the key employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$6.5 million to secure

amounts owing to such key employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 63 and 65 herein.

EMPLOYEE TRUST

26. THIS COURT ORDERS that the creation of the Employee Trust, as defined and described in the Wong Affidavit, is hereby approved on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation the appointments of Hon. John D. Ground as trustee and the Monitor as administrator (the “**Administrator**”) of the Employee Trust and authorizes and directs the Monitor to act in such capacity.

27. THIS COURT ORDERS that TCC is authorized to process or cause to be processed all amounts received from the Employee Trust, including making payments to the Beneficiaries (as defined in the Employee Trust Agreement), subject to and in accordance with the terms and conditions of the Employee Trust Agreement.

28. THIS COURT ORDERS that the amounts received by TCC from the Employee Trust in the hands of TCC and when paid to any payment processor shall be deemed to be held in trust for and on behalf of the Beneficiaries, subject to and in accordance with the Employee Trust Agreement and shall not constitute property of TCC, including, without limitation, under the CCAA and the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and shall not be subject to the claims of any person other than as provided under the Employee Trust Agreement.

29. THIS COURT ORDERS that the creation, establishment, funding and administration of the Employee Trust shall not, in whole or in part, directly or indirectly, (a) cause Target US to be or be deemed to be, or (b) in any way be relied upon to claim or assert that Target US is or is deemed to be, either (i) an employer or (ii) a common or related employer under contract, statute, common law or otherwise of any employee of the Target Canada Entities.

30. THIS COURT ORDERS that:

- (a) each Beneficiary shall be deemed to release the Releasees (as defined in the Employee Trust Agreement) on the payment of a distribution from the Employee Trust in respect of such Beneficiary’s Eligible Employee Claim (as defined in the

Employee Trust Agreement), to the extent of such distribution (the “**Payment Release**”); and

- (b) each Beneficiary shall be deemed to release the Releasees in respect of the full amount of the Beneficiary’s Eligible Employee Claim 60 days after the final payment to such Beneficiary under the Employee Trust or such later date as the Monitor in its sole discretion may designate, provided that the Beneficiary has not, on or before such date, provided notice of dispute to the Monitor and Employee Representative Counsel (as defined herein) substantially in the manner and form attached as Schedule “B”; provided further that in the event of any insufficiency of Trust funds to cover an individual’s total Eligible Employee Claim, only the Payment Release shall be effective and there shall be no deemed full and final release of the full Eligible Employee Claim.

EMPLOYEE REPRESENTATIVE COUNSEL

31. THIS COURT ORDERS that Koskie Minsky LLP (“**Employee Representative Counsel**”) is hereby appointed as counsel for all employees other than officers and directors (the “**Employees**”) of the Target Canada Entities in these proceedings, any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before this Honourable Court (the “**Insolvency Proceedings**”), for any issues affecting the Employees in the Insolvency Proceedings including, without limitation, with respect to the Employee Trust Agreement and the Claims Process (as defined in the Employee Trust Agreement).

32. THIS COURT ORDERS that the Employee Representative Counsel shall commence the process of identifying no more than 7 Employees to be nominated as Court-appointed representatives (the “**Employee Representatives**”) as soon as practicable. The Employee Representatives, once appointed, shall represent the Employees in the Insolvency Proceedings, including, without limitation, for the purpose of settling or compromising claims by the Employees in the Insolvency Proceedings.

33. THIS COURT ORDERS that notice of the appointment of Employee Representative Counsel shall be provided to the Employees by:

- (a) referring thereto in a letter to be sent to the Employees, other than former employees, by Target Canada Entities, no later than January 19, 2015;
- (b) postings in each place of work;
- (c) notice on the Monitor's Website (as defined herein) and on the Representative Counsel's website; and
- (d) referring thereto in the notices provided for in paragraph 69 below.

34. THIS COURT ORDERS that the Target Canada Entities shall provide to Employee Representative Counsel, without charge:

- (a) the names, last known address and last known email addresses (if any) of all the Employees as well as applicable data regarding their entitlements, subject to a confidentiality agreement and to only be used for the purposes of these proceedings; and
- (b) upon request of Employee Representative Counsel, such documents and data as may be relevant to matters relating to the issues in these proceedings, including documents and data pertaining to the various benefits, termination allowance plans, severance and termination payments and other arrangements for group health, life insurance, retirement and severance payments, including up to date financial information regarding the funding and investments of any of these arrangements.

35. THIS COURT ORDERS that all reasonable fees and disbursements as may have been incurred by the Employee Representative Counsel prior to the date of this Order or which shall be incurred by the Employee Representative Counsel shall be paid by the Target Canada Entities on a weekly basis, forthwith upon the rendering of accounts to the Target Canada Entities. In the event of any disagreement regarding such fees, such matters may be remitted to this Court for determination.

36. THIS COURT ORDERS that Employee Representative Counsel is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including

dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

37. THIS COURT ORDERS that Employee Representative Counsel shall have no liability as a result of its appointment or the fulfilment of its duties in carrying out the provisions of this Order save and except for any gross negligence or wilful misconduct on its part.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

38. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Target Canada Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Target Canada Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Target Canada Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the Target Canada Entities or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

39. THIS COURT ORDERS that the Target Canada Entities shall jointly and severally indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Target Canada Entities after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

40. THIS COURT ORDERS that the directors and officers of the Target Canada Entities shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$64 million, as security for the indemnity provided in paragraph 39 of this Order. The Directors' Charge shall have the priority set out in paragraphs 63 and 65 herein.

41. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 39 of this Order.

APPROVAL OF ADVISOR AGREEMENTS

42. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Lazard Freres & Co. LLC ("**Lazard**") as financial advisor to TCC in connection with the sales process for the real property assets held by the Target Canada Entities (the "**Real Property Portfolio Sales Process**") in the form attached as a confidential appendix to the Pre-Filing Report (the "**Financial Advisor Agreement**"), and the retention of Lazard under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

43. THIS COURT ORDERS that Confidential Appendix "A" to the Pre-Filing Report shall be and is hereby sealed, kept confidential and shall not form part of the public record.

44. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Northwest Atlantic (Canada) Inc. ("**Northwest**") to provide real estate advisory services, including any required brokerage services, to TCC in respect of the Real Property Portfolio Sales Process in the form attached as Exhibit V to the Wong Affidavit (the "**Real Estate Advisor Agreement**"), and the retention of Northwest under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Real Estate Advisor Agreement.

45. THIS COURT ORDERS that Lazard and Northwest shall consult with and report to the Monitor on a regular basis in connection with the Real Property Portfolio Sales Process.

APPOINTMENT OF MONITOR

46. THIS COURT ORDERS that Alvarez & Marsal Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Target Canada Entities with the powers and obligations set out in the CCAA or set forth herein and that the Target Canada Entities and their direct and indirect shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Target Canada Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

47. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Target Canada Entities' receipts and disbursements;
- (b) assist with the wind-down of the Business and operations of the Target Canada Entities;
- (c) liaise with Assistants with respect to all matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (d) oversee and consult with Lazard and Northwest with respect to the Real Property Portfolio Sales Process;
- (e) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Shared Services, the Orderly Wind-down and such other matters as may be relevant to the proceedings herein;
- (f) assist the Target Canada Entities, to the extent required by the Target Canada Entities, in their dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Target Canada Entities and the DIP Lender

which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (g) advise the Target Canada Entities in their preparation of the Target Canada Entities' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis in accordance with the Term Sheet;
- (h) advise the Target Canada Entities in their development of the Plan and any amendments to the Plan;
- (i) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Target Canada Entities, to the extent that is necessary to adequately assess the Target Canada Entities' business and financial affairs or to perform its duties arising under this Order;
- (k) oversee and consult with the Target Canada Entities, any liquidation agent selected through the Liquidation Agent Solicitation Process and any Assistants retained (including brokers), to the extent required, with any and all wind-down activities and/or any marketing or sale of the Property and the Business or any part thereof;
- (l) administer the Employee Trust, in its role as Administrator thereof, in consultation with the Trustee thereof, TCC and Employee Representative Counsel;
- (m) be at liberty to engage independent legal counsel or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

- (n) be at liberty to serve as a “foreign representative” of the Applicants in any proceeding outside Canada;
- (o) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with any matters relating to any foreign proceeding commenced in relation to any of the Target Canada Entities, including retaining independent legal counsel, agents, experts, accountants or such other persons as the Monitor deems necessary or desirable respecting the exercise of this power; and
- (p) perform such other duties as are required by this Order or by this Court from time to time.

48. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

49. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

50. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Target Canada Entities and the DIP Lender with information provided by the Target Canada Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Target Canada Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Target Canada Entities may agree.

51. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, including for greater certainty in the Monitor's capacity as Administrator of the Employee Trust, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

52. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order by the Target Canada Entities as part of the costs of these proceedings. The Target Canada Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Target Canada Entities and counsel to the Directors on a weekly basis and, in addition, the Target Canada Entities are hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors retainers in the aggregate amount of \$1,000,000 to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

53. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

54. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities, counsel to the Directors, Employee Representative Counsel, Lazard (with respect to its Monthly Fee set out in the Financial Advisor Agreement) and Northwest shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$6.75 million, as security for their professional fees and disbursements incurred at their respective standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 63 and 65 hereof.

55. THIS COURT ORDERS that Lazard shall be entitled to the benefit of and is hereby granted a charge (the “**Financial Advisor Subordinated Charge**”) on the Property with respect to its fees under the Financial Advisor Agreement other than its Monthly Fee thereunder (the “**Transaction Fee**”), which charge shall not exceed an aggregate amount of \$3 million, as security for the Transaction Fee. The Financial Advisor Subordinated Charge shall have the priority set out in paragraphs 63 and 65 hereof.

DIP FINANCING

56. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under a credit facility from Target Corporation (the “**DIP Lender**”) in order to finance the DIP Entities’ working capital requirements and other general corporate purposes and allow them to make such other payments as permitted under this Order and the Term Sheet (the “**DIP Facility**”), provided that borrowings under the DIP Facility shall not exceed US\$175 million unless permitted by further Order of this Court.

57. THIS COURT ORDERS that the DIP Facility shall be on the terms and subject to the conditions set forth in the Term Sheet.

58. THIS COURT ORDERS that the DIP Facility and the Term Sheet be and are hereby approved and the DIP Entities are hereby authorized and directed to execute and deliver the Term Sheet.

59. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to execute and deliver the promissory note as is contemplated by the Term Sheet (the

“**Promissory Note**”), and the DIP Entities are hereby authorized and directed to pay and perform all of their respective indebtedness, interest, liabilities and obligations to the DIP Lender under and pursuant to the Term Sheet and the Promissory Note as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

60. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the DIP Property, as security for any and all obligations of the DIP Entities under the DIP Facility, the Term Sheet and the Promissory Note (including on account of principal, interest, fees, expenses and other liabilities) (the aggregate of all such obligations being the “**DIP Obligations**”), which DIP Lender’s Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time. The DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 63 and 65 hereof.

61. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or the Promissory Note;
- (b) upon the occurrence of an event of default under the Term Sheet, the Promissory Note or the DIP Lender’s Charge, the DIP Lender, upon 3 business days’ prior written notice to the DIP Entities and the Monitor and on application to the Court, may exercise any and all of its rights and remedies against the DIP Entities or the DIP Property under or pursuant to the Term Sheet, the Promissory Note and the DIP Lender’s Charge, including without limitation, to cease making advances to the DIP Entities and set off and/or consolidate any amounts owing by the DIP Lender to the DIP Entities against the obligations of the DIP Entities to the DIP Lender under the Term Sheet, the Promissory Note or the DIP Lender’s Charge, to give notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the DIP Entities and for the appointment of a trustee in bankruptcy of the DIP Entities; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the DIP Entities or the DIP Property.

62. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of them, under the BIA, with respect to any advances made under the DIP Facility, the Term Sheet or the Promissory Note.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

63. THIS COURT ORDERS that the priorities of the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$6.75 million);

Second – KERP Charge (to the maximum amount of \$6.5 million);

Third – Directors' Charge (to the maximum amount of \$64 million);

Fourth – Financial Advisor Subordinated Charge (to the maximum amount of \$3 million); and

Fifth – DIP Lender's Charge.

64. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, and the DIP Lender's Charge, (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

65. THIS COURT ORDERS that each of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge shall constitute a charge

on the Property and the DIP Lender's Charge shall constitute a charge on the DIP Property and such Charges (other than the DIP Lender's Charge) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for any Person who is a "secured creditor" as defined in the CCAA. For greater certainty, the DIP Lender's Charge shall rank behind all Encumbrances in favour of any Person.

66. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Target Canada Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge, unless the Target Canada Entities also obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge, or further Order of this Court.

67. THIS COURT ORDERS that the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, the Term Sheet, the Promissory Note and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Target Canada Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Promissory Note shall create or be deemed

to constitute a breach by any of the Target Canada Entities of any Agreement to which they are a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Target Canada Entities entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Promissory Note; and
- (c) the payments made by the Target Canada Entities pursuant to this Order, the Term Sheet or the Promissory Note, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

68. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant Target Canada Entity's interest in such real property leases.

SERVICE AND NOTICE

69. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Target Canada Entities of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available.

70. THIS COURT ORDERS that any employee of any of the Target Canada Entities that receives a notice of termination from any of the Target Canada Entities shall be deemed to have received such notice of termination by no more than the seventh day following the date such notice of termination is delivered, if such notice of termination is sent by ordinary mail, expedited parcel or registered mail.

71. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <http://www.alvarezandmarsal.com/targetcanada> (the “**Monitor’s Website**”).

72. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Guide is not practicable, the Target Canada Entities and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Target Canada Entities’ creditors or other interested parties at their respective addresses as last shown on the records of the Target Canada Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

73. THIS COURT ORDERS that the Target Canada Entities or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

74. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Target Canada Entities, the Business or the Property.

75. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

effect to this Order and to assist the Target Canada Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Target Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Target Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

76. THIS COURT ORDERS that each of the Target Canada Entities and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as the foreign representative of the Target Canada Entities to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto.

77. THIS COURT ORDERS that any interested party (including the Target Canada Entities and the Monitor) may apply to this Court to vary or amend this Order at the comeback motion scheduled for February 11, 2015, on not less than seven (7) calendar days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

ENTERED AT / INSCRIT À TORONTO
 ON / BOOK NO:
 LE / DANS LE REGISTRE NO.:

JAN 15 2015

MJ

 R.S.U.

SCHEDULE "A"
PARTNERSHIPS

Target Canada Pharmacy Franchising LP
Target Canada Mobile LP
Target Canada Property LP

SCHEDULE "B"
NOTICE OF DISPUTE REGARDING ELIGIBLE EMPLOYEE CLAIM

I, _____ (insert name and employee number if known), am disputing that I have been paid in full in respect of my Eligible Employee Claim, as such term is defined in the Employee Trust Agreement. ***Please see the Monitor's website at www.alvarezandmarsal.com/targetcanada or Employee Representative Counsel's website at www.kmlaw.ca for further information.***

I am a _____ (insert position) in the Target Canada Co. store located at _____ (insert address/location).

The basis for my objection is:
(insert full particulars regarding dispute, including all facts and calculations on which you are relying)

Based on the foregoing, I claim that I am owed the sum of \$_____.

Dated at _____ this _____ day of _____, 2015.

Signature: _____

Address: _____

Tel: _____

Email: _____

METHOD OF DELIVERY:

This notice of dispute must be sent to Employee Representative Counsel and to the Monitor at the following addresses:

To Employee Representative Counsel:

Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Attention: Susan Philpott
Fax: (416) 204-2897
Email: targetemployees@kmlaw.ca

To the Monitor at:

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Attention: Target Canada Monitor
Fax: (416) 847-5201
Email: targetcanada.monitor@alvarezandmarsal.com

NOTE: THIS MUST BE SENT TO EMPLOYEE REPRESENTATIVE COUNSEL AND THE MONITOR NO LATER THAN 45 DAYS AFTER YOU RECEIVE YOUR LAST PAYMENT FROM TCC PAYROLL.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., *et al.*

Applicants

Court File No. **15-1083201**

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

PROCEEDING COMMENCED AT
TORONTO

INITIAL ORDER

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8

Tracy Sandler (LSUC #: 32443N)
Jeremy Dacks (LSUC #: 41851R)
Shawn Irving (LSUC #: 50035U)
Robert Carson (LSUC #: 57364H)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for the Applicants

Matter No: 1159785

TAB B

This is Exhibit "B" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016

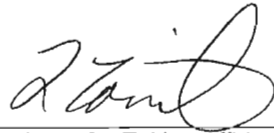


Commissioner for Taking Affidavits (or as may be)

TJXC LOCATION REFERENCE	PROPERTY	ADDRESS	LANDLORD INFO.
Winners #400 Galeries Joliette	Les Galeries Joliette	1075 boul. Firestone Joliette QC J6E 6X6	Beauward Shopping Centres Ltd.
Winners #348 Tamarack Centre, Cranbrook	Tamarack Shopping Centre	240 - 1500 Cranbrook Street North Cranbrook BC V1C 3S8	Bentall
Winners/HomeSense Combo #378/083 Bayshore, Ottawa	Bayshore Shopping Centre	100 Bayshore Drive, Unit A30 Ottawa ON K2B 8C1	Ivanhoe Cambridge
Winners/HomeSense Combo #375/052 Dartmouth	Mic Mac Mall	21 Mic Mac Blvd., Unit #193 Dartmouth NS B3A 4K3	Ivanhoe Cambridge
Winners #300 Conestoga Mall	Conestoga Mall	550 King Street North Waterloo ON N2L 5W6	Ivanhoe Cambridge
Marshalls #730 Northwest Plaza, Moncton	Northwest Plaza	1380 Mountain Road, Unit 10 Moncton NB E1C 2T8	Plaza Group Management Ltd.
Winners 286 St. Albert, Alberta	St. Albert Centre	375 St. Albert Trail St. Albert AB T8N 3K8	Primaris
Winners #386 South Burlington	Burlington Mall	777 Guelph Line Burlington ON L7R 3N2	Riocan
Winners #276 Victoria	Tillicum Mall	3170 Tillicum Road Victoria BC V9A 7C5	Riocan
HomeSense #097 The Stockyard Shopping Centre	Toronto Stockyards	75 Gunns Road, Unit 203 Toronto ON M6N 0A3	Riocan
Winners #439 The Stockyard Shopping Centre	Toronto Stockyards	75 Gunns Road, Unit 203 Toronto ON M6N 0A3	Riocan
Winners/HomeSense Combo #288/046 Abbotsford Power Centre, BC	Abbotsford Power Centre	1335 Sumas Way, Unit 100 Abbotsford BC V2S 7P5	Riocan
Winners #213 Shoppers World Brampton	Shoppers World	499 Main Street South, Unit 250 Brampton ON L6Y 1N7	Riocan

TAB C

This is Exhibit "C" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)

RIOCAN - STOCK YARDS
097 (TORONTO)

097
Stockyards

within sixty (60) days after the end of such thirty (30) day period. If at any time the applicable zoning shall not permit the retail sale of any and all types of homegoods in the Demised Premises which Tenant is permitted to sell under this lease and provided Demised Premises are still being used for sale of homegoods, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease by giving Landlord notice thereof. Tenant can only terminate pursuant to this Section 4.6 if the authorities actually require the Demised Premises to cease operations. Neither party shall actively support any such zoning change. Any such termination pursuant to this Section 4.6 shall take effect thirty (30) days after delivery of termination notice.

COTENANCY

4.7 For purposes hereof, the Cotenancy Condition shall be deemed to be satisfied at any time when at least seventy percent (70%) of the leasable floor area of the Shopping Center (excluding the Demised Premises from such computation) shall be continuously open for business to customers not less than forty (40) hours per week. It is agreed that temporary tenants shall in no event count towards fulfilling such Cotenancy Condition. (Landlord acknowledges and agrees that store operators entering into short-term leases or license agreements with Landlord for retail stores that will only operate for a partial year or seasonally (for example, Spirit Halloween Superstores or stores similar in nature) shall in no event count towards fulfilling the percentage requirement of the Cotenancy Condition set forth above.) If for any period of more than one hundred twenty (120) consecutive days following the Commencement Date the Cotenancy Condition is not satisfied, then until the Cotenancy Condition is again satisfied no Abated Charges shall be payable and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly Abated Charges which otherwise would have been payable pursuant to this lease for said month but for the provisions of this Section 4.7 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month (the "LOE Amount"). In addition, if the Cotenancy Condition is not satisfied for any period of more than three hundred sixty-five (365) consecutive days following the Commencement Date, Tenant may, so long as the Cotenancy Condition is not satisfied, terminate this lease by giving Landlord notice thereof within thirty (30) days following the expiry of such three hundred and sixty five (365) consecutive day period and the term of this lease shall then terminate on the date therefor set forth in said notice, which date shall not be less than sixty (60) days after the date of such notice. In the event Tenant fails to exercise its right to so terminate this lease within the aforesaid thirty (30) day period, then with effect from and after the expiry of such three hundred sixty five (365) consecutive day period (i) this right of termination of this lease, the entitlement of Tenant to pay the LOE amount and the provisions of this Section 4.7 shall be null and void and of no further force and effect, and (ii) Tenant shall commence or resume payment of the Abated Charges in accordance with this lease.

OPERATIONS

4.8 On or before the three hundred and sixty fifth (365th) day after the Commencement Date, Tenant shall open a store selling homegoods in at least eighty percent (80%) of the leasable floor area of the Demised Premises for one day under the trade name "HomeSense" "Winners" or any other trade names then used by Tenant. Nothing in this lease or otherwise shall obligate Tenant to keep the Demised Premises open for business beyond said one (1) day period, or prevent Tenant from closing the Demised Premises, temporarily or permanently, or require Tenant to use any such trade name in the operation of the Demised Premises after the initial opening thereof. In the event that the Demised Premises shall at any time after such initial opening, be closed for business to customers for any period of ninety (90) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice

#213

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BRAMPTON

a per diem basis according to the nature and extent of the injury to Tenant's business in the Demised Premises commencing on the eleventh (11th) day. If at any time during the term of this lease any person having a prior right to Tenant shall cause an injunction to be entered against Tenant with respect to the Demised Premises prohibiting Tenant's use or enjoyment of the Demised Premises or depriving the Tenant of any of its rights under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease by giving Landlord notice thereof within sixty (60) days after the end of such thirty (30) day period. If at any time the applicable zoning shall not permit the retail sale of any and all types of wearing apparel in the Demised Premises which Tenant is permitted to sell under this lease and provided Demised Premises are still being used for sale of wearing apparel, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease by giving Landlord notice thereof. Tenant can only terminate pursuant to this Section 4.6 if the authorities actually require the Demised Premises to cease operations. Neither party shall actively support any such zoning change. Any such termination pursuant to this Section 4.6 shall take effect thirty (30) days after delivery of termination notice.

INDUCEMENTS

4.7 If for any period of more than one hundred twenty (120) consecutive days either one of the Inducement Stores (defined in Schedule G) shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no Real Property Taxes shall be payable under Article VI, no insurance shall be payable under Section 10.6 and no Common Area maintenance charges shall be payable under Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one quarter percent (2.25%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if either one of the Inducement Stores shall not be open for business to retail customers for any period of more than three hundred sixty five (365) consecutive days, Tenant may terminate this lease at anytime during any such period by giving Landlord days prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than fifteen (15) days from the date of such notice.

OPERATIONS

4.8 On or before the thirtieth (30th) day after the Commencement Date, Tenant shall open a store in at least eighty percent (80%) of the Demised Premises under the tradename "Winners" or such other tradename as is then used in the operation of a majority of Tenant's stores at such time selling such items as are typically sold in a majority of Tenant's other stores in the greater Toronto area. Nothing in this lease or otherwise shall obligate Tenant to keep the Demised Premises open for business, or prevent Tenant from closing the Demised Premises, temporarily or permanently, or require Tenant to use any such tradename in the operation of the Demised Premises after the initial opening thereof. In the event that the Demised Premises shall at any time after such initial opening, be closed for business to customers for any period of ninety (90) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the thirtieth (30th) day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term. If Tenant shall give Tenant's Notice as aforesaid, Tenant shall open the Demised Premises for business on or before the ninetieth (90th) day after the date of Tenant's Notice.

RADIUS

4.9 Tenant agrees not to open a store under the tradename Winners within a radius of one and one half (1.5) miles from the Demised Premises so long as a store under the tradename Winners is being operated in the Demised Premises. However, the aforesaid radius restriction shall not apply to a store which is part of a chain of stores acquired by Tenant after the date hereof or any store operated under a different tradename.

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BRAMPTON

SCHEDULE G

INDUCEMENT TENANTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

<u>LESSEE</u>	<u>STORE FLOOR AREA (SQUARE FEET)</u>	<u>BUSINESS</u>
Canadian Tire		Hard Lines Retailer
Zellers		re Junior Department Store

Canadian Tire may be replaced by a hard lines retailer operated by a regional or national retail replacement tenant provided such replacement shall operate in at least 90% of the premises formerly occupied by Canadian Tire.

Zellers may be replaced by a department store operated by a regional or national retail replacement tenant provided such replacement shall operate in at least 90% of the premises formerly occupied by Zellers.

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 VICTORIA BC
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alterations or other work done by Landlord, Tenant shall be deprived of the use or enjoyment of the whole or any part of the Demised Premises or the part of the Common Areas (defined in Schedule "B") included within Tenant's Critical Area (defined in Schedule A), all rent shall abate on a per diem basis in proportion to such deprivation. If at any time during the term of this lease any person having a prior right to Tenant not set forth as a Title Matter in Schedule "B" shall cause an injunction to be entered against Tenant restricting in any manner not contemplated by this lease Tenant's use or enjoyment of the Demised Premises or any right of Tenant under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof if the injunction materially impedes the Tenant from carrying on business in the Demised Premises in accordance with this lease. If at any time the applicable zoning shall not permit the retail sale of any and all types of wearing apparel in the Demised Premises and Tenant is in fact prohibited from operating for such use in the Demised Premises, then Tenant may terminate this lease, by giving Landlord notice thereof.

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 TULLIAM

INDUCEMENTS

4.7 If for any period of more than ninety (90) consecutive days either (i) the food supermarket in the Shopping Center operated under the name of Safeway on the date hereof and containing at least 55,000 square feet of floor area (the "Safeway Premises") (or in lieu thereof, comparable regional or national retail replacement tenants, reasonably acceptable to Tenant), shall not be operating in at least eighty percent (80%) of the total ground floor area of the Safeway Premises whether Safeway goes dark or downsizes the size of its store or (ii) the discount department store in the Shopping Center operated under the name of Zellers on the date hereof and containing at least 120,000 square feet of floor area (the "Zellers Premises") (or in lieu thereof, comparable regional or national retail replacement tenants, reasonably acceptable to Tenant) shall not be operating in at least eighty percent (80%) of the total ground floor area of the Zellers Premises whether Zellers goes dark or downsizes the size of its store, then (A) during each such period no minimum rent shall be payable under Section 5.1 and no percentage rent shall be payable under Section 7.3 and in lieu thereof Tenant shall pay to Landlord on or before the tenth (10th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month (the "LOE Amount"), and (B) in addition, if such set of circumstances further continues for a total of three hundred sixty (360) consecutive days, Tenant may terminate this lease at any time within ninety (90) days after the end of said three hundred sixty (360) day period by giving Landlord notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice. In the event Tenant fails to terminate this lease as provided in the immediately preceding sentence and if the suspension of minimum and percentage rent and the payment by Tenant of LOE Amount in lieu thereof pursuant to the immediately preceding sentence continues for more than three hundred sixty five (365) consecutive days, Landlord may elect to terminate the Lease thereafter by giving notice to Tenant. Tenant will act in good faith and will not revert to paying full rent for the purpose of avoiding the consecutive running of the days in the 365 day period, so that Landlord's termination right is defeated. If within thirty (30) days after Tenant shall receive such notice of termination from Landlord, Tenant elects, on a bona fide basis, to revert back to full rent (minimum rent under Section 5.1 and percentage rent under 7.3) as opposed to paying the LOE Amount then Landlord's termination notice by shall become void and of no force or effect. In the event Tenant does not inform Landlord of its intent to revert to full rent within such thirty (30) day period, the Lease shall terminate on the date specified in Landlord's notice but no earlier than thirty (30) days after the end of such thirty (30) day period. The Stores

referred to above are sometimes herein referred to as the "Inducement Store" and the operator of the Inducement Stores are sometimes herein referred to as the "Inducement Tenants." Notwithstanding the foregoing, the remedies set forth in this Section 4.7 shall not be exercised by Tenant until after June 1, 1999.

OPERATIONS

4.8 On or before the sixtieth (60th) day after the Commencement Date, Tenant shall open a store for business in the Demised Premises under the tradename Winners or such other tradename as is then used in the operation of a majority of Tenant's stores at such time which store, shall upon the opening thereof, be substantially similar in style and format to other stores then operated under such tradename in Greater Vancouver. Nothing in this lease or otherwise shall require Tenant to keep the Demised Premises open for business at any time or times or prevent Tenant from closing the Demised Premises temporarily or permanently, at any time or times after such initial opening. In the event that the Demised Premises shall, at any time during the term of this lease, be closed for business to customers for any period of ninety (90) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the thirtieth (30th) day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term. If Tenant shall give Tenant's Notice as aforesaid, Tenant shall open the Demised Premises for business on or before the ninetieth (90th) day after the date of Tenant's Notice.

4.9 Tenant agrees not to conduct a similar business under the tradename Winners within a radius of two (2) miles from the Demised Premises so long as a store under the tradename Winners is being operated in the Demised Premises. However, the aforesaid radius restriction shall not apply to a store which is part of a chain of stores acquired by the Tenant after the date hereof, provided such store shall be in operation at the time of such acquisition.

ARTICLE V

MINIMUM RENT

5.1 During the original term of this lease, Tenant shall pay minimum rent to Landlord at the rate of Eleven Dollars and Fifty Cents (\$11.50) per "Rent Square Footage" (defined in Schedule A) per year. During the first Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Twelve Dollars and Fifty Cents (\$12.50) per "Rent Square Footage" (defined in Schedule A) per year. During the second Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Fourteen Dollars (\$14.00) per "Rent Square Footage" (defined in Schedule A) per year. During the third Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Fifteen Dollars and Fifty Cents (\$15.50) per "Rent Square Footage" (defined in Schedule A) per year. During the Extra Period, if any, Tenant shall pay minimum rent to Landlord at the annual rate which would be in effect for the immediately following Extension Period except that if the Extra Period shall follow the third Extension Period, then the annual rate of minimum rent shall be Fifteen Dollars and Fifty Cents (\$15.50) per "Rent Square Footage" (defined in Schedule A). For purposes of this Section 5.1, minimum rent shall be based on the "Rent Square Footage" (defined in Schedule A) rather than the actual square footage of the Demised Premises.

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ST. ALBERT, ALTA #JBL

7.3 and no additional rent shall be payable under Section 5.3 (the "Abated Charges") and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly aggregate amount of the Minimum Rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month.

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ST. ALBERT

4.6 Landlord agrees that upon the Commencement Date the Demised Premises shall be in full compliance with all laws, ordinances and regulations of public authorities and insurance rating bureaus having jurisdiction (including, without limitation, zoning and building codes). Landlord agrees that if at any time or times any public authorities or insurance rating bureaus having jurisdiction shall complain that the Demised Premises or the Shopping Center shall not have been constructed or shall not be operated in compliance with any law, ordinance or regulation of any public authority or insurance rating bureau having jurisdiction and shall request compliance, and if failure to comply shall in any way materially and adversely affect the Tenant's business, then Landlord shall, upon receipt of notice of such complaint, cause such repairs, alterations or other work to be done or action to be taken so as to bring about the compliance requested. If by reason of such failure of compliance or by reason of such repairs, alterations or other work done by Landlord Tenant's business shall continue to be materially and adversely affected and such circumstances prevail for sixty (60) days or more, then (A) no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no additional rent shall be payable under Section 5.3 and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month until the Demised Premises or means of access to the Demised Premises, as the case may be, are again fully operational and (B) in addition if such circumstances prevail for an additional sixty (60) days (for a total of one hundred twenty (120) days) then Tenant may, at any time until the Demised Premises or means of access to the Demised Premises, as the case may be, are again fully operational, terminate this lease upon thirty (30) days prior written notice to the Landlord. The Tenant will be entitled to an abatement of Minimum Rent (but not Percentage Rent or Additional Rent (defined in Section 5.3)) during the said sixty (60) day period.

INDUCEMENTS

4.7 If for any period of more than forty five (45) consecutive days either (i) both of the Inducement Stores (defined in Schedule "G") or (ii) retail stores occupying thirty percent (30%) or more of the gross leasable area of the Shopping Center (excluding the leasable area of the Inducement Stores and the Demised Premises from the computation thereof) (the "Inducement Space") shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no additional rent shall be payable under Section 5.3 and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if either both of the Inducement Stores or the Inducement Space shall not be open for business to retail customers for any period of more than one hundred twenty (120) consecutive days, Tenant may terminate this lease at anytime during any such

period by giving Landlord days prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than forty five (45) days from the date of such notice.

OPERATIONS

4.8 Within thirty (30) days after the Commencement Date, the Tenant shall open for business to retail customers a store similar to Tenant's other stores in Edmonton, Alberta. In the event that the Demised Premises shall, at any time during the term of this lease, be closed for business to customers for any period of ten (10) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof or for remodeling being diligently pursued, then, at any time thereafter Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4. 1 and 4.2 for the expiration of the term and Tenant shall promptly thereafter remove all of its trade fixtures, signs and other property from the Demised Premises within thirty (30) days after such termination. Anything to the contrary contained in the immediately preceding sentence notwithstanding, Landlord 's aforesaid notice to Tenant terminating this lease shall be null and void and of no further force and effect if within twenty (20) days after Landlord's aforesaid notice of termination Tenant shall give notice to Landlord that the Demised Premises shall thereafter reopen for business to customers within sixty (60) days and the Demised Premises does, in fact, reopen for business to customers within said sixty (60) day period. Nothing in this lease or otherwise shall require the Demised Premises to be kept open for business or operated under any particular name or style after the initial opening of the Demised Premises for business to customers.

HOURS OF BUSINESS

4.9 Subject to the provisions of Section 4.8 above, during periods when Tenant's business is being conducted in the Demised Premises, the Demised Premises shall be open for business to retail customers (except for casualties and events referred to in Articles X, XI or Section 18.3 below and except for holidays) unless prevented from so doing by properly constituted authority on such days and during such hours as reasonably required, from time to time, by regulation of Landlord provided all of the Inducement Stores and at least eighty percent (80%) of the other retail tenants (exclusive of the Demised Premises) in the Shopping Center are also open during such days and hours. For greater clarification as of the Commencement Date, the hours of operation of the Shopping Center shall be Monday to Friday, 10:00 a.m. to 9:00 p.m., Saturday 9:30 a.m. to 6:00 p.m. and to the extent permitted by law, Sunday 12:00 noon to 5:00 p.m. In addition, if Landlord shall be required to keep any of the Common Areas lighted after 10:00 p.m. and before 9:00 a.m. any day because Tenant is the sole occupant, or is one of two or three of the sole occupants, then open for business during such hours in the Shopping Center, then Tenant shall pay to Landlord an amount equal to the charges for reasonable costs incurred by Landlord for additional security, utilities or electricity consumed in lighting such portions of the Common Area as are necessary to be so lighted during such period on such day multiplied by a fraction the numerator of which shall be the numerator of Tenant's Fraction (defined in Section 6.1) and the denominator of which shall be the total floor area of the businesses then open for business during such period on each such day.

RESTRICTIONS ON USE AND OCCUPANCY

4.10 (a) Any business carried on in the Demised Premises shall be operated in a reputable manner and in compliance with all the provisions of this lease, and in particular Tenant shall not advertise, do, omit, permit or suffer to be done or exist upon the Demised Premises anything which shall be or result in or bring about a breach of any provision of this lease.

SCHEDULE G

INDUCEMENTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

LESSEE	STORE FLOOR AREA (<u>square feet</u>)	BUSINESS
WALMART	104,000	JUNIOR DEPARTMENT STORE
THE BAY	93,000	DEPARTMENT STORE

*See attached
Amendment.*

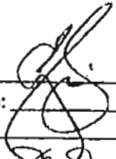
SECOND AMENDMENT TO LEASE

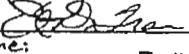
This Second Amendment to Lease is dated as of May 24, 2011 between Ivanhoe Cambridge II Inc., as landlord ("Landlord") and Winners Merchants International L.P., as tenant ("Tenant"). Reference is made to a lease dated as of January 8, 1998 between Cambridge Shopping Centres Limited, predecessor in interest to Landlord, as landlord, and Winners Apparel Ltd., predecessor in interest to Tenant, as tenant, with respect to certain store premises located in the St. Albert Centre in St. Albert, Alberta (as amended by Amendment to Lease dated October 26, 2000, the Lease). The parties have entered into this amendment to adjust certain provisions concerning the Inducement Stores. Accordingly, it is hereby agreed as follows:

1. In Schedule G of the Lease, "Zellers or Wal-Mart" is deleted and replaced with "Target."
2. Tenant agrees not to exercise the termination right described in Section 4.7(B) on account of a failure of the condition described in Section 4.7(i) with respect to a failure of operation of the Inducement Stores prior to March 30, 2014.
3. Landlord warrants that no consent of any lender or any other third party is required for the full effectiveness of this amendment.
4. In all other respects, the Lease is hereby ratified and confirmed.

LANDLORD:

IVANHOE CAMBRIDGE II INC.

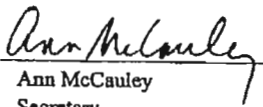
By: 
 Print Name: George Fiddler
 Title: Senior Vice President
Central Region

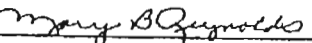
By: 
 Print Name: Emily Di Trani
 Title: Senior Legal Counsel

TENANT:

WINNERS MERCHANTS INTERNATIONAL L.P.,
 an Ontario limited partnership

By its General Partner:
WMI-1 HOLDING COMPANY,
 a Nova Scotia corporation

By: 
Ann McCauley
 Secretary

By: 
Mary B. Reynolds
 Vice President/Treasurer

IVANHOE CAMBRIDGE
CONESTOGA MALL,
WATERLOO

the said sixty (60) day period.

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INDUCEMENTS

4.7 If for any period of more than forty five (45) consecutive days either (i) any one or more of the Inducement Stores (defined in Schedule "G") shall not be open for business to retail customers or (ii) retail stores occupying thirty percent (30%) or more of the gross leasable area of the Shopping Center (excluding the leasable area of the Inducement Stores and the Demised Premises from the computation thereof) (the "Inducement Space") shall not be open for business to retail customers then during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no contribution shall be payable under Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month. In addition, if for any period of more than three hundred sixty five (365) consecutive days, either of (i) any one or more of the Inducement Stores shall not be open for business to retail customers or (ii) if the Inducement Space shall not be open for business to retail customers then Tenant may terminate this lease at anytime during any such period by giving Landlord prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than fifteen (15) days from the date of such notice.

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WATERLOO

OPERATIONS

4.8 Within sixty (60) days after the Commencement Date, the Tenant shall open for business in the Demised Premises to retail customers a store similar to Tenant's other stores in Southwestern Ontario. In the event that the Demised Premises shall, at any time during the term of this lease after the initial opening thereof, be closed for business to customers for any period of ten (10) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof or for remodeling being diligently pursued, then, at any time thereafter Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term and Tenant shall promptly thereafter remove all of its trade fixtures, signs and other property from the Demised Premises within thirty (30) days after such termination. Anything to the contrary contained in the immediately preceding sentence notwithstanding, Landlord's aforesaid notice to Tenant terminating this lease shall be null and void and of no further force and effect if within twenty (20) days after Landlord's aforesaid notice of termination Tenant shall give notice to Landlord that the Demised Premises shall thereafter reopen for business to customers within sixty (60) days and the Demised Premises does, in fact, reopen for business to customers within said sixty (60) day period. Nothing in this lease or otherwise shall require the Demised Premises to be kept open for business or operated under any particular name or style after the initial opening of the Demised Premises for business to customers.

HOURS OF BUSINESS

4.9 Subject to the provisions of Section 4.8 above, during periods when Tenant's business is being conducted in the Demised Premises, the Demised Premises shall be open for business to retail customers (except for casualties and events referred to in Articles X, XI or Section 18.3 below and except for holidays) unless prevented from so doing by properly constituted authority on such days and during such hours as reasonably required, from time to time, by regulation of Landlord provided both of the Inducement Stores and at least eighty percent (80%) of the other retail tenants (exclusive of the Demised

SCHEDULE G

INDUCEMENTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

<u>LESSEE</u>	<u>STORE FLOOR AREA</u> <u>(square feet)</u>	<u>BUSINESS</u>
ZELLERS	95,084	JUNIOR DEPARTMENT STORE
BAY	102,167	DEPARTMENT STORE

See Amendment

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease is dated as of June 6, 2014 between Ivanhoe Cambridge II Inc., as landlord ("Landlord") and Winners Merchants International L.P., as tenant ("Tenant"). Reference is made to a lease dated as of September 10, 1999 between Cambridge Shopping Centres Limited, predecessor in interest to Landlord, as landlord, and Winners Apparel Ltd., predecessor in interest to Tenant, with respect to certain store premises located in the Conestoga Mall in Waterloo, Ontario (as amended by Amendment of Lease dated August 9, 2002, the "Lease"). The parties hereto have entered into this amendment to extend the time by which notice must be given to exercise the third five (5) year option period from six (6) months to twelve (12) months, and to adjust the inducement condition. Accordingly, it is hereby agreed as follows:

1. Section 4.2 of the Lease is amended by deleting the first sentence of such section and replacing it with the following:

"Provided Tenant is not then in default for failure to pay minimum rent due under Section 5.1 of this lease beyond the applicable cure periods provided for in this lease, Tenant shall have the right, at its election, to extend the original term of this lease, or the original term as it may have been previously extended pursuant to the second sentence of this Section 4.2, three (3) extension periods of five (5) years each, each commencing upon the expiration of the original term, or the original term as thus previously extended (each sometimes herein referred to as an "Extension Period"), provided that Tenant shall: (i) for the first and second Extension Periods give Landlord notice of the exercise of such election at least six (6) months prior to the expiration of the original term, or the original term as previously extended, and (ii) for the third Extension Period, give Landlord notice of the exercise of such election at least twelve (12) months prior to the expiration of the original term as previously extended."

2. In Schedules B and G, "Zellers" is deleted and replaced with "Target".

3. Section 4.7 of the Lease is amended such that from and after the date that Target opens for business in the Shopping Center and Tenant receives notice thereof, the remedies described in the first sentence of Section 4.7 on account of a failure of condition (i) described in the first sentence of Section 4.7 shall not apply until such condition has not been met for two hundred seventy (270) days, instead of forty-five (45) days. For clarity, the remedies described in the first sentence of Section 4.7 on account of a failure of condition (ii) described in the first sentence of Section 4.7 is not amended and will apply once such condition has not been met for forty-five (45) days. For further clarity, the condition set out in the last sentence of Section 4.7 is not amended.

4. In all other respects, the Lease is hereby ratified and confirmed.

5. Landlord warrants that no consent of any lender or any other third party is required for the full effectiveness of this amendment.

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CRANBROOK, BC

law, ordinance or regulation of any public authority having jurisdiction and shall request compliance, and if failure to comply shall in any way materially and adversely affect the use of the Demised Premises by Tenant or materially and adversely affect any other rights of Tenant under this lease or impose any obligation upon Tenant not contained in this lease, then Landlord shall, upon receipt of notice of such complaint, cause such repairs, alterations or other work to be done or action to be taken so as to bring about the compliance requested. If by reason of such failure of compliance or by reason of such repairs, alterations or other work done by Landlord, Tenant shall be deprived of the use or enjoyment of the whole or any part of the Demised Premises or the part of the Common Areas (defined in Schedule "B") included within Tenant's Critical Area (defined in Schedule A), all rent shall abate on a per diem basis in proportion to such deprivation. If at any time during the term of this lease any person having a prior right to Tenant not set forth as a Title Matter in Schedule "B" shall cause an injunction to be entered against Tenant restricting in any manner not contemplated by this lease Tenant's use or enjoyment of the Demised Premises or any right of Tenant under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof if the injunction materially impedes the Tenant from carrying on business in the Demised Premises in accordance with this lease. If at any time the applicable zoning shall not permit the retail sale of any and all types of wearing apparel in the Demised Premises and Tenant is in fact prohibited from operating for such use in the Demised Premises, then Tenant may terminate this lease, by giving Landlord notice thereof.

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CRANBROOK

INDUCEMENTS

4.7 If for any period of more than ninety (90) consecutive days either (i) the discount department store in the Shopping Center operated under the name of Zellers on the date hereof and containing at least 80,000 square feet of floor area (the "Zellers Premises") (or in lieu thereof, comparable regional or national retail replacement tenants, reasonably acceptable to Tenant) shall not be operating in at least eighty percent (80%) of the total ground floor area of the Zellers Premises whether Zellers goes dark or downsizes the size of its store, or (ii) an aggregate of 60,000 square feet or more of the gross leasable area of the Shopping Center (excluding the Zellers Premises, the Demised Premises, and the area labelled "Adjacent Space" on the Lease Plan from the computation thereof) shall not be open for business to retail customers, then (A) during each such period no minimum rent shall be payable under Section 5.1 and no percentage rent shall be payable under Section 7.3 and in lieu thereof Tenant shall pay to Landlord on or before the tenth (10th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month (the "LOE Amount"), and (B) in addition, if such set of circumstances further continues for a total of three hundred sixty (360) consecutive days, Tenant may terminate this lease at any time within ninety (90) days after the end of said three hundred sixty (360) day period by giving Landlord notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice. In the event Tenant fails to terminate this lease as provided in the immediately preceding sentence and if the suspension of minimum and percentage rent and the payment by Tenant of LOE Amount in lieu thereof pursuant to the immediately preceding sentence continues for more than three hundred sixty five (365) consecutive days, Landlord may elect to terminate the Lease thereafter by giving notice to Tenant. Tenant will act in good faith and will not revert to paying full rent for the purpose of avoiding the consecutive running of the days in the 365 day period, so that Landlord's termination right is defeated. If within thirty (30) days after Tenant shall receive such notice of termination from Landlord, Tenant elects, on a bona fide basis, to revert back to full rent (minimum rent

under Section 5.1 and percentage rent under 7.3) as opposed to paying the LOE Amount then Landlord's termination notice by shall become void and of no force or effect. In the event Tenant does not inform Landlord of its intent to revert to full rent within such thirty (30) day period, the Lease shall terminate on the date specified in Landlord's notice but no earlier than thirty (30) days after the end of such thirty (30) day period. The Stores referred to above are sometimes herein referred to as the "Inducement Store" and the operator of the Inducement Stores are sometimes herein referred to as the "Inducement Tenants."

OPERATIONS

4.8 On or before the sixtieth (60th) day after the Commencement Date, Tenant shall open a store for business in the Demised Premises under the tradename Winners or such other tradename as is then used in the operation of a majority of Tenant's stores at such time which store, shall upon the opening thereof, be substantially similar in style and format to other stores then operated under such tradename in Greater Vancouver. Nothing in this lease or otherwise shall require Tenant to keep the Demised Premises open for business at any time or times or prevent Tenant from closing the Demised Premises temporarily or permanently, at any time or times after such initial opening. In the event that the Demised Premises shall, at any time during the term of this lease, be closed for business to customers for any period of ninety (90) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the thirtieth (30th) day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term. If Tenant shall give Tenant's Notice as aforesaid, Tenant shall open the Demised Premises for business on or before the ninetieth (90th) day after the date of Tenant's Notice.

RADIUS

4.9 Tenant agrees not to conduct a similar business under the tradename Winners within a radius of two (2) miles from the Demised Premises so long as a store under the tradename Winners is being operated in the Demised Premises. However, the aforesaid radius restriction shall not apply to a store which is part of a chain of stores acquired by the Tenant after the date hereof, provided such store shall be in operation at the time of such acquisition.

ARTICLE V**MINIMUM RENT**

5.1 From the Commencement Date until the fifth anniversary thereof, Tenant shall pay minimum rent to Landlord at the rate of Two Hundred Eighteen Thousand Five Hundred Fifty Dollars (\$218,550) per year (\$9.30 per square foot). From the fifth anniversary of the Commencement Date until the expiration of the term, Tenant shall pay minimum rent to Landlord at the rate of Two Hundred Forty Two Thousand Fifty Dollars (\$242,050) per year (\$10.30 per square foot). During the first Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Two Hundred Sixty Five Thousand Five Hundred Fifty Dollars (\$265,550) per year (\$11.30 per square foot). During the second Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Two Hundred Eighty Nine Thousand Fifty Dollars (\$289,050) per year (\$12.30 per square foot). During the third Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Three Hundred Twelve Thousand Five Hundred Fifty Dollars (\$312,550) per year (\$13.30 per square foot). During the Extra Period, if any, Tenant shall pay

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BURLINGTON, ONTARIO
(WINNERS)

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days between the Rent Penalty Date and the date of such completion and delivery multiplied by two (2). The Rent Penalty Date shall be extended by that number of days by which completion of Landlord's Construction Work shall be delayed by causes or events referred to in Section 18.3 of which Landlord shall give Tenant notice within five (5) days after the occurrence thereof but in no event shall the Rent Penalty Date be extended to later than June 15, 2006.

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S. Burlington

(B) In addition to and in no event limited by the provisions of Section 4.5(A) above, in the event Landlord's Construction Work and/or possession of the Demised Premises in the condition required by Sections 3.1, 4.6 and 8.4 shall not be delivered to Tenant before June 1, 2006 then Tenant may, in its sole discretion (i) postpone delivery of possession of the Demised Premises until November 15, 2006 or (ii) accept delivery of possession of the Demised Premises at any time between June 1, 2006 and November 15, 2006 ("Early Acceptance"). In the event Tenant decides to take Early Acceptance then the date the Demised Premises formally opens for business with customers shall constitute the Commencement Date; however, anything contained elsewhere in this lease to the contrary notwithstanding from the Commencement Date until May 31, 2007, no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no amount shall be payable under Article VI and no contribution shall be payable under Paragraph 10 of Schedule B attached hereto (the "Abated Charges") and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly aggregate amount of the Abated Charges which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month.

4.6 Landlord agrees that upon the Commencement Date the Demised Premises shall be in full compliance with all laws, ordinances and regulations of public authorities and insurance rating bureaus having jurisdiction (including, without limitation, zoning and building codes). Landlord agrees that if at any time or times any public authorities or insurance rating bureaus having jurisdiction shall complain that the Demised Premises or the Shopping Center shall not have been constructed or shall not be operated in compliance with any law, ordinance or regulation of any public authority or insurance rating bureau having jurisdiction and shall request compliance, and if failure to comply shall in any way materially and adversely affect the Tenant's business, then Landlord shall, upon receipt of notice of such complaint, cause such repairs, alterations or other work to be done or action to be taken so as to bring about the compliance requested. If by reason of such failure of compliance or by reason of such repairs, alterations or other work done by Landlord Tenant's business shall continue to be materially and adversely affected and such circumstances prevail for sixty (60) days or more, then Tenant may, at any time until the Demised Premises or means of access to the Demised Premises, as the case may be, are again fully operational, terminate this lease upon thirty (30) days prior written notice to the Landlord. The Tenant will be entitled to an abatement of Minimum Rent (but not Percentage Rent or amounts due under Paragraph 10 of Schedule B) during the said sixty (60) day period.

INDUCEMENTS

4.7 If either (i) both of the Inducement Stores (defined in Schedule "G") shall not be open for business for any period of more than twenty four (24) consecutive months or (ii) retail stores occupying thirty percent (30%) or more of the gross leasable area of the Shopping Center (excluding the leasable area of the Inducement Stores and the Demised Premises from the computation thereof) (the "Inducement Space") shall not be open for business to retail customers for any period of more than forty five (45) consecutive days, then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage

BURLINGTON, ONTARIO
(WINNERS)

rent shall be payable under Section 7.3, no additional rent shall be payable under Article VI or Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if either both of the Inducement Stores or the Inducement Space shall not be open for business to retail customers for any period of more than three hundred sixty five (365) consecutive days, Tenant may terminate this lease at anytime during any such period by giving Landlord prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than fifteen (15) days from the date of such notice and on or prior to the termination date, Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements, in each case, and the date of such termination of the term.

OPERATIONS

4.8 On or before the one hundred fiftieth (150th) day after the Commencement Date, Tenant shall open a store for business in the Demised Premises under the tradename Winners or such other tradename used by Tenant which store, shall upon the opening thereof, be substantially similar in style and format to other stores then operated by Tenant in Greater Toronto. Nothing in this lease or otherwise shall require the Demised Premises to be kept open for business after such initial opening or operated under any particular name or style after such initial opening of the Demised Premises for business to customers. In the event that the Demised Premises shall, at any time during the term of this lease after such initial opening thereof, be closed for business to customers for any period of ten (10) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof or for remodeling being diligently pursued, then, at any time thereafter Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term and Tenant shall promptly thereafter remove all of its trade fixtures, signs and other property from the Demised Premises within thirty (30) days after such termination. Anything to the contrary contained in the immediately preceding sentence notwithstanding, Landlord's aforesaid notice to Tenant terminating this lease shall be null and void and of no further force and effect if within twenty (20) days after Landlord's aforesaid notice of termination Tenant shall give notice to Landlord that the Demised Premises shall thereafter reopen for business to customers within sixty (60) days and the Demised Premises does, in fact, reopen for business to customers within said sixty (60) day period. In the event that Landlord shall terminate this Lease pursuant to this Section 4.8 then simultaneously with the sending of notice thereof to Tenant, Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements in each case and the date of such termination of the term.

HOURS OF BUSINESS

4.9 Subject to the provisions of Section 4.8 above, during periods when Tenant's business is being conducted in the Demised Premises, the Demised Premises shall be open for business to retail customers (except for casualties and events referred to in Articles X, XI or Section 18.3 below and except for holidays) unless prevented from so doing by properly constituted authority on

BURLINGTON, ONTARIO
(WINNERS)

SCHEDULE G

INDUCEMENTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

<u>LESSEE</u>	<u>STORE FLOOR AREA (square feet)</u>	<u>BUSINESS</u>
THE BAY*	144,953	DEPARTMENT STORE
ZELLERS**	103,501	JUNIOR DEPARTMENT STORE

*The Bay may be replaced by a comparable department store operated by a comparable regional or national tenant provided such replacement shall operate in at least 90% of the premises formerly occupied by The Bay but in any event, such replacement must operate in at least 130,450 square feet of ground floor area in the Shopping Center.

** Zellers may be replaced by a comparable junior department store operated by a comparable regional or national retail provided such replacement shall operate in 90% of the premises formerly occupied by Zellers but in any event such replacement must operate in at least 93,150 square feet of ground floor area in the Shopping Center.

Furthermore, Landlord may replace either The Bay or Zellers (but not both) with any combination of quality big box retail tenants (consistent with a first class retail Shopping Center) of 15,000 square feet or more occupying at least: (a) 65,228 square feet of the ground floor space only and not the second floor of the Bay Store (which is 75% of such ground floor space); or (b) 75% of the square feet of floor area formerly occupied by Zellers.

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JOLIETTE, PQ # 400
Winners
Joliette, Quebec

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Joliette

4.6 Landlord agrees that upon the Commencement Date the Demised Premises and all rights of Tenant under this lease will be free and clear of all Title Matters, except as set forth in this lease (including Schedule B) and that construction of the Demised Premises and the Shopping Center and the use of the Shopping Center, including the Demised Premises, for retail stores and parking areas in connection therewith shall be in full compliance with all laws, ordinances and regulations of public authorities and insurance rating bureaus having jurisdiction (including, without limitation, zoning and building codes). Landlord agrees that if at any time or times any public authorities or insurance rating bureaus having jurisdiction shall complain that the Demised Premises or the Shopping Center shall not have been constructed or shall not be operated in compliance with any law, ordinance or regulation of any public authority or insurance rating bureau having jurisdiction and shall request compliance, and if failure to comply shall in any way adversely affect the use of the Demised Premises by Tenant or adversely affect any other rights of Tenant under this lease or impose any obligation upon Tenant not contained in this lease, then Landlord shall, upon receipt of notice of such complaint, cause such repairs, alterations or other work to be done or action to be taken so as to bring about the compliance requested. If by reason of such failure of compliance or by reason of such repairs, alterations or other work done by Landlord, Tenant shall be deprived of the use or enjoyment of the whole or any part of the Demised Premises or the Common Areas (defined in Schedule B), all rent shall abate on a per diem basis in proportion to such deprivation. If at any time during the term of this lease any person having a prior right to Tenant not set forth as a Title Matter in Schedule B shall cause an injunction to be entered against Tenant restricting Tenant's use or enjoyment of the Demised Premises or any right of Tenant under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof. If at any time the applicable zoning shall not permit the retail sale of any and all types of the Protected Merchandise (or softgoods) (defined in Paragraph 4(B) of Schedule B) in the Demised Premises, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof.

INDUCEMENTS

4.7 If for any period of more than one hundred eighty (180) consecutive days either (i) a Zeller's junior department store (or a comparable replacement therefor as recognized in the industry as such and reasonably acceptable to the Tenant) containing at least one hundred thousand (100,000) square feet of floor area or (ii) a Sears full line department store (or a comparable replacement therefor as recognized in the industry as such and reasonably acceptable to the Tenant) containing at least one hundred thousand (100,000) square feet of floor area or (iii) retail stores operating in the aggregate at least sixty percent (60%) of the gross leaseable area of the Shopping Center (exclusive of the Zellers and Sears premises and the Demised Premises) shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no real estate taxes shall be payable under Article VI and no common area contribution shall be payable under Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the Abated Charges (as defined in Section 4.5(B) above) which otherwise would have been payable for said month or two and one-half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if such condition continues for more than three hundred sixty five (365) consecutive days from the start of such period (the "Treshold Date"), Tenant may provide Landlord with a written notice of termination at any time after such three hundred and sixty five (365) day period and the term of this lease shall then terminate on the date therefor set forth in

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said notice as the date of termination (the "Termination Date") notwithstanding the fact that such condition shall be rectified prior to said Termination Date. Anything to the contrary contained above in this Section 4.7 notwithstanding, if the Tenant has not exercised its right to terminate this Lease as provided above in this Section 4.7 within thirty (30) days following the Treshold Date then Landlord shall have the right to terminate this Lease by giving Tenant written notice of termination within ninety (90) days following the Treshold Date (the "Landlord's Termination Notice") and this Lease shall terminate one hundred and fifty (150) days following the receipt by Tenant of Landlord's Termination Date (the "Landlord's Termination Date") unless Tenant notifies Landlord in writing within sixty (60) days after Tenant's receipt of Landlord's Termination Date that Tenant will recommence paying minimum rent pursuant to Section 5.1 and percentage rent pursuant to Section 7.3 and Real Estate Taxes pursuant to Article VI and the common area contribution pursuant to Paragraph 10 of Schedule B in lieu of the two and one-half percent (2.5%) of Gross Sales as provided in (A) above in this Section 4.7 effective as of the one hundred fiftieth (150th) day following Tenant's receipt of Landlord's Termination Date. In no event, however, shall Landlord's Termination Date occur between October 1st and December 31st in any year of the term of the Lease, if Landlord's Termination Date would fall between such dates pursuant to the foregoing provisions of this Section 4.7 it shall be delayed to the immediately following February 15th.


OPERATIONS

4.8 In the event that the Demised Premises shall, at any time during the term of this lease after the first (1st) anniversary of the Commencement Date, be closed for business to customers for any period of one hundred eighty (180) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the thirtieth (30th) day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term. In the event that Landlord shall terminate this lease pursuant to this Section 4.8 then simultaneously with the sending of notice thereof to Tenant Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant prior to the Demised Premises formally opening for business with customers (minus any Construction Allowance actually paid to Tenant by Landlord pursuant to Section 3.3 above) multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of the making of such improvements, in each case, and the date of such termination of the term. If Tenant shall give Tenant's Notice as aforesaid, Tenant shall open the Demised Premises for business on or before the ninetieth (90th) day after the date of Tenant's Notice. Nothing in this lease or otherwise shall require Tenant to initially open or to keep the Demised Premises open for business at any time.

ARTICLE V

MINIMUM RENT

5.1 From the Commencement Date until the fifth (5th) anniversary thereof, Tenant shall pay minimum rent to Landlord at the rate of One Hundred Sixty-Eight Thousand Dollars (\$168,000) per year (\$7.00 per square foot multiplied by the ground floor area of the Demised Premises). From the fifth (5th) anniversary of the Commencement Date until the expiration of the original term of this lease, Tenant shall pay minimum rent to Landlord at the rate of One Hundred Eighty Thousand Dollars (\$180,000) per year (\$7.50 per square foot

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work done by Landlord, Tenant shall be deprived of the use of the whole or any part of the Demised Premises or the Common Areas (defined in Schedule B) for more than ten (10) consecutive days, a just proportion of the rent and all other amounts payable by Tenant pursuant to this lease shall abate on a per diem basis according to the nature and extent of the injury to Tenant's business in the Demised Premises commencing on the eleventh (11th) day. If at any time during the term of this lease any person having a prior right to Tenant shall cause an injunction to be entered against Tenant with respect to the Demised Premises prohibiting Tenant's use or enjoyment of the Demised Premises or depriving the Tenant of any of its rights under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease by giving Landlord notice thereof within sixty (60) days after the end of such thirty (30) day period. If at any time the applicable zoning shall not permit the retail sale of any and all types of apparel and homegoods in the Demised Premises which Tenant is permitted to sell under this lease and provided Demised Premises are still being used for sale of apparel and homegoods, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease by giving Landlord notice thereof. Tenant can only terminate pursuant to this Section 4.6 if the authorities actually require the Demised Premises to cease operations. Neither party shall actively support any such zoning change. Any such termination pursuant to this Section 4.6 shall take effect thirty (30) days after delivery of termination notice.

COTENANCY

4.7 For purposes hereof, the Cotenancy Condition shall be deemed to be satisfied at any time when at least seventy percent (70%) of the leasable floor area of the Shopping Center (excluding the Demised Premises from such computation) shall be continuously open for business to customers not less than forty (40) hours per week. It is agreed that temporary tenants shall in no event count towards fulfilling such Cotenancy Condition. (Landlord acknowledges and agrees that store operators entering into short-term leases or license agreements with Landlord for retail stores that will only operate for a partial year or seasonally (for example, Spirit Halloween Superstores or stores similar in nature) shall in no event count towards fulfilling the percentage requirement of the Cotenancy Condition set forth above.) If for any period of more than one hundred twenty (120) consecutive days following the Commencement Date the Cotenancy Condition is not satisfied, then until the Cotenancy Condition is again satisfied no Abated Charges shall be payable and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly Abated Charges which otherwise would have been payable pursuant to this lease for said month but for the provisions of this Section 4.7 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month (the "LOE Amount"). In addition, if the Cotenancy Condition is not satisfied for any period of more than three hundred sixty-five (365) consecutive days following the Commencement Date, Tenant may, so long as the Cotenancy Condition is not satisfied, terminate this lease by giving Landlord notice thereof within thirty (30) days following the expiry of such three hundred and sixty five (365) consecutive day period and the term of this lease shall then terminate on the date therefor set forth in said notice, which date shall not be less than sixty (60) days after the date of such notice. In the event Tenant fails to exercise its right to so terminate this lease within the aforesaid thirty (30) day period, then with effect from and after the expiry of such three hundred sixty five (365) consecutive day period (i) this right of termination of this lease, the entitlement of Tenant to pay the LOE amount and the provisions of this Section 4.7 shall be null and void and of no further force and effect, and (ii) Tenant shall commence or resume payment of the Abated Charges in accordance with this lease.

OPERATIONS

4.8 On or before the three hundred and sixty fifth (365th) day after the Commencement Date, Tenant shall open a store selling apparel and/or

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NORTHWEST ST, MONCTON NB

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right of Tenant under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof. If at any time the applicable zoning shall not permit the retail sale of any and all types of wearing apparel in the Demised Premises, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof.

INDUCEMENTS

4.7 As used herein, the Ongoing Inducement Condition shall be deemed satisfied when a Target store of at least one hundred ten thousand (110,000) square feet of floor area is open for business to retail customers in the Shopping Center. If for any period of more than one-hundred and twenty (120) consecutive days the Ongoing Inducement Condition shall not be met, then from such one-hundred and twenty (120) days until the Ongoing Inducement Condition is satisfied, no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3 and no contribution to Common Area Maintenance shall be payable under Section 10 of Schedule B to the lease, and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month. In addition, if the Ongoing Inducement Condition shall not be met within the following period of four (4) months, Tenant may thereafter terminate this lease by giving Landlord at least sixty (60) days' notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice as the date of termination (the "Termination Date") notwithstanding the fact that the Ongoing Inducement Condition may be satisfied prior to the Termination Date.

OPERATIONS

4.8 Nothing in this lease or otherwise shall require Tenant to open the Demised Premises or to keep the Demised Premises open for business at any time. It is acknowledged and agreed that nothing shall require Tenant to operate, if it does operate, in any defined style or format and Landlord warrants there shall be no restrictions or limitations on Tenant in respect of its ability to sell from all or a portion of the Demised Premises any product or products that are sold in a Winners, Marshalls, HomeSense or StyleSense store, without limiting its right to operate in other formats as well.

ARTICLE V

MINIMUM RENT

5.1 From the Commencement Date until the expiration of the original term of this lease, Tenant shall pay minimum rent to Landlord at the rate of Four Hundred Eighty Thousand Two Hundred Fifty Dollars (\$480,250) per year (\$17.00 per square foot). During the first Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Five Hundred Eight Thousand Five Hundred Dollars (\$508,500) per year (\$18.00 per square foot). During the second Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Five Hundred Thirty-Six Thousand Seven Hundred Fifty Dollars (\$536,750) per year (\$19.00 per square foot). During the third Extension Period, if any, Tenant shall pay minimum rent to Landlord at the rate of Five Hundred Sixty-Five Thousand Dollars (\$565,000) per year (\$20.00 per square foot). During the Extra Period, if any, Tenant shall pay minimum rent to Landlord at the annual rate in effect immediately prior to the commencement of the Extra Period.

5.2 All minimum rent shall be payable in monthly installments of one-twelfth (1/12) the annual rate thereof then in effect, in advance, upon the first (1st) day of each calendar month included within the term of this lease. All rent and other payments to be made by Tenant to Landlord shall be made payable to Landlord and sent to Landlord at the place to which notices to Landlord are

lease, then Landlord shall, upon receipt of notice of such complaint, cause such repairs, alterations or other work to be done or action to be taken so as to bring about the compliance requested except to the extent such complaint shall be the result of any work carried out by Tenant (exclusive of work carried out by Tenant pursuant to Section 14.2 below) or as a result of Tenant's manner of use of the Demised Premises or any change in the use of the Demised Premises by the Tenant in which case Tenant shall be responsible to bring about such compliance. If by reason of such failure of compliance or by reason of such repairs, alterations or other work done by Landlord, Tenant shall be deprived of the use or enjoyment of the whole or any part of the Demised Premises or the Tenant's Critical Area or the Non-Building Area (as shown on the Lease Plan), all rent shall abate on a per diem basis in proportion to such deprivation. If at any time during the term of this lease any person having a prior right to Tenant not set forth as a Title Matter in Schedule "B" shall cause an injunction to be entered against Tenant restricting in a material way Tenant's use or enjoyment of the Demised Premises or any right of Tenant under this lease and if such injunction shall not be dismissed within thirty (30) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof. If at any time the applicable zoning shall not permit the retail sale of wearing apparel generally in the Demised Premises, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof.

288/046

ABBOTSFORD

INDUCEMENTS

4.7 If for any period of more than ninety (90) consecutive days the retail store in the Shopping Center operated under the name of Zellers or a comparable replacement national or regional department store (the "Zellers Store") and containing at least ninety thousand (90,000) square feet of floor area shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1 and no percentage rent shall be payable under Section 7.3 and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two percent (2%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, in the event such set of circumstances continues uncorrected for more than one hundred eighty (180) consecutive days, Tenant may terminate this lease at anytime during any such period by giving Landlord not less than sixty (60) days prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice. Such store is sometimes herein referred to as the "Inducement Store" and the operator of the Inducement Store is sometimes herein referred to as the "Inducement Tenant."

OPERATIONS

4.8 Within ninety (90) days following the Commencement Date the Tenant shall open a retail store for business with customers in not less than seventy five percent (75%) of the floor area in the Demised Premises. In the event that the Demised Premises shall, at any time during the term of this lease after the first (1st) anniversary of the Commencement Date, be closed for business to customers for any period of sixty (60) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof, then, at any time thereafter but prior to any date on which Tenant shall give notice to Landlord that Tenant shall thereafter reopen the Demised Premises for business to customers ("Tenant's Notice"), Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the thirtieth (30th) day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term. If Tenant shall give Tenant's Notice as aforesaid, Tenant shall open not less than

MIC MAC MALL
DARTMOUTH, NOVA SCOTIA
WINNERS/HOMESENSE # 375/052

this lease upon thirty (30) days prior written notice to the Landlord. The Tenant will be entitled to an abatement of Minimum Rent (but not Percentage Rent or amounts due under Paragraph 10 of Schedule B) during said sixty (60) day period. If at any time during the term of this lease any person having a prior right to Tenant not set forth as a Title Matter in Schedule B shall cause an injunction to be entered against Tenant restricting Tenant's use or enjoyment of the Demised Premises or any right of Tenant under this lease and if such injunction shall not be dismissed within sixty (60) days after Tenant shall give Landlord notice thereof, then Tenant, without waiving any other rights Tenant may have on account thereof, may terminate this lease, by giving Landlord notice thereof.

INDUCEMENTS

375/052
MIC MAC MALL

4.7 If for any period of more than sixty ⁽⁶⁰⁾ consecutive days either (i) both of the Inducement Stores (defined in Schedule "G") or (ii) retail stores occupying thirty percent (30%) or more of the gross leaseable area of the Shopping Center (excluding the leaseable area of the Inducement Stores and the Demised Premises from the computation thereof) (the "Inducement Space") shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no additional rent shall be payable under Article VI or Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if either both of the Inducement Stores or the Inducement Space shall not be open for business to retail customers for any period of more than three hundred sixty five (365) consecutive days, Tenant may terminate this lease at anytime during any such period by giving Landlord prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than fifteen (15) days from the date of such notice and on or prior to the termination date, Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements, in each case, and the date of such termination of the term.

OPERATIONS

4.8 On or before the one hundred fiftieth (150th) day after the Commencement Date, Tenant shall open stores for business in the Demised Premises under the tradenames HomeSense and Winners or such other tradenames used by Tenant for its combined superstore concept which stores shall upon the opening thereof, be substantially similar in style and format to other combined superstores then operated by Tenant in Greater Toronto. Nothing in this lease or otherwise shall require the Demised Premises to be kept open for business after such initial opening or operated under any particular name or style after such initial opening of the Demised Premises for business to customers. In the event that the Demised Premises shall, at any time during the term of this lease after the first anniversary of the initial opening thereof, be closed for business to customers for any period of ten (10) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof or for remodeling being diligently pursued, then, at any time thereafter Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term and Tenant shall promptly thereafter remove all of its trade fixtures, signs

SCHEDULE G

INDUCEMENTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

<u>LESSEE</u>	<u>STORE FLOOR AREA</u> <u>(square feet)</u>	<u>BUSINESS</u>
THE BAY*	151,000	DEPARTMENT STORE
ZELLERS**	121,843	JUNIOR DEPARTMENT STORE

*The Bay may be replaced by a comparable department store operated by a comparable regional or national tenant provided such replacement shall operate in at least 90% of the premises formerly occupied by The Bay but in any event, such replacement must operate in at least 135,900 square feet of ground floor area in the Shopping Center.

** Zellers may be replaced by a comparable junior department store operated by a comparable regional or national retail provided such replacement shall operate in 90% of the premises formerly occupied by Zellers but in any event such replacement must operate in at least 109,659 square feet of ground floor area in the Shopping Center.

Furthermore, Landlord may replace either The Bay or Zellers (but not both) with any combination of quality big box retail tenants (consistent with a first class retail Shopping Center) of 18,000 square feet or more occupying at least 75% of the space formerly occupied by either The Bay or Zellers.

See Amendment

FIRST AMENDMENT TO LEASE

This First Amendment to Lease is dated as of December 9, 2013 between Mic Mac Mall Limited Partnership, as landlord ("Landlord"), and Winners Merchants International L.P., as tenant ("Tenant"). Reference is made to a lease dated July 23, 2004 between Landlord, as landlord, and Tenant, as tenant, with respect to store premises located in the Mic Mac Mall in Dartmouth, Nova Scotia, the "Lease". The parties have entered into this amendment to modify the Lease to grant Tenant an additional five (5) year extension option, to extend the period of notice for exercise of renewal options to twelve (12) months, to modify Tenant's obligations as to common area maintenance payments, and to reflect Zellers being replaced by Target as an Inducement Tenant. Accordingly, it is hereby agreed as follows:

1. In Section 4.2 of the Lease, in lines 9 and 17, the word "six (6)" is deleted and replaced with the word "twelve (12)."

2. In addition to its existing three (3), as yet unexercised, extension options of five (5) years each and its, as yet unexercised, extension option of a fraction of a year, Tenant is hereby granted a fourth (4th) extension period of five (5) years (the "Fourth Extension Period"). The Fourth Extension Period, if exercised by Tenant, shall be under all the terms and conditions of the Lease, except that minimum rent during the Fourth Extension Period, if exercised by Tenant, shall be at the rate of Seventeen Dollars (\$17.00) per square foot.

3. The Landlord and the Tenant acknowledge and agree that: Zellers closed its premises for business to retail customers at the Shopping Centre on December 17, 2012; a Target store is expected to open for business at the Shopping Centre on or before October 1, 2013; and Target constitutes a valid replacement junior department store for Zellers pursuant to Schedule "G" of the Lease (Target, and The Bay, which continues to be open for retail business to the public, being defined for the purposes of this Amendment and the Lease individually as an "Inducement Tenant" and collectively as the "Inducement Tenants"). The parties have disagreed as to the application of the Tenant's rights under Section 4.7 of the Lease in connection with Zellers ceasing its business as aforesaid, but have agreed as follows in this specific circumstance and notwithstanding and without reference, admission or acceptance as to whether Section 4.7 of the Lease is applicable or inapplicable in this specific circumstance:

- (i) The CAM Rate for the period commencing on September 1, 2015 and ending August 31, 2016 shall be one dollar and seventy-five cents (\$1.75) per square foot and for each twelve (12) month period thereafter, the CAM Rate shall be one hundred three percent (103%) of the CAM Rate for the preceding twelve (12) month period.
- (ii) In the event that Target or any other valid replacement tenant(s) for Zellers under the terms of the Lease (a "Replacement Tenant(s)") fails to open for business to retail customers on or before October 1, 2013, then for the period commencing October 2, 2013 and ending on the day immediately preceding the day that Target or any other Replacement Tenant(s) opens for business to retail customers, no minimum rent shall be payable under Section 5.1 of the Lease, no percentage rent shall be payable under Section 7.3 of the Lease, and no additional rent shall be payable under Article VI or Paragraph 10 of Schedule B of the Lease and in lieu thereof, Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 of the Lease or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2 of the Lease) for said month.
- (iii) If Target or a Replacement Tenant(s) fails to open for business to retail customers on or before October 1, 2014, Tenant may, during the period commencing October 2, 2014 and ending on the day immediately preceding the day that Target or a Replacement Tenant(s) opens for business to retail customers, terminate this lease by giving Landlord prior notice thereof (the "Termination Notice") and the term of this lease shall then terminate on the date therefor set forth in the Termination Notice, which date shall not be less than thirty (30) days from the date of the Termination Notice and on or prior to the termination date Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of

leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements, in each case, and the date of such termination of the term. Should Landlord give Tenant written notice within thirty (30) days of the date of the Termination Notice (the "Notice Period") that Target or a Replacement Tenant will open for business to retail customers before the expiry of the Notice Period, Tenant's termination notice shall be deemed to be retracted and shall cease to apply.

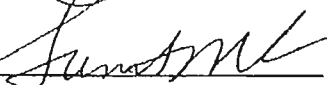
The parties agree that this Section 3 constitutes a full and final settlement as to any disputes, claims or potential claims arising between them as result of Zellers ceasing business. Neither this Section 3 nor any other term or condition of this Amendment to Lease will constitute or be construed as an amendment to Section 4.7 of the Lease and/or an admission on behalf of any of the parties as to the validity of any claims, defences or allegations (including contractual interpretations) in respect of the current or future application of Section 4.7 of the Lease or any other analogous provision in any other lease or agreement between the parties and/or their affiliates/subsidiaries now or in the future existing. Each party agrees to keep confidential and not disclose the terms of this Amendment to Lease to any third parties, except to their advisors and as required by law.

4. Section 4.7 of the Lease is amended by deleting "sixty (60) consecutive days" and replacing it with "nine (9) consecutive months".
5. In all other respects, the Lease is hereby ratified and confirmed.
6. Landlord warrants that no consent of any lender or any other third party is required for the full effectiveness of this amendment.

LANDLORD:

**MIC MAC MALL LIMITED PARTNERSHIP, by its
manager, IVANHOE CAMBRIDGE INC.**


By: 
Print Name: **George Fiddler**
Title: **Senior Vice President
Central Region**


By: 
Print Name: **Sunita V. Mahant**
Title: **Senior Legal Counsel**

TENANT:

**WINNERS MERCHANTS
INTERNATIONAL L.P.,
an Ontario limited partnership**

By its General Partner:
WMI-1 Holding Company,
a Nova Scotia corporation

By: 
Ann McCauley
Secretary

By: 
Mary B. Reynolds
Vice President/Treasurer

I VAN HOE CAMBRIDGE -
BAYSHORE SK OTTAWA # 378/083

378/083

Bayshore

this lease upon thirty (30) days prior written notice to the Landlord. The Tenant will be entitled to an abatement of Minimum Rent (but not Percentage Rent or amounts due under Paragraph 10 of Schedule B) during the said sixty (60) day period.

INDUCEMENTS

4.7 If for any period of more than forty five (45) consecutive days either (i) both of the Inducement Stores (defined in Schedule "G") or (ii) retail stores occupying thirty percent (30%) or more of the gross leaseable area of the Shopping Center (excluding the leaseable area of the Inducement Stores and the Demised Premises from the computation thereof) (the "Inducement Space") shall not be open for business to retail customers then (A) during each such period no minimum rent shall be payable under Section 5.1, no percentage rent shall be payable under Section 7.3, no additional rent shall be payable under Article VI or Paragraph 10 of Schedule B and in lieu thereof Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each of the calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2) for said month, and (B) in addition, if either both of the Inducement Stores or the Inducement Space shall not be open for business to retail customers for any period of more than three hundred sixty five (365) consecutive days, Tenant may terminate this lease at anytime during any such period by giving Landlord prior notice thereof and the term of this lease shall then terminate on the date therefor set forth in said notice which date shall not be less than fifteen (15) days from the date of such notice and on or prior to the termination date, Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements, in each case, and the date of such termination of the term.

OPERATIONS

4.8 On or before the one hundred fiftieth (150th) day after the Commencement Date, Tenant shall open a store for business in the Demised Premises under the trade name Winners, HomeSense or Style Sense. Nothing in this lease or otherwise shall require the Demised Premises to be kept open for business after such initial opening or operated under any particular name or style after the initial opening of the Demised Premises for business to customers. In the event that the Demised Premises shall, at any time during the term of this lease after the initial opening thereof, be closed for business to customers for any period of one hundred eighty (180) consecutive days or more, other than as the result of a cause or event referred to in Articles X or XI or Section 18.3 hereof or for remodeling being diligently pursued, then, at any time thereafter Landlord may, at its election, terminate the term of this lease by giving Tenant notice thereof and the term of this lease shall terminate on the day after the giving of such notice by Landlord to the same extent as if said date were the date originally set forth in Sections 4.1 and 4.2 for the expiration of the term and Tenant shall promptly thereafter remove all of its trade fixtures, signs and other property from the Demised Premises within thirty (30) days after such termination. Anything to the contrary contained in the immediately preceding sentence notwithstanding, Landlord's aforesaid notice to Tenant terminating this lease shall be null and void and of no further force and effect if within twenty (20) days after Landlord's aforesaid notice of termination Tenant shall give notice to Landlord that the Demised Premises shall thereafter reopen for business to customers within sixty (60) days and the Demised Premises does, in fact, reopen for business to customers within said sixty (60) day period. In the event that Landlord shall terminate this Lease pursuant to this Section 4.8 then simultaneously with the sending of notice thereof to Tenant, Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to the Demised Premises by Tenant from

SCHEDULE G

INDUCEMENTS

Each of the following lessees herein below referred to by store operating name are sometimes in this Lease referred to as an "Inducement Tenant" and collectively as the "Inducement Tenants" and the store operated by each as listed below is sometimes herein referred to as an "Inducement Store" and collectively as the "Inducement Stores".

<u>LESSEE</u>	<u>STORE FLOOR AREA</u> <u>(square feet)</u>	<u>BUSINESS</u>
THE BAY*	180,000	DEPARTMENT STORE
ZELLERS**	124,000	JUNIOR DEPARTMENT STORE

*The Bay may be replaced by a comparable department store operated by a comparable regional or national tenant provided such replacement shall operate in at least 90% of the premises formerly occupied by The Bay but in any event, such replacement must operate in at least 162,000 square feet of ground floor area in the Shopping Center.

** Zellers may be replaced by a comparable junior department store operated by a comparable regional or national retail provided such replacement shall operate in 90% of the premises formerly occupied by Zellers but in any event such replacement must operate in at least 111,600 square feet of ground floor area in the Shopping Center.

Furthermore, Landlord may replace The Bay and/or Zellers with any combination of CRU retail tenants (consistent with a first class retail Shopping Center) (but cinemas shall not be included as an acceptable replacement for The Bay or Zellers spaces) occupying at least ninety percent (90%) of the space formerly occupied by either The Bay or Zellers.

See Amendment

FOURTH AMENDMENT TO LEASE

This Fourth Amendment to Lease is dated as of December 9, 2013 between Bayshore Shopping Centre Limited and KS Bayshore Inc. as landlord ("Landlord"), and Winners Merchants International L.P., as tenant ("Tenant"). Reference is made to a lease dated January 7, 2009 between Landlord, as landlord, and Tenant, as tenant, with respect to store premises located in the Bayshore Shopping Centre ("Shopping Centre") in Ottawa, Ontario (as amended by Amendments to Lease dated June 15, 2009, May 20, 2010 and October 13, 2011, the "Lease"). The parties have entered into this amendment to modify the Lease to grant Tenant an additional five (5) year extension option, to extend the period of notice for exercise of renewal options to twelve (12) months, to modify Tenant's obligations as to common area maintenance payments, and to reflect Zellers being replaced by Target as an Inducement Tenant. Accordingly, it is hereby agreed as follows:

1. In Section 4.2 of the Lease, in lines 9 and 17, the word "six (6)" is deleted and replaced with the word "twelve (12)."

2. In addition to its existing three (3), as yet unexercised, extension options of five (5) years each and its, as yet unexercised, extension option of a fraction of a year, Tenant is hereby granted a fourth (4th) extension period of five (5) years (the "Fourth Extension Period"). The Fourth Extension Period, if exercised by Tenant, shall be under all the terms and conditions of the Lease, except that minimum rent during the Fourth Extension Period, if exercised by Tenant, shall be at ninety percent (90%) of the then current market rate of rent applicable to the Demised Premises.

3. If Tenant exercises its option for the Fourth Extension Period, Landlord shall propose to Tenant, within thirty (30) days after Landlord receives Tenant's notice, the annual rent payable by Tenant to Landlord during the Fourth Extension Period, which shall be Landlord's estimate of the amount that is 90% of the then current market rate of rent applicable to the Demised Premises (the "Landlord's Rent Proposal"). Landlord and Tenant agree that during the thirty (30) days following the delivery to Tenant of Landlord's Rent Proposal, Landlord and Tenant shall attempt to reach agreement on the annual rent payable by Tenant to Landlord during the Fourth Extension Period. In the event that Landlord and Tenant agree upon the annual rent payable by Tenant to Landlord during the Fourth Extension Period on or before the date which is four (4) months prior to expiration of the third Extension Period, the term of this lease shall be deemed to have been extended with annual rent payable by Tenant to Landlord during the Fourth Extension Period at the rate agreed upon by Landlord and Tenant and Landlord and Tenant shall execute an amendment to the Lease confirming the annual rent payable by Tenant to Landlord during the Fourth Extension Period. In the event that Landlord and Tenant are unable to agree upon the annual rent payable by Tenant to Landlord during the Fourth Extension Period by the date which is four (4) months prior to the expiration of the third Extension Period the then current market rate of rent applicable to the Demised Premises for the Fourth Extension Period shall be determined in accordance with the following:

- (i) Landlord and Tenant shall attempt to agree upon a real estate appraiser with at least 10 years' experience in Ottawa retail commercial real estate designated by the Appraisal Institute of Canada or equivalent organization. In the event that Landlord and Tenant are able to agree upon a single real estate appraiser, the cost of the work to be performed by such appraiser shall be paid in equal amounts by Landlord and Tenant. In the event that Landlord and Tenant are unable to agree upon a single real estate appraiser to perform the work described herein, Landlord and Tenant shall each appoint a real estate appraiser with at least 10 years' experience in Ottawa retail commercial real estate designated by the Appraisal Institute of Canada or equivalent organization, and the two appraisers appointed by Landlord and Tenant shall select a third such appraiser. In the event that Landlord and Tenant appoint two appraisers and such appraisers appoint a third appraiser as described herein, Landlord and Tenant shall each pay for the cost of the work performed by the appraisers appointed by each of them and they shall each pay fifty (50%) percent of the cost of the work performed by the third appraiser;
- (ii) The appraiser or appraisers selected in accordance with paragraph (i) above (the "Appraisers") shall be instructed to establish the fair market rental value of the Demised Premises. They shall also be instructed not to consider any improvements made by Tenant, its successors or assigns, after the Commencement Date, including without limitation any improvements to the Demised Premises or the installation of any fixtures or equipment therein;
- (iii) If Tenant does not agree with the fair market rental value established by the Appraisers, Tenant shall have the right to rescind the option to extend the term for the Fourth Extension Period by giving Landlord notice thereof within twenty (20) days after the Appraiser's determination referred to above;
- (iv) The term of the Lease shall be deemed to have been extended if Tenant has not rescinded the option within twenty (20) days after the Appraiser's determination and Landlord and Tenant shall execute an amendment to the Lease confirming the annual

rent payable by Tenant to Landlord during the Fourth Extension Period as established in accordance with the procedures set forth in this Section 3 (i.e., 90% of the then current market rate of rent applicable to the Demised Premises).

4. The Landlord and the Tenant acknowledge and agree that: Zellers closed its premises for business to retail customers at the Shopping Centre on January 17, 2013; a Target store is expected to open for business at the Shopping Centre on or before June 1, 2015; and Target constitutes a valid replacement junior department store for Zellers pursuant to Schedule "G" of the Lease (Target, and The Bay, which continues to be open for retail business to the public, being defined for the purposes of this Amendment and the Lease individually as an "Inducement Tenant" and collectively as the "Inducement Tenants"). The parties have disagreed as to the application of the Tenant's rights under Section 4.7 of the Lease in connection with Zellers ceasing its business as aforesaid, but have agreed as follows in this specific circumstance and notwithstanding and without reference, admission or acceptance as to whether Section 4.7 of the Lease is applicable or inapplicable in this specific circumstance:

- (i) The CAM Rate for the period commencing on November 1, 2015 and ending October 31, 2016 shall be two dollars (\$2.00) per square foot and for each twelve (12) month period thereafter, the CAM Rate shall be one hundred three percent (103%) of the CAM Rate for the preceding twelve (12) month period.
- (ii) In the event that Target or any other valid replacement tenant(s) for Zellers under the terms of the Lease (a "Replacement Tenant(s)") fails to open for business to retail customers on or before June 1, 2015, then for the period commencing June 2, 2015 and ending on the day immediately preceding the day that Target or any other Replacement Tenant(s) opens for business to retail customers, no minimum rent shall be payable under Section 5.1 of the Lease, no percentage rent shall be payable under Section 7.3 of the Lease, and no additional rent shall be payable under Article VI or Paragraph 10 of Schedule B of the Lease and in lieu thereof, Tenant shall pay to Landlord on or before the twentieth (20th) day after the end of each calendar month or fraction thereof included in such period, an amount equal to the lesser of either the monthly installment of minimum rent which otherwise would have been payable for said month under Section 5.1 of the Lease or two and one half percent (2.5%) of Gross Sales (as defined in Section 7.2 of the Lease) for said month.
- (iii) If Target or a Replacement Tenant(s) fails to open for business to retail customers on or before June 1, 2016, Tenant may, during the period commencing June 2, 2016 and ending on the day immediately preceding the day that Target or a Replacement Tenant(s) opens for business to retail customers, terminate this lease by giving Landlord prior notice thereof (the "Termination Notice") and the term of this lease shall then terminate on the date therefor set forth in the Termination Notice which date shall not be less than thirty (30) days from the date of the Termination Notice and on or prior to the termination date Landlord shall pay to Tenant an amount equal to the product of the cost to Tenant of leasehold improvements installed in, or made to, the Demised Premises by Tenant from time to time multiplied by a fraction the denominator of which shall be one hundred twenty (120) and the numerator of which shall be one hundred twenty (120) minus the number of months between the date of making of such improvements, in each case, and the date of such termination of the term. Should Landlord give Tenant written notice within thirty (30) days after the date of the Termination Notice (the "Notice Period") that Target or a Replacement Tenant(s) will open for business to retail customers before the expiry of the Notice Period, Tenant's termination notice shall be deemed to be retracted and shall cease to apply.

The parties agree that this Section 4 constitutes a full and final settlement as to any disputes, claims or potential claims arising between them as a result of Zellers ceasing business. Neither this Section 4 nor any other term or condition of this Amendment to Lease will constitute or be construed as an amendment to Section 4.7 of the Lease and/or an admission on behalf of any of the parties as to the validity of any claims, defences or allegations (including contractual interpretations) in respect of the current or future application of Section 4.7 of the Lease or any other analogous provision in any other lease or agreement between the parties and/or their affiliates/subsidiaries now or in the future existing. Each party agrees to keep confidential and not disclose the terms of this Amendment to Lease to any third parties, except to their advisors and as required by law.

5. Section 4.7 of the Lease is amended by deleting "forty five (45) consecutive days" and replacing it with "nine (9) consecutive months".

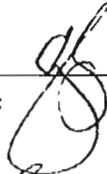
6. In all other respects, the Lease is hereby ratified and confirmed.

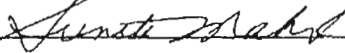
7. Landlord warrants that no consent of any lender or any other third party is required for the full effectiveness of this amendment.

[signature page of Fourth Amendment to Lease dated December 9, 2013]

LANDLORD:

**BAYSHORE SHOPPING CENTRE LIMITED and
KS BAYSHORE INC.,
by their manager, Ivanhoe Cambridge Inc.**


By: 
Print Name: **George Fiddler**
Title: **Senior Vice President
Central Region**

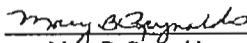
By: 
Print Name: **Sunita V. Mahant**
Title: **Senior Legal Counsel**

TENANT:

**WINNERS MERCHANTS
INTERNATIONAL L.P.,
an Ontario limited partnership**

By its General Partner:
WMI-1 Holding Company,
a Nova Scotia corporation

By: 
Ann McCaulcy
Secretary

By: 
Mary B. Reynolds
Vice President/Treasurer

TAB D

This is Exhibit "D" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)

Court File No.: CV-15-10832-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET
CANADA PHARMACY (ONTARIO) CORP. TARGET
CANADA PHARMACY CORP., TARGET CANADA
PHARMACY (SK) CORP., AND TARGET CANADA PROPERTY LLC.

EIGHTEENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JULY 15, 2015

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INDEX TO APPENDICES

Appendix "A" – List of the Applicants and Partnerships

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Appendix "D" – Summary Schedule of Relevant Dates for Disclaimed Leases

1.0 INTRODUCTION

- 1.1 On January 15, 2015, Target Canada Co. (“**TCC**”) and those companies listed in **Appendix “A”** (collectively, the “**Applicants**”), together with the Partnerships also listed in **Appendix “A”** (the “**Partnerships**”, and collectively with the Applicants, the “**Target Canada Entities**”), applied for and were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to an Order of this Court dated January 15, 2015, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed Monitor of the Target Canada Entities in the CCAA proceedings (the “**Monitor**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 On February 11, 2015, this Court issued the “**Amended and Restated Initial Order**” (hereinafter, unless the context otherwise requires, the “**Initial Order**”), which incorporates certain changes to the Initial Order granted January 15, 2015 that were described in the Second Report of the Monitor (the “**Second Report**”) dated February 9, 2015.
- 1.3 In connection with the CCAA Proceedings, the Monitor has provided to this Court seventeen reports and one supplementary report (the “**Supplementary Report**”, and collectively, the “**Monitor’s Reports**”). A&M has also provided to this Court the Pre-Filing Report of the Proposed Monitor (the “**Pre-Filing Report**”) dated January 14, 2015 (together with the Monitor’s Reports, the “**Prior Reports**”). The Prior Reports, the Initial Order and other Court-filed documents and notices in these CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/targetcanada.
- 1.4 The Monitor has previously provided: (i) in the Eleventh Report of the Monitor dated May 12, 2015 (the “**Eleventh Report**”), a comprehensive update on the Real Property Portfolio Sales

Process; (ii) in the Twelfth Report of the Monitor dated May 15, 2015 (the “**Twelfth Report**”), detailed information regarding a series of motions brought by the Applicants for the approval of transactions in respect of a total of 46 of TCC’s owned and leased real estate assets; and (iii) in the Thirteenth Report of the Monitor dated May 29, 2015 (the “**Thirteenth Report**”), information regarding two motions brought by the Applicants for approval of transactions in respect of five of TCC’s owned and leased real estate assets, four of which were in respect of back-up bids and were already subject to lease transfer or sale agreements.

1.5 The purpose of this Eighteenth Report of the Monitor (the “**Eighteenth Report**”) is to provide this Court with:

- (1) information regarding the following:
 - (a) the Inventory Liquidation Process;
 - (b) the aggregate net proceeds realized through the Real Property Portfolio Sales Process, and further details with respect to real property leases that have been disclaimed and other aspects of the Real Property Portfolio Sales Process;
 - (c) the receipts and disbursements of the Target Canada Entities from April 26, 2015 to July 4, 2015;
 - (d) the commencement of the claims process;
 - (e) the Employee Trust;
 - (f) the Consultative Committee; and
 - (g) the Monitor’s activities since the date of the Third Report of the Monitor (February 27, 2015); and

- (2) the Monitor's conclusions and recommendations in support of: (a) the Monitor's motion for approval of its Third to Eighteenth Reports and its activities set out therein originally returnable on June 11, 2015 and adjourned to July 30, 2015; and (b) the Monitor's requested approval of the Consultative Committee Member's Fee (as defined below).

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Eighteenth Report, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Target Canada Entities and Target Corporation, and discussions with management of the Target Canada Entities and Target Corporation (collectively, the "**Information**").
- 2.2 The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.
- 2.3 Capitalized terms not otherwise defined in this Eighteenth Report are as defined in the Prior Reports, the Initial Order and the Real Property Portfolio Sales Process, as applicable.
- 2.4 Unless otherwise stated, all monetary amounts contained in this Eighteenth Report are expressed in Canadian dollars.

3.0 INVENTORY LIQUIDATION PROCESS

- 3.1 On February 4, 2015, this Court issued an order (the "**Approval Order – Agency Agreement**") approving: (a) the Agency Agreement, including the Sales Guidelines, entered into between

- TCC, Target Canada Pharmacy Corp. and Target Canada Pharmacy (Ontario) Corp. (collectively, “**Target Canada**”), and a contractual joint venture comprised of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada, ULC (collectively, the “**Agent**”) on January 29, 2015 (the “**Agency Agreement**”), and certain related relief; and (b) the granting of the Agent’s Charge and Security Interest (as defined in the Approval Order – Agency Agreement).
- 3.2 The Approval Order – Agency Agreement, authorized the Agent to conduct the Sale of inventory and furniture, fixtures and equipment (“**FF&E**”) in accordance with the Order, the Agency Agreement and the Sales Guidelines. The Inventory Liquidation Process commenced in the retail stores (“**Stores**”) on February 5, 2015.
- 3.3 The Approval Order – Agency Agreement approved the Agency Agreement with such minor amendments as Target Canada (with the consent of the Monitor) and the Agent may agree in writing. In early March 2015, the Agent, TCC and the Monitor commenced discussions regarding the possible sale and disposal of FF&E located at certain additional locations, being TCC’s ten regional office suites and other ancillary locations (the “**Additional Locations**”), that were not included in the Agency Agreement. As discussions involving FF&E at the Additional Locations progressed, it was concluded that certain inventory that was not specifically included in the Agency Agreement, such as returned and salvaged merchandise, specialty Store fixtures, and promotional merchandise and fixtures held at a third party warehouse (collectively, the “**Additional Goods**”), should also be addressed. Target Canada and the Agent, with input from and the consent of the Monitor, completed an Amendment Agreement in order to incorporate the FF&E at the Additional Locations and the Additional Goods into the Inventory Liquidation Process. Further, the Amendment Agreement extended the time period for the sale and removal of FF&E at the corporate headquarters and at an unopened Store. The Monitor provided its consent to the Amendment Agreement as it further facilitated the sale and removal of FF&E and

inventory, and the objectives of maximizing proceeds to the estate and ultimately vacating all locations with no realizable assets being abandoned to the extent practicable.

- 3.4 Pursuant to the Agency Agreement, Target Canada was required to use commercially reasonable efforts to ensure that: (a) all inventory held at TCC's three distribution centres ("DCs") as at January 25, 2015 was delivered to the Stores not later than 21 days from the Sale Commencement Date (as defined in the Agency Agreement, being the day after the date the Approval Order – Agency Agreement was granted) of February 5, 2015; and (b) all goods-in-transit and inventory held at the DCs as at the Sale Commencement Date were delivered to the Stores not later than 42 days from the Sale Commencement Date. With these dates in mind, TCC and the Monitor worked extensively with vendors, freight forwarders and consolidators, ocean freight carriers and other transportation companies, and TCC's customs broker, to ensure that goods continued to move throughout TCC's supply chain in order to minimize disruptions and meet the timing requirements of the Agency Agreement. TCC and the Monitor also worked extensively with the Agent in order to coordinate the movement and redirection of inventory from Eastern Canada to Central and Western Canada, as well as Store-to-Store transfers within regions, in order to accelerate the Inventory Liquidation Process and Store closures and minimize costs to the estate.
- 3.5 The 42-day time period from the Sale Commencement Date ended on March 18, 2015. As at that date, all goods-in-transit and inventory held at TCC's DCs as at the Sale Commencement Date had been shipped to the Stores (except for a very small amount of inventory that was later sold at port and certain returned/salvaged goods located at the Milton DC which were included in the Amendment Agreement), such that operation of the DCs had been discontinued with no further inventory to be received or shipped at/from the DCs. Throughout the Inventory Liquidation Process, TCC and the Monitor worked with Eleven Points Logistics Inc. ("**Eleven Points**"), the third party logistics services provider that operated TCC's DCs, in order to assist Eleven Points in managing its staffing levels and inventory handling capabilities with the amount of activity

associated with the anticipated receipts of goods into the DCs and shipments of goods to the Stores.

3.6 All of TCC's 133 Stores that were in operation as at the January 15, 2015 CCAA filing date (the "**Filing Date**") were closed to the public on or before April 12, 2015.

3.7 As described in the First Report of the Monitor, the Agency Agreement¹:

- (a) guaranteed the Company a minimum recovery of 74% of the Cost Value of the Merchandise, which reflects the lower of cost or Retail (as at the Sale Commencement Date) for each item of Merchandise sold through the Stores, subject to the total amount of Merchandise sold totaling between \$445 million and \$475 million at Cost Value, with a Cost Factor Threshold of 63%, and subject to other adjustments as applicable such as a provision for Merchandise shrinkage and the satisfaction of delivery time covenants;
- (b) provided that the Agent is responsible for Store-level operating expenses during the Sale, which consisted of twenty categories of Expenses, such as occupancy expenses, employee wages and benefits, advertising and promotional costs, third party fees, insurance and other costs;
- (c) required the Agent to deliver to the Company an irrevocable and unconditional standby letter of credit in the original face amount of \$50 million to secure the Agent's obligations, including the Guaranteed Amount, under the Agency Agreement;
- (d) provided that once Proceeds from the sale of Merchandise covered TCC's Expenses, the Agent's Expenses and the Guaranteed Amount to TCC, any further

¹ All capitalized terms used by not defined in this section have the meaning given to them in the Agency Agreement.

Proceeds, if any, would be utilized to pay the Agent's Fee (based on 6% of Gross Rings) with any Proceeds beyond the Agent's Fee to be split equally between TCC and the Agent; and

- (e) provided the Agent with a 20% commission on its sale of FF&E, Additional Goods and Consignment Goods.

- 3.8 Following the final sales of inventory and FF&E, TCC and the Monitor worked extensively with the Agent over a period of several weeks to reconcile sales and other data utilized in the calculation of the fees and profit sharing amounts due to the Agent pursuant to the Agency Agreement and to resolve any disputed items related to same. The Guaranteed Amount of 74% of the Cost Value of the Merchandise was determined to be \$341.7 million. The results of the Inventory Liquidation Process were quite successful such that there were sufficient recoveries above the Guaranteed Amount to provide for the payment of the Agent's Fee and invoke the profit sharing mechanism. The financial success of the Inventory Liquidation Process is attributable in part to the Agent's ability to complete the sale of inventory and close TCC's 133 operating Stores earlier than originally anticipated, reducing the overall costs of realization.
- 3.9 Net proceeds to TCC generated from the Inventory Liquidation Process were approximately \$386 million, comprised of the Guaranteed Amount of \$341.7 million, TCC's share of the profit sharing mechanism of \$12.8 million (based on 50% of Remaining Proceeds, as defined in the Agency Agreement), net proceeds from the sale of FF&E of \$25.6 million and net proceeds from the sale of miscellaneous assets under the Agency Agreement of \$5.9 million.
- 3.10 Based upon TCC's sales data, the aggregate Agent's Fee and profit sharing amount due to the Agent was negotiated and settled at approximately \$39.8 million, comprised of the Agent's Fee of \$27.0 million and the Agent's profit sharing of \$12.8 million. The aggregate amount due to the Agent was in line with the forecast amount of \$37.1 million included in the cash flow forecast

appended to the Ninth Report of the Monitor (the “**Ninth Report**”) dated May 4, 2015, with the higher than forecast amount due to the Agent attributable primarily to an increased profit sharing that resulted from better than anticipated results in the liquidation process. The foregoing amounts were paid to the joint venture participants on July 8, 2015. In addition, the Agent received approximately \$8.8 million throughout the Inventory Liquidation Process in respect of its 20% commission on the sale of FF&E, Additional Goods and Consignment Goods.

4.0 REAL PROPERTY PORTFOLIO SALES PROCESS

4.1 The Monitor provided a comprehensive update on the Real Property Portfolio Sales Process in the Eleventh Report, a copy of which is attached as **Appendix “B”** to this Eighteenth Report. As described in the Eleventh Report:

- (a) leading up to and during the course of the three day Auction period (May 5, 6 and 7, 2015), as well as the days immediately following the Auction, TCC finalized and executed thirteen separate agreements in respect of its three owned distribution centres (“**DCs**”), two owned stores (“**Stores**”) and 43 Store leases, for combined consideration (subject to adjustments) totalling approximately \$390.2 million. In addition, there were four smaller transactions for combined consideration of \$250,000 where agreements were being finalized at the time of the Eleventh Report;
- (b) when taken together with the proceeds from the Oxford/Ivanhoe Cambridge transaction (11 Store leases) that closed on March 6, 2015 and the Cadillac Fairview transactions (five Store leases and one owned Store) which, at the time of the Eleventh Report, were subject to pending approval motions before the Court on May 19, 2015, the anticipated aggregate proceeds from the Real Property Portfolio Sale Process were approximately \$573.6 million (in respect of

the three DCs, three owned Stores and 64 Store leases), subject to adjustments. At the time of the Eleventh Report, each of the agreements were subject to Court approval (with the exception of the Oxford/Ivanhoe Cambridge Lease Transaction Agreement, which had been approved and closed, and a transaction with One York Street Inc., which had also concluded), and the satisfaction of certain terms and conditions, including, where applicable, obtaining all required landlord and other consents, lease amendments, waivers and/or non-disturbance agreements; and

- (c) a summary of the executed agreements generated through the Real Property Portfolio Sales Process (including the four smaller agreements that were being finalized at that time) was provided in the Eleventh Report.

- 4.2 The Monitor provided extensive details regarding a series of motions to be brought by the Applicants on May 19, 20 and 21 for the approval of transactions in respect of a total of 46 of TCC's owned and leased real estate assets in the Twelfth Report, a copy of which is attached as **Appendix "C"** to this Eighteenth Report.
- 4.3 Each of the proposed transactions described in the Twelfth Report were approved by the Court on May 19, 20 or 21, and TCC and the Monitor subsequently worked with the purchasers or assignees, third parties and the respective landlords to close the transactions.
- 4.4 As at July 15, 2015, all of the transactions described in the Twelfth Report had closed in their entirety, with the exception of: (a) one of the 13 leases included in the Lease Transfer Agreement with Lowe's Companies Canada, ULC ("**Lowe's**"), which was disclaimed on July 14, 2015 as described in paragraph 4.7 below; and (b) the transaction with Rona Inc. ("**Rona**") for the Cottonwood Mall lease, where the transaction did not close and the lease was disclaimed on June 30, 2015. In addition: (a) a transaction with OPB (EMTC) Inc. in respect of the Erin Mills Town

Centre lease was not yet completed as of July 15, 2015, which transaction will not generate any cash proceeds, but if completed will result in an assignment of the lease to Wal-Mart as described in the Monitor's Seventeenth Report and a release of TCC and Target Corporation, which transaction is expected to close on or about July 17, 2015 and for which a motion to approve is pending before the Court; and (b) a transaction with Brad-Lea Meadows Limited in respect of the Thames Lea Plaza lease was completed on July 15, 2015, which transaction did not generate any cash proceeds but resulted in an assignment of the lease to Xtaabay Holdings Ltd. and a release of TCC and Target Corporation. By Orders dated June 24 and 29, respectively, the Court granted an extension of the outside date under the Real Property Portfolio Sales Process to July 15, 2015 in respect of the leases subject to the Lowe's and Wal-Mart transactions that were not yet closed and by Order dated June 30, 2015, granted an extension of the outside date under the Real Property Portfolio Sales Process to July 17, 2015 in respect of the leases relating to the Erin Mills Town Centre and the Thames Lea Plaza. In respect of each of these leases, the outside date may be further extended on the consent of the applicable parties.

Aggregate Net Proceeds Realized Through the Real Property Portfolio Sales Process

- 4.5 A summary of the aggregate net proceeds realized to date through the Real Property Portfolio Sales Process is provided in the table below.

- 11 -

Target Canada Co., et al						
Summary of Aggregate Net Proceeds Realized Through the Real Property Portfolio Sales Process						
Acquirer	Agreement Type	Property(ies) Acquired	Cash			Net Proceeds
			Consideration	Adjustments*	Cure Costs**	
Summary of Transactions Completed/Agreed to as part of Auction Process						
<i>Distribution Centres:</i>						
Lowe's Companies Canada, ULC	Agreement of Purchase and Sale	Milton Distribution Centre	\$125,000,000	\$100,664	NA	\$125,100,664
Wal-Mart Canada Corp.	Agreement of Purchase and Sale	Cornwall Distribution Centre	80,750,000	437,183	NA	81,187,183
Sobeys Capital Incorporated	Agreement of Purchase and Sale	Calgary Distribution Centre	50,000,000	552,327	NA	50,552,327
		Total Distribution Centres	\$255,750,000	\$1,090,175		\$256,840,175
<i>Owned Stores:</i>						
Wal-Mart Canada Corp.	Agreement of Purchase and Sale	#7006 - Candiac Power Centre	\$14,000,000	\$197,197	NA	\$14,197,197
Park Place Acquisition Corporation	Agreement of Purchase and Sale	#7004 - Park Place	3,475,000	(77,685)	NA	3,397,315
		Total Owned Stores	\$17,475,000	\$119,512		\$17,594,512
<i>Leased Stores:</i>						
Wal-Mart Canada Corp.	Lease Transfer Agreement - Closed	12 Store Leases	\$70,000,000	(\$3,006,517)	(\$1,972,965)	\$65,020,518
Lowe's Companies Canada, ULC	Lease Transfer Agreement - Closed	12 Store Leases	22,750,000	(5,977,308)	(2,491,718)	14,280,974
Canadian Tire Real Estate Limited	Lease Transfer Agreement - Closed	12 Store Leases	17,654,000	230,986	(527,012)	17,357,974
The Berezan Real Estate Partnership	Lease Surrender Agreement	#3744 - Sahali Centre Mall	1,200,000	(48,787)	-	1,151,213
West Edmonton Mall Property Inc.	Disclaimer and Release Agreement	#3648 - West Edmonton Mall	1,000,000	-	-	1,000,000
Canpro Investments Ltd.	Amendment and Resiliation of Lease	#3547 - Les Galeries Gatineau	106,756	-	-	106,756
Cominar Real Estate Investment Trust	Lease Surrender Agreement	#7000 - Centre Laval	100,000	25,765	-	125,765
Morguard Real Estate Investment Trust	Lease Surrender Agreement	#3766 - Centre at Circle & Eight	100,000	(33,711)	-	66,289
Vanprop Investments Ltd.	Lease Surrender Agreement	#3534 - Lansdown Centre	50,000	(90,379)	-	(40,379)
Brad-Lea Meadows Limited	Waiver and Release Agreement	#3533 - Thames-Lea Plaza	-	-	-	-
Paula-Dale, Ltd.	Disclaimer and Release Agreement	#3552 - Westdale Mall	-	-	-	-
		Total Leased Stores	\$112,960,756	(\$8,899,950)	(\$4,991,696)	\$99,069,110
			\$386,185,756	(\$7,690,263)	(\$4,991,696)	\$373,503,797
Summary of Closed and Pending Transactions Agreed to Prior to Auction						
<i>Owned Stores:</i>						
The Cadillac Fairview Corporation Limited	Agreement of Purchase and Sale	#7012, Polo Park	\$18,500,000	(\$2,558,025)	-	\$15,941,975
		Total Owned Stores	\$18,500,000	(\$2,558,025)		\$15,941,975
<i>Leased Stores:</i>						
Ivanhoe Cambridge Inc. and Oxford Properties Corporation, et al	Lease Transaction Agreement	11 Store Leases	\$138,000,000	(\$5,869,030)	-	\$132,130,970
CF/Realty Holdings Inc., et al	Lease Surrender Agreement***	5 Store Leases	29,172,000	(2,912,599)	-	26,259,401
One York Street Inc.	Termination, Disclaimer, Surrender and Release Agreement	#7008 - One York Street	-	-	-	-
		Total Leased Stores	\$167,172,000	(\$8,781,629)		\$158,390,371
			\$185,672,000	(\$11,339,654)		\$174,332,346
			\$571,857,756	(\$19,029,918)	(\$4,991,696)	\$547,836,142
<i>Leased Stores (Pending):</i>						
OPB (EMTC) Inc. (20 Vic Management)	Assignment and Assumption Agreement	#3646 - Erin Mills Town Centre	-	-	(\$76,339)	(\$76,339)

* Adjustments primarily include amounts for stub period rents, CAM charges and/or realty taxes and in some cases payments relating to third party waivers and in respect of landlord obligations.

** Cure costs primarily include payments for rent arrears, realty taxes arrears, repair costs or other arrear amounts.

*** Indicated Cash Consideration is shown gross of a \$2,572,951 Termination Fee included in the Lease Surrender Agreement and illustrated in Adjustments.

4.6 Aggregate net proceeds realized to date through the Real Property Portfolio Sales Process are approximately \$547.8 million, after net aggregate closing adjustments and cure costs of approximately \$24.0 million.

4.7 As anticipated in connection with the Lowe's lease transactions, there were significant covenants and other restrictions that needed to be addressed between and among TCC, the applicable landlords and other tenants. Significant adjustments became necessary in order to complete certain of the transactions for the benefit of the estate and its creditors, resulting in aggregate net

cash proceeds to the estate of approximately \$14.3 million. For one leased property subject to the Lowe's lease transfer agreement, the parties were unable to reach a resolution that would generate a positive economic benefit to the estate as a result of use restrictions. Accordingly, such property was removed from the lease transfer agreement in accordance with its terms and the lease was disclaimed on July 14, 2015.

Notices of Disclaimer or Resiliation

4.8 In addressing the status of each individual property during the Real Property Portfolio Sales Process and whether such property lease should be maintained or disclaimed by TCC at any point in the process, the Monitor considered a number of factors in attempting to ensure that net proceeds to the estate were maximized to the extent possible, and the interests of individual landlords were being addressed. These factors included but were not limited to:

- (a) the time needed on a Store-by-Store basis to conduct the Orderly Wind-down to closure, including the Inventory Liquidation Process and the time required thereafter to remove FF&E in accordance with arrangements with individual purchasers and landlords and return the premises to broom-swept condition. TCC was not in a position to disclaim any Store leases until at least such time as a Vacate Date notice had been issued by the Agent indicating that a Store would be closing;
- (b) whether there was interest expressed in the lease at the LOI submission stage (March 5, 2015) or at the Qualified Bid deadline (April 23, 2015);
- (c) whether Lazard believed that there was a reasonable prospect of a sale transaction/lease surrender agreement;

- (d) whether Northwest Atlantic (Canada) Inc., the broker advisor, had provided an indicative estimate of value for the lease;
- (e) whether there was a reasonable prospect of an alternative arrangement beneficial to the estate; and
- (f) the amount of ongoing rental costs.

4.9 The LOI deadline of March 5, 2015 and the Qualified Bid deadline of April 23, 2015 were established for the purpose of qualifying bidders, not for removing specific leases from the Real Property Portfolio Sales Process. Definitive outside dates for the removal of leases from the Real Property Portfolio Sales Process (June 1, 2015 if there was no definitive agreement by that time, and June 30, 2015 for any properties where such an agreement had not yet closed) were established as part of the Real Property Portfolio Sales Process through negotiations with landlord representatives prior to Court approval of the process in order to address landlord concerns that leases not be retained beyond a reasonable point in time in the process. If no definitive agreement or closing, as the case may be, had been achieved by the applicable outside date, the lease in question was required to be disclaimed at such time.

4.10 Even within the confines of the outside dates reflected in the Real Property Portfolio Sales Process, the Monitor was very focused on trying to balance the sometimes conflicting objectives of individual landlords and the interests of the estate as a whole, including the importance of maximizing the net proceeds to the estate for the benefit of all creditors, including the landlords. This balance was reflected in the terms of the Real Property Portfolio Sales Process negotiated with landlord representatives and was implemented by the Monitor utilizing the measure of “reasonable prospect” of a transaction being achieved in assessing whether individual leases should be disclaimed, once notices of Store closings had been received from the Agent. Beyond the Monitor’s ongoing communication with TCC and Lazard concerning the status of individual

properties and disclaimer prospects, and the Monitor's oversight of the Real Property Portfolio Sales Process as a whole, a specific disclaimer protocol was established under which, among other things, the Monitor and TCC obtained from Lazard prompt, formal communication with respect to individual leases under review that had become candidates for disclaimer.

- 4.11 All of TCC's 133 Stores in operation as at the Filing Date were closed to the public on or before April 12, 2015, well in advance of the original anticipated timeline for the completion of the Orderly Wind-down process. Following individual Store closures, TCC, the Agent and the Monitor worked to conclude the remaining sales of FF&E in preparation for vacating the Stores (the Real Property Portfolio Sales Process provided for a 14-day period from the date each Store closed to the public for the sale and removal of remaining FF&E and for the premises to be put into broom-swept condition). TCC and the Monitor, and their respective legal counsel also worked extensively with landlords to consensually resolve any issues related to the sale and removal of FF&E and the release of Stores back to landlords.
- 4.12 After the Phase 1 Bid Deadline (March 5, 2015), there were 38 Store leases² for which no LOI had been received. During the period after the Phase 1 Bid Deadline but before the Qualified Bid Deadline (April 23, 2015), the Target Canada Entities, with the consent of the Monitor, delivered 31 disclaimer notices pursuant to section 32 of the CCAA with respect to leases for 12 Stores and 19 office and/or warehouse facilities, for properties where no LOIs had been received. In addition, during this period the Termination, Disclaimer, Surrender and Release Agreement dated March 26, 2015 was entered into and became effective with respect to the One York Street location. In the case of the 12 Stores, the Agent had provided vacate notices to TCC, and in the view of Lazard and the Applicants, in consultation with the Monitor, there was little or no reasonable prospect of the leases being included in a larger transaction with a Qualified Bidder or being addressed by an alternative consensual arrangement.

² Including the One York Street agreement to lease. The One York Street location was never opened.

- 4.13 Of the 38 Store leases where no LOIs were submitted, 26 leases were retained in the Real Property Portfolio Sales Process until the Qualified Bid Deadline in cases where, in the view of Lazard (after discussions with certain bidders) and the Applicants, and in consultation with the Monitor and Northwest, it was considered that there was a reasonable prospect of the leases being included in a larger transaction with a Competing Bidder or addressed by an alternative consensual arrangement. The interests of Competing Bidders in TCC's lease portfolio, including the above leases where there were no LOIs initially submitted, evolved substantially during the process and, accordingly, where interest was believed to exist, Lazard continued to explore such interest for the benefit of the estate. Further, landlords had expressed interest at the outset of the Real Property Portfolio Sales Process in being able to acquire the leases for their properties and had negotiated the ability for properties to be withdrawn from the Real Property Portfolio Sales Process at any time in the event of such a landlord transaction. Such opportunities to remove leases from the Real Property Portfolio Sales Process in such a manner became easier to address post the Phase 1 Bid Deadline when the initial relative level of interest from third party buyers became known to TCC, Lazard and the Monitor. Finally, as indicated above, these leases were required to be maintained for varying periods of time past the Phase 1 Bid Deadline in any event in order to support the Orderly Wind-down process as Stores continued to need to be occupied, with the last of the vacate notices being issued by the Agent on April 2, 2015 and effective April 12, 2015, followed by the 14-day period for removal of FF&E.
- 4.14 Of the 113 Store leases remaining in the Real Property Portfolio Sales Process as at the Qualified Bid Deadline of April 23, 2015 (137 leased Stores, less 11 leases included in the Oxford/Ivanhoe Cambridge transaction, the One York Street location and 12 leases disclaimed prior to the Qualified Bid Deadline), Qualified Bids in respect of 50 leased Stores were submitted. In addition, before the Qualified Bid Deadline, an alternative agreement was entered into with a landlord with respect to one leased property in respect of which no LOI had been received.

Following the Qualified Bid Deadline and prior to the Auction, the Target Canada Entities, with the consent of the Monitor, delivered 44 notices of disclaimer between April 24 and April 30, 2015 with respect to the leases for a further 44 Stores (bringing the total disclaimed Stores to that point to a total of 56) where no Qualified Bids had been submitted and where, in the view of Lazard (after discussions with certain bidders) and the Applicants, and in consultation with the Monitor, there was little or no reasonable prospect of the leases being included in a larger transaction with a Qualified Bidder before or during the Auction or addressed by an alternative consensual arrangement. The leases for these locations were accordingly promptly withdrawn from the Real Property Portfolio Sales Process.

- 4.15 There were 18 Store leases that were retained after the Qualified Bid Deadline where no Qualified Bid had been received. Of these 18 leases, Lazard continued to explore potential opportunities for sale transactions, lease surrenders or alternative arrangements for a short period of time up until the Auction process was completed, where the prospect of some interest or an alternative transaction was believed to exist. Lazard's continued discussions ultimately resulted in transactions on three of these 18 properties. On May 8, 2015, immediately after the Auction, the remaining 15 leases were disclaimed, together with two additional leases that were subject to Qualified Bids but where the parties had concluded that such transactions could not be finalized.
- 4.16 In aggregate, 75 Store leases have been disclaimed³. Of these 75 Store lease disclaimers, 14 Stores were closed to the public in the latter half of March and 57 were closed during the first half of April (four Stores with leases disclaimed had never opened). A summary schedule of relevant dates with respect to the 75 Store leases that have been disclaimed (the "**Disclaimer Summary**") is attached as **Appendix "D"** to this Eighteenth Report.

³ Including the Cottonwood Mall lease subject to a lease transaction agreement with Rona that did not close and was disclaimed on June 30, 2014 and the Burlington Mall lease subject to a lease transaction with Lowe's that did not close and was disclaimed on July 14, 2015.

4.17 Other than with respect to four Stores where lease transaction agreements were still being finalized, as at May 10, 2015, all of TCC's property leases were either subject to a definitive agreement or had been disclaimed, such that:

- (a) notices of disclaimer had been delivered with respect to 73 Stores and 19 office and/or warehouse facilities; and
- (b) TCC had entered into termination and release or similar agreements with respect to three leases for its former head office and two other ancillary offices.

All of the foregoing was achieved well in advance of the June 1, 2015 outside date for execution of definitive agreements or delivery of disclaimer notices under the Real Property Portfolio Sales Process (such date having been negotiated with representatives of the landlord group that comprised several large retail landlords that held or managed, in aggregate, the majority of TCC's Store leases). Most of the Store leases not subject to a transaction (56 out of 73 or 77%) were disclaimed within 15 weeks of the Filing Date, with all such disclaimers issued less than four months after the Filing Date.

4.18 There were a number of challenges experienced during the course of the Real Property Portfolio Sales Process, including limited use restrictive clauses associated with a number of properties, tenant waiver requirements and the short time line reflected in the Real Property Portfolio Sales Process (relative to fairly long term investment decisions on the part of potential acquirers). The set timelines in the Real Property Portfolio Sales Process were negotiated with landlord representatives but TCC, Lazard and the Monitor were cognizant of the greater time pressure brought to bear by the accelerated closing schedule and the reality of the need for TCC, where appropriate, to vacate premises and stop paying rent post the 30-day disclaimer notice period as soon as possible. At the same time, TCC, Lazard and the Monitor worked to ensure that sufficient time had been provided on a property-by-property basis to maximize the opportunity

for transactions to be achieved with a view to maximizing net realizations available to the estate for the benefit of all creditors.

- 4.19 TCC, Lazard and the Monitor were very focused on managing this balance, but were also faced with evolving interests on the part of third party buyers and landlords over the course of the process. For example, 38 leases subject to an LOI did not result in corresponding Qualified Bids. Where such LOIs were in hand, the related leases could not be disclaimed until after the Qualified Bid Deadline (April 23, 2015) unless there were reasons to conclude that a Qualified Bid would not be submitted. This applied regardless of whether or when the Stores subject to such leases had been closed. Further, interest in individual properties continued to develop and evolve even for leases where no LOIs had originally been received. In particular, those parties with wider interest in multiple properties continued to add and subtract locations from potential transactions as the Real Property Portfolio Sales Process advanced.
- 4.20 The end result of the dynamics of the Real Property Portfolio Sales Process described above was that the average time between the Vacate Date and disclaimer date for leases that were not subject to transactions was kept to approximately 26 days.

Participation of Target Corporation

- 4.21 Certain creditors have requested that the Monitor provide more information with respect to the role of Target Corporation in the context of the execution of the Real Property Portfolio Sales Process and the Inventory Liquidation Process. The Monitor has provided information to such parties and thought it would be of interest to provide additional commentary to the broader constituencies of the estate.

In the Real Property Portfolio Sales Process

- 4.22 Paragraph 41 of the Real Property Portfolio Sales Process contemplated that Target Corporation would be involved in the Real Property Portfolio Sales Process; it provided that the Target Canada Entities, the Monitor and Lazard would communicate and consult with Target Corporation, in its capacity as DIP Lender, throughout the process. In addition, the DIP Facility requires TCC to consult with Target Corporation with respect to the Real Property Portfolio Sales Process and to update and provide information to Target Corporation on material developments in the CCAA Proceedings.
- 4.23 As set out in the Eleventh Report, Target Corporation was involved in the Real Property Portfolio Sales Process to the extent that they could be facilitative given their position as guarantor of certain leases (e.g. where there was a request for inducement from a prospective bidder or landlord). Further, Target Corporation had discussions with certain landlords with respect to their lease obligations that could potentially have resulted in benefits to the estate and the landlord(s).
- 4.24 Target Corporation was very helpful to TCC, Lazard and to the Monitor in supporting their efforts in connection with the Real Property Portfolio Sales Process. The real estate portfolio group and related accounting service and legal support personnel provided to Target Canada before the Filing Date were all located at Target Corporation's headquarters in Minneapolis. Such personnel were employees of Target Corporation, with these services provided to Target Canada under the shared services arrangements through Target Brands. After the Filing Date and during the course of the Real Property Portfolio Sales Process, these Target Corporation employees were invaluable resources to TCC, Lazard and the Monitor given their extensive knowledge of individual sites, lease-specific issues and the positioning/potential interest of prospective interested parties. Support from Target Corporation personnel was also required by TCC in order to address closing cost adjustments/statements and cure costs issues in connection

with all lease transactions, often a very extensive and urgent exercise requiring detailed knowledge of specific properties and related issues.

4.25 Certain representatives of Target Corporation at times attended periodic formal real estate process update calls conducted by Lazard reporting to TCC and the Monitor to provide helpful background information where appropriate and to field and respond to facilitative requests in connection with inducements requested from potential third party buyers and/or landlords communicated to Lazard in connection with leases subject to Target Corporation guarantees. Representatives of Target Corporation received details of the LOIs received during Phase 1 of the Real Property Portfolio Sales Process. At a meeting on March 9, 2015 among TCC, the Monitor, Lazard and representatives of Target Corporation, Lazard provided an overview of the results of the Real Property Portfolio Sales Process and Qualified LOIs received. Representatives of Target Corporation also received details of the Qualified Bids received during Phase 2 of the Real Property Portfolio Sales Process. On April 27, 2015, TCC, the Monitor and Lazard met to discuss the results of the Real Property Portfolio Sales Process and the Qualified Bids received, and to determine which leases in respect of which no Qualified Bids were received should be immediately disclaimed. Representatives of Target Corporation attended a subsequent meeting with TCC, the Monitor and Lazard where Lazard provided a more general overview of the results of the Real Property Portfolio Sales Process to the Qualified Bid Deadline and properties to be disclaimed. Representatives of Target Corporation also attended and observed the Auction process from May 5 to May 7, 2015.

4.26 Certain creditors have also requested more detailed information concerning disclaimers of leases that were guaranteed by Target Corporation and those that were not guaranteed. Of the 73 Store leases that were disclaimed as at May 10, 2015, 44 leases (approximately 60%) are guaranteed by Target Corporation (excluding Zellers) and 31 of the 64 leases that were included in a transaction agreement (approximately 48%) are subject to a Target Corporation guarantee. From the

Monitor's perspective, whether a lease was supported by a Target Corporation guarantee or not was irrelevant to the conduct of the Real Property Portfolio Sale Process, except in two key respects: (a) to the extent that Target Corporation could be facilitative by providing funding incentives (to a third party buyer or to a landlord) where guarantees existed to make a transaction happen where the economics of the situation might have dictated otherwise; and (b) where a guarantee did exist, it was very much in the interest of the creditors of the estate that a release be sought from the landlord not just from their claim against the estate but also with respect to the guarantee due to the subrogation rights that Target Corporation would otherwise have.

In the Inventory Liquidation Process

4.27 TCC required the extensive involvement of Target Corporation to facilitate the Inventory Liquidation Process as all accounting, treasury and cash management functions were managed by Target Corporation through the shared services arrangements with Target Brands, certain of which, in the form of providing insurance and security measures at specific Stores, continue. Further, through these shared services arrangements, among other things: (a) substantial records and data were provided to the prospective liquidators in the Liquidation Agent Solicitation Process to facilitate due diligence; (b) daily sales, gross margin and inventory reporting was developed for the Agent's use in managing and accounting for the inventory liquidation; and (c) weekly reporting was developed to reconcile operating costs as between TCC and the Agent.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Receipts and disbursements for the period April 26, 2015 to July 4, 2015 (the "**Reporting Period**", noting that cash flow results through April 25, 2015 were previously reported in the Ninth Report), as compared to the cash flow forecast that was attached as Appendix "C" to the

Ninth Report (the “**Cash Flow Forecast**”), are summarized on the following page. Forecast proceeds from the Real Property Portfolio Sales Process were not included in the Cash Flow Forecast as they were indeterminable at the time the Cash Flow Forecast was prepared.

- 5.2 With the exception of the net proceeds of approximately \$132.1 million generated from the Oxford/Ivanhoe Cambridge lease transaction, which were paid by the Monitor to TCC shortly after the transaction closed, and approximately \$932,000 that was paid to TCC directly in one of the other closed lease transactions, all other net proceeds realized through the Real Property Portfolio Sales Process, as set out in the table on page 11 of this Eighteenth Report, continue to be held in trust by the Monitor. The Monitor is holding in trust approximately \$414.7 million of the net proceeds realized through the Real Property Portfolio Sales Process, plus certain other amounts held in escrow subject to the closing of the related transaction. The aggregate cash position of the Target Canada Entities as at July 4, 2015 was approximately \$874.7 million (\$460.0 million as shown below, plus \$414.7 million held in trust by the Monitor – updated to July 15, 2015).

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(\$ in 000's CAD, unless otherwise noted)

<i>Period Ended</i>	Cumulative		
	Budget 04-Jul	Actual 04-Jul	Variance B / (W)
OPERATING RECEIPTS			
Sales Receipts	\$ 3,000	\$ 4,646	\$ 1,646
RPPSP Receipts	2,964	3,896	932
Other Receipts	1,465	8,216	6,751
TOTAL RECEIPTS	7,430	16,758	9,329
OPERATING DISBURSEMENTS			
Employee Payments	16,232	22,496	(6,264)
Rent & Occupancy	30,088	27,885	2,203
DC / Logistics	2,138	3,166	(1,028)
Normal Course Taxes	19,633	19,146	486
Professional Fees	13,530	8,414	5,116
All Other	49,495	12,356	37,138
Current Operating Disbursements	131,115	93,463	37,653
OPERATING CASH FLOW	(123,686)	(76,704)	46,982
INTERCOMPANY DISBURSEMENTS			
Intercompany Services	8,920	7,549	1,371
DIP Interest	-	-	-
Intercompany Disbursements	8,920	7,549	1,371
NET CASH FLOW	\$ (132,606)	\$ (84,253)	\$ 48,353
WEEKLY LIQUIDITY			
Beginning Bank Cash Balance [1] [2]	\$ 545,153	\$ 545,153	\$ -
(+/-) Net Cash Flow	(132,606)	(84,253)	48,353
(+/-) Change in Cheque Float	-	(797)	(797)
(+/-) DIP Draws/(Repayments)	-	-	-
(+/-) FX Translation	-	(96)	(96)
Ending Bank Cash Balance [1]	412,547	460,006	47,459
Funds held in Monitor's Trust Account re: RPPSP [3]	-	414,705	414,705
Ending Cash Balance	<u>\$ 412,547</u>	<u>\$ 874,711</u>	<u>\$ 462,164</u>

[1] Actuals assume \$1.21 CAD/ \$1 USD.

[2] Beginning Cash Balance was actualized in the cash flow forecast that was attached as Appendix "C" to the Ninth Report.

[3] Excludes amounts relating to pending transactions.

- 5.3 During the Reporting Period, the Target Canada Entities' total receipts (excluding funds paid to the Monitor pursuant to the Real Property Portfolio Sales Process) were approximately \$9.3 million greater than projected in the Cash Flow Forecast. Approximately \$7.7 million of the variance was due to the return of deposits, tax refunds, vendor income and other miscellaneous receipts that were not included in the Cash Flow Forecast.
- 5.4 The Target Canada Entities' total disbursements during the Reporting Period were approximately \$39.0 million less than projected in the Cash Flow Forecast. Management attributes most of this variance to: (a) timing differences in the disbursement of fees and profit sharing amounts to the Agent (which were forecast but not paid during the Reporting Period); and (b) a permanent variance in payroll due to more time taken to facilitate FF&E removals and consensually resolve vacate issues at the Stores, necessitating the retention of certain employees for longer periods than had been forecast.
- 5.5 Overall, during the Reporting Period, the Target Canada Entities experienced a positive net cash flow variance of approximately \$48.4 million relative to the Cash Flow Forecast, however, most of this variance reversed in the following week as the Agent's fees and profit sharing amounts were paid.
- 5.6 The closing cash balance as at July 4, 2015 was approximately \$460.0 million (excluding funds held in trust by the Monitor related to the Real Property Portfolio Sales Process), as compared to the projected cash balance of \$412.5 million.
- 5.7 An updated and extended cash flow forecast will be provided to the Court in connection with a future motion by the Applicants' to extend the stay of proceedings beyond the current Stay Period of August 14, 2015.

5.8 The Initial Order entitles the Target Canada Entities to continue to utilize their existing Cash Management System, as described in the Pre-Filing report. The Cash Management System of the Target Canada Entities continues to operate in the same manner as it had prior to the commencement of the CCAA Proceedings, with the exception that all 133 retail Stores were closed to the public on or before April 12, 2015.

6.0 COMMENCEMENT OF THE CLAIMS PROCESS

6.1 On June 11, 2015, this Court approved the claims procedure order (the “**Claims Procedure Order**”) approving the claims process (the “**Claims Process**”) to identify and determine claims of creditors of the Target Canada Entities. The proposed Claims Procedure Order was summarized in the Fifteenth Report of the Monitor dated June 5, 2015 (the “**Fifteenth Report**”).

6.2 In accordance with the provisions of the Claims Procedure Order, the Monitor has undertaken the following:

- (a) on June 12, 2015, posted a copy of the Claims Package to the Monitor’s website;
- (b) arranged for the Notice to Claimants to be published in the Wall Street Journal (National Edition) and La Presse newspaper on June 16, 2015 and June 23, 2015;
- (c) arranged for the Notice to Claimants to be published in The Globe and Mail (National Edition) newspaper on June 17, 2015 and June 23, 2015;
- (d) on June 16, 2015, caused a copy of the Claims Package to be mailed or e-mailed to approximately 3,700 known Claimants (other than Employees);
- (e) on June 17, 2015, caused a copy of the Claims Package to be emailed to the Service List;

(f) on June 16, 2015 caused a copy of the Employee Letter to be sent to approximately 17,700 Employees; and

(g) continues to provide Claims Packages to parties who request such documentation.

6.3 The Monitor has received numerous enquiries to date with respect to the Claims Process and has been assisting potential Claimants with matters pertaining to submitting claims.

6.4 The Claims Procedure Order contains a general claims bar date of August 31, 2015. As of July 9, 2015, the Monitor had received 242 Proofs of Claim asserting Claims against the Applicants totalling \$27,656,797. The Monitor is reviewing these claims and they remain subject to determination.

6.5 The Monitor will provide this Court with updates on the Claims Process as it advances.

7.0 **EMPLOYEE TRUST**

7.1 As described in the First Report of the Monitor, the Initial Order approved the creation of the Employee Trust on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation, the appointments of Hon. John D. Ground as Trustee and the Monitor as Administrator. As at the date of this Eighteenth Report, the Monitor, in its capacity as Administrator under the Employee Trust has, among other things:

(a) in conjunction with the Trustee, jointly opened the Target Canada Employee Trust bank account at Royal Bank of Canada (the “**Employee Trust Account**”);

(b) transferred the full \$90 million of initial contributions received from the Settlor to the Employee Trust Account;

- (c) transferred an additional \$5 million (the “**Additional Contribution**”) received from the Settlor to the Employee Trust Account (as a result of the accelerated timing of the Store closures, the Monitor requested and received, on April 24, 2015, the Additional Contribution);
- (d) provided extensive assistance and review of TCC’s calculation of individual bi-weekly entitlement amounts for thousands of Eligible Employees;
- (e) administered notices of disputes received regarding Eligible Employee Claims (all of which must be filed with the Monitor and Employee Representative Counsel by July 30, 2015) and discussed same with Employee Representative Counsel; and
- (f) with the consent of the Trustee, made payments from the Employee Trust totaling approximately \$80.1 million for the benefit of more than 15,000 Eligible Employees.

7.2 Under the terms of the Employee Trust Agreement, Eligible Employees received payments from the Employee Trust for the pay periods ended February 7, 2015 through to May 16, 2015 for the majority of Eligible Employees, and May 30, 2015 for those Eligible Employees working in Manitoba. The final regularly scheduled Employee Trust disbursement was made on June 4, 2015 in respect of the pay period ending May 30, 2015. The Monitor continues to work with TCC to reconcile amounts owing between the Employee Trust and TCC and expects that TCC will be further reimbursed by the Employee Trust on account of final wage, employer tax and benefits reconciliations.

- 7.3 Based on the projected final reconciliation, the Monitor expects that all beneficiaries of the Employee Trust will receive the benefits to which they are entitled in accordance with its terms and conditions.

8.0 CONSULTATIVE COMMITTEE

- 8.1 As previously reported to the Court in the Monitor's Fifteenth Report, a Consultative Committee representing a cross-section of creditor interests has been constituted. The Monitor and the Consultative Committee have agreed to an operating protocol. At the suggestion of the Court, the Monitor and its counsel met with representatives of the Consultative Committee to address the payment of an appropriate fee for the members. The Monitor and the Consultative Committee have agreed that, subject to Court approval, each member shall be paid the sum of \$5,000 plus HST per month as a cost of the administration of the CCAA Proceedings, commencing with the month of May, 2015 and ending with the month of September, 2015, subject to further arrangements (the "**Consultative Committee Member's Fee**").

9.0 MONITOR'S ACTIVITIES

- 9.1 As described in the Seventh Report of the Monitor (the "**Seventh Report**") dated March 24, 2015, the Ninth Report of the Monitor (the "**Ninth Report**") dated May 4, 2015 and the Fifteenth Report of the Monitor (the "**Fifteenth Report**") dated June 5, 2015 and expanded upon below, since the granting of the Initial Order, the Monitor has worked closely with the Target Canada Entities to stabilize their business and operations such that all 133 open Stores in Canada remained operational throughout the Inventory Liquidation Process (the final group of Stores closed to the public on April 12, 2015). This work included concerted efforts to address extensive and urgent supply chain and other logistical issues essential to the Orderly Wind-down and extensive communications with stakeholders, as well as assisting with other activities

essential to the Orderly Wind-down, including matters related to the Inventory Liquidation Process and the Real Property Portfolio Sales Process.

- 9.2 In the Second Report and in submissions to the Court on February 11, 2015, the Monitor undertook to provide information regarding the quantity of TCC's inventory: (a) received and in-transit (where title had transferred to TCC) as at January 15, 2015; and (b) received and/or where title had transferred to TCC and had not been paid for during the 30-day period immediately preceding January 15, 2015 (the "**Requested Information**"). The Monitor was also asked by the Court to update the Service List as to its progress in assembling the Requested Information no later than February 18, 2015. The Monitor served the Inventory Update Letter on the Service List on February 18, 2015. In the Fourth Report of the Monitor (the "**Fourth Report**") dated March 3, 2015, the Monitor provided the Court with information regarding the key dates and assumptions, methodology and approach, and conclusions related to the Requested Information.
- 9.3 Pursuant to the Endorsement of this Court dated February 19, 2015, Blaney McMurtry LLP submitted a list of 61 questions and information requests to TCC, Target Corporation and the Monitor on March 2, 2015 (the "**March 2 Letter**"). The Monitor conducted an extensive amount of work in order to respond to the questions directed to the Monitor or that the Monitor was best able to respond to. In the Fifth Report of the Monitor (the "**Fifth Report**") dated March 16, 2015, the Monitor provided the Court with responses to certain of the inventory-related and other questions included in the March 2 Letter. In addition, the Monitor also provided extensive assistance to TCC and Osler, Hoskin & Harcourt LLP ("**Osler**") in obtaining and analyzing information to assist in the preparation of Osler's responding letter, on behalf of TCC, to the March 2 Letter.
- 9.4 In addition to the Monitor's ongoing supervision and involvement with the Inventory Liquidation Process and Real Property Portfolio Sales Process (as described in certain of the Prior Reports),

the activities of the Monitor from the date of the Third Report (February 27, 2015) have included the following:

- (a) assisting the Target Canada Entities with communications with employees, PFAC, pharmacy franchisees, suppliers and other parties;
- (b) as described above, assisting TCC in stabilizing its supply chain, including extensive communications with the third-party operator of TCC's distribution centres, vendors, freight forwarders and consolidators, ocean freight carriers and other transportation companies, and TCC's customs broker, with a view to minimizing supply disruption and continuing the movement of goods-in-transit to the DCs and Stores;
- (c) numerous meetings and discussions with the Target Canada Entities and the Agent regarding the Inventory Liquidation Process, including assisting TCC in reviewing and reconciling data in support of the Agent's weekly invoices and the final reconciliation of proceeds due to TCC and the Agent pursuant to the terms of the Agency Agreement;
- (d) in addition to its overall supervisory role, various matters regarding the Real Property Portfolio Sales Process, including: numerous discussions with the Target Canada Entities, Lazard and the Broker; assisting with the closing of the Oxford/Ivanhoe Cambridge Lease Transaction Agreement; reviewing the LOIs and bids received in each of Phase 1 and Phase 2 of the Real Property Portfolio Sales Process and meeting with, among others, the Target Canada Entities and Lazard regarding same; maintaining the Monitor's trust bank account for administering deposits and proceeds in connection with the Real Property Portfolio Sales Process; reviewing other draft letters and agreements with respect

to the Real Property Portfolio Sales Process, including the termination and release agreements entered into and described in the Monitor's Eighth Report; providing updates on the Real Property Portfolio Sales Process in the Monitor's Sixth, Eighth and Tenth Reports, and a comprehensive update in the Monitor's Eleventh Report with the Auction having been concluded; attending the Auction period process held on May 5, 6 and 7, 2015, at Osler's offices in Toronto; assisting in the negotiation of final transaction and related agreements in respect of the three DCs, three owned Stores and 64 Store leases; preparing the Monitor's Twelfth and Thirteenth Reports, which provided details of and recommendations in respect of a series of real property transactions; attending at Court on May 19, 20 and 21, 2015, for the hearings to seek approval of the applicable agreements; assisting with the Rona transaction agreement and Backup Bids; and assisting in closings of the real property transactions;

- (e) numerous discussions with the Target Canada Entities and their legal counsel to develop a plan for addressing the sale and removal of FF&E on a premises-by-premises basis, and addressing specific issues related to individual Store locations and other real estate;
- (f) numerous discussions with the Target Canada Entities related to the Asset Purchase Agreement between TCC, Target Corporation and Target Brands, Inc. with respect to the sale of various assets using or displaying intellectual property proprietary to Target Brands, Inc. and preparing the Monitor's Seventh Report related thereto;
- (g) assisting the Target Canada Entities in coordinating Store closures;

- (h) responding to approximately 930 enquiries (from the commencement of the CCAA Proceedings) from stakeholders that contacted the Monitor on the toll-free number or email account established by the Monitor, plus numerous other enquiries made directly to the Monitor or directed to the Monitor by employees of the Target Canada Entities;
- (i) monitoring the receipts, disbursements, purchase commitments and arrangements for deposits with certain suppliers and creditors of the Target Canada Entities, including tracking outstanding balances and commitments due to critical service providers;
- (j) assisting the Target Canada Entities in assessing and responding to the Target Canada Entities' requests for Monitor consents to disclaimers for in excess of 500 contracts, leases and agreements;
- (k) monitoring and providing ongoing operational updates to assist the Target Canada Entities in managing the Orderly Wind-down;
- (l) assisting the Target Canada Entities in assessing their employee requirements as the Orderly Wind-down advanced; assisting the Target Canada Entities in identifying KERP eligible employees and in calculating individual entitlements under the KERP;
- (m) in its capacity as Administrator of the Employee Trust, communications with and among Employee Representative Counsel, Monitor counsel, Target Canada Entities' counsel and the Trustee regarding the Employee Trust, assistance with the calculation of specific entitlement amounts for Eligible Employees and facilitating required payments from the Employee Trust;

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- (n) corresponding with and tracking claims transfers and assignments received from purchasers of creditor claims;
- (o) bringing the Monitor's motion seeking the advice and directions of the Court with respect to a proposed framework for a claims process motion to be brought by the Monitor and preparing the Monitor's Ninth Report related thereto;
- (p) reviewing agreements, consulting with the Target Canada Entities, and preparing the Monitor's Fourteenth Report with respect to the Zellers/HBC Transaction Agreement;
- (q) coordinating the formation of the Consultative Committee; in conjunction with the Consultative Committee, developing a protocol to assist in the calling and conduct of meetings of the Consultative Committee; meeting with the Consultative Committee on June 2, 2015 to discuss the role of the Consultative Committee in these CCAA Proceedings and the draft Claims Procedure Order;
- (r) developing the Claims Process and Claims Procedure Order and discussing or consulting with the Consultative Committee, the Target Canada Entities, Target Corporation, Employee Representative Counsel, and other stakeholders that provided comments to the Monitor or its counsel prior to the date of the Monitor's motion; preparing the Fifteenth Report of the Monitor to describe the Claims Process; completing the noticing aspects of the Claims Process as described above; creating a process for reviewing and reporting on the Claims Process; with the assistance of the Applicants, reviewing claims and corresponding with claimants and potential claimants to reconcile claim amounts and respond to questions;

- (s) assisting in coordinating the sale of certain equipment at the Calgary DC; preparing the Sixteenth Report of the Monitor to describe the Asset Purchase Agreement and related Access Agreement; and
- (t) posting non-confidential materials filed with the Court to the website established by the Monitor for the CCAA Proceedings.

9.5 The Monitor requests the approval of its Third to Eighteenth Reports and the activities set out therein.

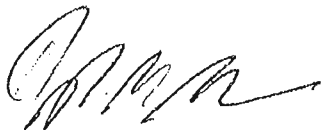
10.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

10.1 The Monitor is of the view that it is fair and reasonable to have its Third to Eighteenth Reports and the activities set out therein approved by the Court at this time, and respectfully recommends that the Court grant the relief requested regarding: (a) approval of the Monitor's reports and activities set out in the Monitor's notice of return of motion in respect of its motion originally returnable on June 11, 2015 and adjourned to July 30, 2015; and (b) approval of the Consultative Committee Member's Fee.

All of which is respectfully submitted to this Court this 15th day of July, 2015.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of Target Canada Co., and
the other Applicants listed on Appendix "A"**

Per:



Name: Douglas R. McIntosh
Title: President

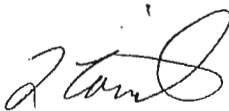
Per:



Name: Alan J. Hutchens
Title: Senior Vice President

TAB E

This is Exhibit "E" referred to in the Affidavit of Jeff Ryckman sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)

CITATION: Target Canada Co. (Re), 2015 ONSC 303
COURT FILE NO.: CV-15-10832-00CL
DATE: 2015-01-16

SUPERIOR COURT OF JUSTICE - ONTARIO

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TARGET CANADA CO., TARGET CANADA
HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA
PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO)
CORP., TARGET CANADA PHARMACY CORP., TARGET CANADA
PHARMACY (SK) CORP., and TARGET CANADA PROPERTY LLC.

BEFORE: Regional Senior Justice Morawetz

COUNSEL: *Tracy Sandler* and *Jeremy Dacks*, for the Target Canada Co., Target Canada
Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp.,
Target Canada Pharmacy (Ontario) Corp., Target Canada Pharmacy Corp., Target
Canada Pharmacy (SK) Corp., and Target Canada Property LLC (the
“Applicants”)

Jay Swartz, for the Target Corporation

Alan Mark, Melaney Wagner, and Jesse Mighton, for the Proposed Monitor,
Alvarez and Marsal Canada ULC (“Alvarez”)

Terry O’Sullivan, for The Honourable J. Ground, Trustee of the Proposed
Employee Trust

Susan Philpott, for the Proposed Employee Representative Counsel for employees
of the Applicants

HEARD and ENDORSED: January 15, 2015

REASONS: January 16, 2015

ENDORSEMENT

[1] Target Canada Co. (“TCC”) and the other applicants listed above (the “Applicants”) seek relief under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “CCAA”). While the limited partnerships listed in Schedule “A” to the draft Order (the “Partnerships”) are not applicants in this proceeding, the Applicants seek to have a stay of proceedings and other benefits of an initial order under the CCAA extended to the Partnerships, which are related to or carry on operations that are integral to the business of the Applicants.

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[2] TCC is a large Canadian retailer. It is the Canadian operating subsidiary of Target Corporation, one of the largest retailers in the United States. The other Applicants are either corporations or partners of the Partnerships formed to carry on specific aspects of TCC's Canadian retail business (such as the Canadian pharmacy operations) or finance leasehold improvements in leased Canadian stores operated by TCC. The Applicants, therefore, do not represent the entire Target enterprise; the Applicants consist solely of entities that are integral to the Canadian retail operations. Together, they are referred as the "Target Canada Entities".

[3] In early 2011, Target Corporation determined to expand its retail operations into Canada, undertaking a significant investment (in the form of both debt and equity) in TCC and certain of its affiliates in order to permit TCC to establish and operate Canadian retail stores. As of today, TCC operates 133 stores, with at least one store in every province of Canada. All but three of these stores are leased.

[4] Due to a number of factors, the expansion into Canada has proven to be substantially less successful than expected. Canadian operations have shown significant losses in every quarter since stores opened. Projections demonstrate little or no prospect of improvement within a reasonable time.

[5] After exploring multiple solutions over a number of months and engaging in extensive consultations with its professional advisors, Target Corporation concluded that, in the interest of all of its stakeholders, the responsible course of action is to cease funding the Canadian operations.

[6] Without ongoing investment from Target Corporation, TCC and the other Target Canada Entities cannot continue to operate and are clearly insolvent. Due to the magnitude and complexity of the operations of the Target Canada Entities, the Applicants are seeking a stay of proceedings under the CCAA in order to accomplish a fair, orderly and controlled wind-down of their operations. The Target Canada Entities have indicated that they intend to treat all of their stakeholders as fairly and equitably as the circumstances allow, particularly the approximately 17,600 employees of the Target Canada Entities.

[7] The Applicants are of the view that an orderly wind-down under Court supervision, with the benefit of inherent jurisdiction of the CCAA, and the oversight of the proposed monitor, provides a framework in which the Target Canada Entities can, among other things:

- a) Pursue initiatives such as the sale of real estate portfolios and the sale of inventory;
- b) Develop and implement support mechanisms for employees as vulnerable stakeholders affected by the wind-down, particularly (i) an employee trust (the "Employee Trust") funded by Target Corporation; (ii) an employee representative counsel to safeguard employee interests; and (iii) a key employee retention plan (the "KERP") to provide essential employees who agree to continue their employment and to contribute their services and expertise to the Target Canada Entities during the orderly wind-down;

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- c) Create a level playing field to ensure that all affected stakeholders are treated as fairly and equitably as the circumstances allow; and
- d) Avoid the significant maneuvering among creditors and other stakeholders that could be detrimental to all stakeholders, in the absence of a court-supervised proceeding.

[8] The Applicants are of the view that these factors are entirely consistent with the well-established purpose of a CCAA stay: to give a debtor the “breathing room” required to restructure with a view to maximizing recoveries, whether the restructuring takes place as a going concern or as an orderly liquidation or wind-down.

[9] TCC is an indirect, wholly-owned subsidiary of Target Corporation and is the operating company through which the Canadian retail operations are carried out. TCC is a Nova Scotia unlimited liability company. It is directly owned by Nicollet Enterprise 1 S. à r.l. (“NE1”), an entity organized under the laws of Luxembourg. Target Corporation (which is incorporated under the laws of the State of Minnesota) owns NE1 through several other entities.

[10] TCC operates from a corporate headquarters in Mississauga, Ontario. As of January 12, 2015, TCC employed approximately 17,600 people, almost all of whom work in Canada. TCC’s employees are not represented by a union, and there is no registered pension plan for employees.

[11] The other Target Canada Entities are all either: (i) direct or indirect subsidiaries of TCC with responsibilities for specific aspects of the Canadian retail operation; or (ii) affiliates of TCC that have been involved in the financing of certain leasehold improvements.

[12] A typical TCC store has a footprint in the range of 80,000 to 125,000 total retail square feet and is located in a shopping mall or large strip mall. TCC is usually the anchor tenant. Each TCC store typically contains an in-store Target brand pharmacy, Target Mobile kiosk and a Starbucks café. Each store typically employs approximately 100 – 150 people, described as “Team Members” and “Team Leaders”, with a total of approximately 16,700 employed at the “store level” of TCC’s retail operations.

[13] TCC owns three distribution centres (two in Ontario and one in Alberta) to support its retail operations. These centres are operated by a third party service provider. TCC also leases a variety of warehouse and office spaces.

[14] In every quarter since TCC opened its first store, TCC has faced lower than expected sales and greater than expected losses. As reported in Target Corporation’s Consolidated Financial Statements, the Canadian segment of the Target business has suffered a significant loss in every quarter since TCC opened stores in Canada.

[15] TCC is completely operationally funded by its ultimate parent, Target Corporation, and related entities. It is projected that TCC’s cumulative pre-tax losses from the date of its entry into the Canadian market to the end of the 2014 fiscal year (ending January 31, 2015) will be more than \$2.5 billion. In his affidavit, Mr. Mark Wong, General Counsel and Secretary of TCC, states that this is more than triple the loss originally expected for this period. Further, if TCC’s operations are not wound down, it is projected that they would remain unprofitable for at least 5

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years and would require significant and continued funding from Target Corporation during that period.

[16] TCC attributes its failure to achieve expected profitability to a number of principal factors, including: issues of scale; supply chain difficulties; pricing and product mix issues; and the absence of a Canadian online retail presence.

[17] Following a detailed review of TCC's operations, the Board of Directors of Target Corporation decided that it is in the best interests of the business of Target Corporation and its subsidiaries to discontinue Canadian operations.

[18] Based on the stand-alone financial statements prepared for TCC as of November 1, 2014 (which consolidated financial results of TCC and its subsidiaries), TCC had total assets of approximately \$5.408 billion and total liabilities of approximately \$5.118 billion. Mr. Wong states that this does not reflect a significant impairment charge that will likely be incurred at fiscal year end due to TCC's financial situation.

[19] Mr. Wong states that TCC's operational funding is provided by Target Corporation. As of November 1, 2014, NE1 (TCC's direct parent) had provided equity capital to TCC in the amount of approximately \$2.5 billion. As a result of continuing and significant losses in TCC's operations, NE1 has been required to make an additional equity investment of \$62 million since November 1, 2014.

[20] NE1 has also lent funds to TCC under a Loan Facility with a maximum amount of \$4 billion. TCC owed NE1 approximately \$3.1 billion under this Facility as of January 2, 2015. The Loan Facility is unsecured. On January 14, 2015, NE1 agreed to subordinate all amounts owing by TCC to NE1 under this Loan Facility to payment in full of proven claims against TCC.

[21] As at November 1, 2014, Target Canada Property LLC ("TCC Propco") had assets of approximately \$1.632 billion and total liabilities of approximately \$1.643 billion. Mr. Wong states that this does not reflect a significant impairment charge that will likely be incurred at fiscal year end due to TCC Propco's financial situation. TCC Propco has also borrowed approximately \$1.5 billion from Target Canada Property LP and TCC Propco also owes U.S. \$89 million to Target Corporation under a Demand Promissory Note.

[22] TCC has subleased almost all the retail store leases to TCC Propco, which then made real estate improvements and sub-sub leased the properties back to TCC. Under this arrangement, upon termination of any of these sub-leases, a "make whole" payment becomes owing from TCC to TCC Propco.

[23] Mr. Wong states that without further funding and financial support from Target Corporation, the Target Canada Entities are unable to meet their liabilities as they become due, including TCC's next payroll (due January 16, 2015). The Target Canada Entities, therefore state that they are insolvent.

[24] Mr. Wong also states that given the size and complexity of TCC's operations and the numerous stakeholders involved in the business, including employees, suppliers, landlords, franchisees and others, the Target Canada Entities have determined that a controlled wind-down

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of their operations and liquidation under the protection of the CCAA, under Court supervision and with the assistance of the proposed monitor, is the only practical method available to ensure a fair and orderly process for all stakeholders. Further, Mr. Wong states that TCC and Target Corporation seek to benefit from the framework and the flexibility provided by the CCAA in effecting a controlled and orderly wind-down of the Canadian operations, in a manner that treats stakeholders as fairly and as equitably as the circumstances allow.

[25] On this initial hearing, the issues are as follows:

- a) Does this court have jurisdiction to grant the CCAA relief requested?
 - a) Should the stay be extended to the Partnerships?
 - b) Should the stay be extended to “Co-tenants” and rights of third party tenants?
 - c) Should the stay extend to Target Corporation and its U.S. subsidiaries in relation to claims that are derivative of claims against the Target Canada Entities?
 - d) Should the Court approve protections for employees?
 - e) Is it appropriate to allow payment of certain pre-filing amounts?
 - f) Does this court have the jurisdiction to authorize pre-filing claims to “critical” suppliers;
 - g) Should the court should exercise its discretion to authorize the Applicants to seek proposals from liquidators and approve the financial advisor and real estate advisor engagement?
 - h) Should the court exercise its discretion to approve the Court-ordered charges?

[26] “Insolvent” is not expressly defined in the CCAA. However, for the purposes of the CCAA, a debtor is insolvent if it meets the definition of an “insolvent person” in section 2 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (“BIA”) or if it is “insolvent” as described in *Stelco Inc. (Re)*, [2004] O.J. No. 1257, [*Stelco*], leave to appeal refused, [2004] O.J. No. 1903, leave to appeal to S.C.C. refused [2004] S.C.C.A. No. 336, where Farley, J. found that “insolvency” includes a corporation “reasonably expected to run out of liquidity within [a] reasonable proximity of time as compared with the time reasonably required to implement a restructuring” (at para 26). The decision of Farley, J. in *Stelco* was followed in *Prizm Income Fund (Re)*, [2011] O.J. No. 1491 (SCJ), 2011 and *Canwest Global Communications Corp. (Re)*, [2009] O.J. No. 4286, (SCJ) [*Canwest*].

[27] Having reviewed the record and hearing submissions, I am satisfied that the Target Canada Entities are all insolvent and are debtor companies to which the CCAA applies, either by reference to the definition of “insolvent person” under the *Bankruptcy and Insolvency Act* (the “BIA”) or under the test developed by Farley J. in *Stelco*.

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[28] I also accept the submission of counsel to the Applicants that without the continued financial support of Target Corporation, the Target Canada Entities face too many legal and business impediments and too much uncertainty to wind-down their operations without the “breathing space” afforded by a stay of proceedings or other available relief under the CCAA.

[29] I am also satisfied that this Court has jurisdiction over the proceeding. Section 9(1) of the CCAA provides that an application may be made to the court that has jurisdiction in (a) the province in which the head office or chief place of business of the company in Canada is situated; or (b) any province in which the company’s assets are situated, if there is no place of business in Canada.

[30] In this case, the head office and corporate headquarters of TCC is located in Mississauga, Ontario, where approximately 800 employees work. Moreover, the chief place of business of the Target Canada Entities is Ontario. A number of office locations are in Ontario; 2 of TCC’s 3 primary distribution centres are located in Ontario; 55 of the TCC retail stores operate in Ontario; and almost half the employees that support TCC’s operations work in Ontario.

[31] The Target Canada Entities state that the purpose for seeking the proposed initial order in these proceedings is to effect a fair, controlled and orderly wind-down of their Canadian retail business with a view to developing a plan of compromise or arrangement to present to their creditors as part of these proceedings. I accept the submissions of counsel to the Applicants that although there is no prospect that a restructured “going concern” solution involving the Target Canada Entities will result, the use of the protections and flexibility afforded by the CCAA is entirely appropriate in these circumstances. In arriving at this conclusion, I have noted the comments of the Supreme Court of Canada in *Century Services Inc. v. Canada (Attorney General)*, [2010] SCC 50 (“*Century Services*”) that “courts frequently observe that the CCAA is skeletal in nature”, and does not “contain a comprehensive code that lays out all that is permitted or barred”. The flexibility of the CCAA, particularly in the context of large and complex restructurings, allows for innovation and creativity, in contrast to the more “rules-based” approach of the BIA.

[32] Prior to the 2009 amendments to the CCAA, Canadian courts accepted that, in appropriate circumstances, debtor companies were entitled to seek the protection of the CCAA where the outcome was not going to be a going concern restructuring, but instead, a “liquidation” or wind-down of the debtor companies’ assets or business.

[33] The 2009 amendments did not expressly address whether the CCAA could be used generally to wind-down the business of a debtor company. However, I am satisfied that the enactment of section 36 of the CCAA, which establishes a process for a debtor company to sell assets outside the ordinary course of business while under CCAA protection, is consistent with the principle that the CCAA can be a vehicle to downsize or wind-down a debtor company’s business.

[34] In this case, the sheer magnitude and complexity of the Target Canada Entities business, including the number of stakeholders whose interests are affected, are, in my view, suited to the flexible framework and scope for innovation offered by this “skeletal” legislation.

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[35] The required audited financial statements are contained in the record.

[36] The required cash flow statements are contained in the record.

[37] Pursuant to s. 11.02 of the CCAA, the court may make an order staying proceedings, restraining further proceedings, or prohibiting the commencement of proceedings, “on any terms that it may impose” and “effective for the period that the court considers necessary” provided the stay is no longer than 30 days. The Target Canada Entities, in this case, seek a stay of proceedings up to and including February 13, 2015.

[38] Certain of the corporate Target Canada Entities (TCC, TCC Health and TCC Mobile) act as general or limited partners in the partnerships. The Applicants submit that it is appropriate to extend the stay of proceedings to the Partnerships on the basis that each performs key functions in relation to the Target Canada Entities’ businesses.

[39] The Applicants also seek to extend the stay to Target Canada Property LP which was formerly the sub-leasee/sub-sub lessor under the sub-sub lease back arrangement entered into by TCC to finance the leasehold improvements in its leased stores. The Applicants contend that the extension of the stay to Target Canada Property LP is necessary in order to safeguard it against any residual claims that may be asserted against it as a result of TCC Propco’s insolvency and filing under the CCAA.

[40] I am satisfied that it is appropriate that an initial order extending the protection of a CCAA stay of proceedings under section 11.02(1) of the CCAA should be granted.

[41] Pursuant to section 11.7(1) of the CCAA, Alvarez & Marsal Inc. is appointed as Monitor.

[42] It is well established that the court has the jurisdiction to extend the protection of the stay of proceedings to Partnerships in order to ensure that the purposes of the CCAA can be achieved. (see: *Lehdorff General Partner Ltd. (1993)*, 17 CBR (3d) 24 (Ont. Gen. Div.); *Re Prism Income Fund*, 2011 ONSC 2061; *Re Canwest Publishing Inc.* 2010 ONSC 222 (“*Canwest Publishing*”) and *Re Canwest Global Communications Corp.*, 2009 CarswellOnt 6184 (“*Canwest Global*”).

[43] In these circumstances, I am also satisfied that it is appropriate to extend the stay to the Partnerships as requested.

[44] The Applicants also seek landlord protection in relation to third party tenants. Many retail leases of non-anchored tenants provide that tenants have certain rights against their landlords if the anchor tenant in a particular shopping mall or centre becomes insolvent or ceases operations. In order to alleviate the prejudice to TCC’s landlords if any such non-anchored tenants attempt to exercise these rights, the Applicants request an extension of the stay of proceedings (the “Co-Tenancy Stay”) to all rights of these third party tenants against the landlords that arise out of the insolvency of the Target Canada Entities or as a result of any steps taken by the Target Canada Entities pursuant to the Initial Order.

[45] The Applicants contend that the authority to grant the Co-Tenancy Stay derives from the broad jurisdiction under sections 11 and 11.02(1) of the CCAA to make an initial order on any

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terms that the court may impose. Counsel references *Re T. Eaton Co.*, 1997 CarswellOnt 1914 (Gen. Div.) as a precedent where a stay of proceedings of the same nature as the Co-Tenancy Stay was granted by the court in Eaton's second CCAA proceeding. The Court noted that, if tenants were permitted to exercise these "co-tenancy" rights during the stay, the claims of the landlord against the debtor company would greatly increase, with a potentially detrimental impact on the restructuring efforts of the debtor company.

[46] In these proceedings, the Target Canada Entities propose, as part of the orderly wind-down of their businesses, to engage a financial advisor and a real estate advisor with a view to implementing a sales process for some or all of its real estate portfolio. The Applicants submit that it is premature to determine whether this process will be successful, whether any leases will be conveyed to third party purchasers for value and whether the Target Canada Entities can successfully develop and implement a plan that their stakeholders, including their landlords, will accept. The Applicants further contend that while this process is being resolved and the orderly wind-down is underway, the Co-Tenancy Stay is required to postpone the contractual rights of these tenants for a finite period. The Applicants contend that any prejudice to the third party tenants' clients is significantly outweighed by the benefits of the Co-Tenancy Stay to all of the stakeholders of the Target Canada Entities during the wind-down period.

[47] The Applicants therefore submit that it is both necessary and appropriate to grant the Co-Tenancy Stay in these circumstances.

[48] I am satisfied the Court has the jurisdiction to grant such a stay. In my view, it is appropriate to preserve the status quo at this time. To the extent that the affected parties wish to challenge the broad nature of this stay, the same can be addressed at the "comeback hearing".

[49] The Applicants also request that the benefit of the stay of proceedings be extended (subject to certain exceptions related to the cash management system) to Target Corporation and its U.S. subsidiaries in relation to claims against these entities that are derivative of the primary liability of the Target Canada Entities.

[50] I am satisfied that the Court has the jurisdiction to grant such a stay. In my view, it is appropriate to preserve the status quo at this time and the stay is granted, again, subject to the proviso that affected parties can challenge the broad nature of the stay at a comeback hearing directed to this issue.

[51] With respect to the protection of employees, it is noted that TCC employs approximately 17,600 individuals.

[52] Mr. Wong contends that TCC and Target Corporation have always considered their employees to be integral to the Target brand and business. However, the orderly wind-down of the Target Canada Entities' business means that the vast majority of TCC employees will receive a notice immediately after the CCAA filing that their employment is to be terminated as part of the wind-down process.

[53] In order to provide a measure of financial security during the orderly wind-down and to diminish financial hardship that TCC employees may suffer, Target Corporation has agreed to fund an Employee Trust to a maximum of \$70 million.

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[54] The Applicants seek court approval of the Employee Trust which provides for payment to eligible employees of certain amounts, such as the balance of working notice following termination. Counsel contends that the Employee Trust was developed in consultation with the proposed monitor, who is the administrator of the trust, and is supported by the proposed Representative Counsel. The proposed trustee is The Honourable J. Ground. The Employee Trust is exclusively funded by Target Corporation and the costs associated with administering the Employee Trust will be borne by the Employee Trust, not the estate of Target Canada Entities. Target Corporation has agreed not to seek to recover from the Target Canada Entities estates any amounts paid out to employee beneficiaries under the Employee Trust.

[55] In my view, it is questionable as to whether court authorization is required to implement the provisions of the Employee Trust. It is the third party, Target Corporation, that is funding the expenses for the Employee Trust and not one of the debtor Applicants. However, I do recognize that the implementation of the Employee Trust is intertwined with this proceeding and is beneficial to the employees of the Applicants. To the extent that Target Corporation requires a court order authorizing the implementation of the employee trust, the same is granted.

[56] The Applicants seek the approval of a KERP and the granting of a court ordered charge up to the aggregate amount of \$6.5 million as security for payments under the KERP. It is proposed that the KERP Charge will rank after the Administration Charge but before the Directors' Charge.

[57] The approval of a KERP and related KERP Charge is in the discretion of the Court. KERPs have been approved in numerous CCAA proceedings, including *Re Nortel Networks Corp.*, 2009 CarswellOnt 1330 (S.C.J.) [*Nortel Networks (KERP)*], and *Re Grant Forest Products Inc.*, 2009 CarswellOnt 4699 (Ont. S.C.J.). In *U.S. Steel Canada Inc.*, 2014 ONSC 6145, I recently approved the KERP for employees whose continued services were critical to the stability of the business and for the implementation of the marketing process and whose services could not easily be replaced due, in part, to the significant integration between the debtor company and its U.S. parent.

[58] In this case, the KERP was developed by the Target Canada Entities in consultation with the proposed monitor. The proposed KERP and KERP Charge benefits between 21 and 26 key management employees and approximately 520 store-level management employees.

[59] Having reviewed the record, I am of the view that it is appropriate to approve the KERP and the KERP Charge. In arriving at this conclusion, I have taken into account the submissions of counsel to the Applicants as to the importance of having stability among the key employees in the liquidation process that lies ahead.

[60] The Applicants also request the Court to appoint Koskie Minsky LLP as employee representative counsel (the "Employee Representative Counsel"), with Ms. Susan Philpott acting as senior counsel. The Applicants contend that the Employee Representative Counsel will ensure that employee interests are adequately protected throughout the proceeding, including by assisting with the Employee Trust. The Applicants contend that at this stage of the proceeding, the employees have a common interest in the CCAA proceedings and there appears to be no

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material conflict existing between individual or groups of employees. Moreover, employees will be entitled to opt out, if desired.

[61] I am satisfied that section 11 of the CCAA and the *Rules of Civil Procedure* confer broad jurisdiction on the court to appoint Representative Counsel for vulnerable stakeholder groups such as employee or investors (see *Re Nortel Networks Corp.*, 2009 CarswellOnt 3028 (S.C.J.) (Nortel Networks Representative Counsel)). In my view, it is appropriate to approve the appointment of Employee Representative Counsel and to provide for the payment of fees for such counsel by the Applicants. In arriving at this conclusion, I have taken into account:

- (i) the vulnerability and resources of the groups sought to be represented;
- (ii) the social benefit to be derived from the representation of the groups;
- (iii) the avoidance of multiplicity of legal retainers; and
- (iv) the balance of convenience and whether it is fair and just to creditors of the estate.

[62] The Applicants also seek authorization, if necessary, and with the consent of the Monitor, to make payments for pre-filing amounts owing and arrears to certain critical third parties that provide services integral to TCC's ability to operate during and implement its controlled and orderly wind-down process.

[63] Although the objective of the CCAA is to maintain the status quo while an insolvent company attempts to negotiate a plan of arrangement with its creditors, the courts have expressly acknowledged that preservation of the status quo does not necessarily entail the preservation of the relative pre-stay debt status of each creditor.

[64] The Target Canada Entities seek authorization to pay pre-filing amounts to certain specific categories of suppliers, if necessary and with the consent of the Monitor. These include:

- a) Logistics and supply chain providers;
- b) Providers of credit, debt and gift card processing related services; and
- c) Other suppliers up to a maximum aggregate amount of \$10 million, if, in the opinion of the Target Canada Entities, the supplier is critical to the orderly wind-down of the business.

[65] In my view, having reviewed the record, I am satisfied that it is appropriate to grant this requested relief in respect of critical suppliers.

[66] In order to maximize recovery for all stakeholders, TCC indicates that it intends to liquidate its inventory and attempt to sell the real estate portfolio, either en bloc, in groups, or on an individual property basis. The Applicants therefore seek authorization to solicit proposals from liquidators with a view to entering into an agreement for the liquidation of the Target Canada Entities inventory in a liquidation process.

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[67] TCC's liquidity position continues to deteriorate. According to Mr. Wong, TCC and its subsidiaries have an immediate need for funding in order to satisfy obligations that are coming due, including payroll obligations that are due on January 16, 2015. Mr. Wong states that Target Corporation and its subsidiaries are no longer willing to provide continued funding to TCC and its subsidiaries outside of a CCAA proceeding. Target Corporation (the "DIP Lender") has agreed to provide TCC and its subsidiaries (collectively, the "Borrower") with an interim financing facility (the "DIP Facility") on terms advantageous to the Applicants in the form of a revolving credit facility in an amount up to U.S. \$175 million. Counsel points out that no fees are payable under the DIP Facility and interest is to be charged at what they consider to be the favourable rate of 5%. Mr. Wong also states that it is anticipated that the amount of the DIP Facility will be sufficient to accommodate the anticipated liquidity requirements of the Borrower during the orderly wind-down process.

[68] The DIP Facility is to be secured by a security interest on all of the real and personal property owned, leased or hereafter acquired by the Borrower. The Applicants request a court-ordered charge on the property of the Borrower to secure the amount actually borrowed under the DIP Facility (the "DIP Lenders Charge"). The DIP Lenders Charge will rank in priority to all unsecured claims, but subordinate to the Administration Charge, the KERP Charge and the Directors' Charge.

[69] The authority to grant an interim financing charge is set out at section 11.2 of the CCAA. Section 11.2(4) sets out certain factors to be considered by the court in deciding whether to grant the DIP Financing Charge.

[70] The Target Canada Entities did not seek alternative DIP Financing proposals based on their belief that the DIP Facility was being offered on more favourable terms than any other potentially available third party financing. The Target Canada Entities are of the view that the DIP Facility is in the best interests of the Target Canada Entities and their stakeholders. I accept this submission and grant the relief as requested.

[71] Accordingly, the DIP Lenders' Charge is granted in the amount up to U.S. \$175 million and the DIP Facility is approved.

[72] Section 11 of the CCAA provides the court with the authority to allow the debtor company to enter into arrangements to facilitate a restructuring under the CCAA. The Target Canada Entities wish to retain Lazard and Northwest to assist them during the CCAA proceeding. Both the Target Canada Entities and the Monitor believe that the quantum and nature of the remuneration to be paid to Lazard and Northwest is fair and reasonable. In these circumstances, I am satisfied that it is appropriate to approve the engagement of Lazard and Northwest.

[73] With respect to the Administration Charge, the Applicants are requesting that the Monitor, along with its counsel, counsel to the Target Canada Entities, independent counsel to the Directors, the Employee Representative Counsel, Lazard and Northwest be protected by a court ordered charge and all the property of the Target Canada Entities up to a maximum amount of \$6.75 million as security for their respective fees and disbursements (the "Administration

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Charge”). Certain fees that may be payable to Lazard are proposed to be protected by a Financial Advisor Subordinated Charge.

[74] In *Canwest Publishing Inc.*, 2010 ONSC 222, Pepall J. (as she then was) provided a non-exhaustive list of factors to be considered in approving an administration charge, including:

- a. The size and complexity of the business being restructured;
- b. The proposed role of the beneficiaries of the charge;
- c. Whether there is an unwarranted duplication of roles;
- d. Whether the quantum of the proposed Charge appears to be fair and reasonable;
- e. The position of the secured creditors likely to be affected by the Charge; and
- f. The position of the Monitor.

[75] Having reviewed the record, I am satisfied, that it is appropriate to approve the Administration Charge and the Financial Advisor Subordinated Charge.

[76] The Applicants seek a Directors’ and Officers’ charge in the amount of up to \$64 million. The Directors Charge is proposed to be secured by the property of the Target Canada Entities and to rank behind the Administration Charge and the KERP Charge, but ahead of the DIP Lenders’ Charge.

[77] Pursuant to section 11.51 of the CCAA, the court has specific authority to grant a “super priority” charge to the directors and officers of a company as security for the indemnity provided by the company in respect of certain obligations.

[78] I accept the submissions of counsel to the Applicants that the requested Directors’ Charge is reasonable given the nature of the Target Canada Entities retail business, the number of employees in Canada and the corresponding potential exposure of the directors and officers to personal liability. Accordingly, the Directors’ Charge is granted.

[79] In the result, I am satisfied that it is appropriate to grant the Initial Order in these proceedings.

[80] The stay of proceedings is in effect until February 13, 2015.

[81] A comeback hearing is to be scheduled on or prior to February 13, 2015. I recognize that there are many aspects of the Initial Order that go beyond the usual first day provisions. I have determined that it is appropriate to grant this broad relief at this time so as to ensure that the status quo is maintained.

- Page 13 -

[82] The comeback hearing is to be a “true” comeback hearing. In moving to set aside or vary any provisions of this order, moving parties do not have to overcome any onus of demonstrating that the order should be set aside or varied.

[83] Finally, a copy of Lazard’s engagement letter (the “Lazard Engagement Letter”) is attached as Confidential Appendix “A” to the Monitor’s pre-filing report. The Applicants request that the Lazard Engagement Letter be sealed, as the fee structure contemplated in the Lazard Engagement Letter could potentially influence the structure of bids received in the sales process.

[84] Having considered the principles set out in *Sierra Club of Canada v. Canada (Minister of Finance)*, [2002] 211 D.L.R. (4th) 193 2 S.C.R. 522, I am satisfied that it is appropriate in the circumstances to seal Confidential Appendix “A” to the Monitor’s pre-filing report.

[85] The Initial Order has been signed in the form presented.

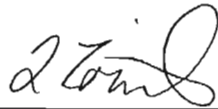


Regional Senior Justice Morawetz

Date: January 16, 2015

TAB F

This is Exhibit "F" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)



60 Standish Court
Mississauga, Ontario
Canada L5R 0G1

905 405 8000
tjxcanada.ca

March 7, 2016

By E-mail and Courier

Beauward Shopping Centres Ltd.
430 Arthur-Sauvé Boulevard, Suite 6010
Saint Eustache, QC J7R 6V7

Attention: Debby Smith, Leasing Vice President

Dear Ms. Smith:

Re: Co-Tenancy Provisions of our Lease with You

As you are aware, you are the landlord, or represent the landlord, with respect to the following store locations operated by us where a Target Canada Co. store operated at relevant times until various dates during Spring 2015 :

Winners #400 Galeries Joliette
Les Galeries Joliette
1075 boul. Firestone
Joliette, QC J6E 6X6

All of these locations are the subject of a co-tenancy clause in the lease that provides us with a provision for an "alternative rent" structure in the event that certain specific co-tenancy criteria no longer exists. The closure of the Target store in the referenced development has triggered that co-tenancy provision.

As you will recall, on January 15, 2015, Target Canada Co. and a number of related corporations (collectively, "Target") received protection under the *Companies' Creditors Arrangement Act* ("CCAA"). The court granted an initial order that day. Although that order stayed creditors of Target from exercising their remedies against Target, there was an additional part of the order (paragraph 18) that affected TJX by staying TJX's ability to exercise its rights under the co-tenancy clause. Thus, although TJX had the right to Alternative Rent for a certain period of time during 2015 and early 2016 the exercise of such right was temporarily stayed.

WINNERS

HOMESENSE

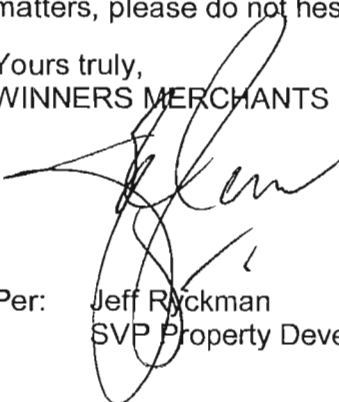
Marshalls

I am writing to advise you that, on March 14, 2016, TJX will be appearing in court at a hearing in the CCAA proceedings of Target to obtain a declaration from the court that TJX and other similarly-situated co-tenants of Target are no longer subject to the co-tenancy stay because there is no longer any "store, office or warehouse owned or operated" by Target in any development where we have co-tenancy rights. As such, the co-tenancy stay has already ceased to have any effect. In the alternative, if the court determines that the stay is still in effect in accordance with its terms, TJX will seek to vacate the stay so that TJX can immediately proceed with exercising its rights.

Since Target and the CCAA Monitor have advised that they do not object to the motion, it appears highly likely that TJX will obtain the relief that it seeks. As such, we are writing to you to let you know that TJX will assert its rights immediately after the requisite court order is granted on March 14, which could include seeking an immediate refund of excess rent going back to the date that TJX was entitled to the rent adjustment and by adjusting rent going forward.

Should there be any questions or issues relating to this position or should you wish to discuss any matters, please do not hesitate to call.

Yours truly,
WINNERS MERCHANTS INTERNATIONAL L.P.



Per: Jeff Ryckman
SVP Property Development

TAB G

This is Exhibit "G" referred to in the Affidavit of Jeff Ryckman
sworn March 7, 2016



Commissioner for Taking Affidavits (or as may be)

Store No	Lease Name	Developer	Division
5458	Burlington Mall-100001169	Riocan	Old Navy
3986	Stockyards-1002805	Riocan	Old Navy
1569	Stockyards-1002805	Riocan	BRFS
3326	Tillicum Centre-100001390	Riocan R.E.I.T.	Old Navy
1235	Mega Centre Notre Dame-1002772	Riocan R.E.I.T.	BRFS
2489	Mega Centre Notre Dame-1002772	Riocan R.E.I.T.	Gap Outlet
9183	Bower Place Shopping Centre-36847	Bentall	Gap
841	Devonshire Mall-100071	20 Vic Management	Old Navy
9839	Erin Mills Town Centre-100047	20 Vic Management Inc	Gap
3459	Coquitlam Centre-100001304	Morguard Corporation	Old Navy
3382	Sunridge Mall-100001466	Primaris Retail Reit	Old Navy
9883	Conestoga Mall-10000113	Ivanhoe Cambridge	Gap
5263	Conestoga Mall-10000113	Ivanhoe Cambridge	Old Navy
3425	Mic Mac Mall-1000038	Ivanhoe Cambridge	Old Navy
9860	Mic Mac Mall-1000038	Ivanhoe Cambridge	Gap
9823	Kingsway Garden-100061	Oxford Properties Group, Inc	Gap
9847	Square One Shopping Centre-100019	Oxford Properties Group, Inc	Gap
5461	Square One Shopping Centre-100019	Oxford Properties Group, Inc	Old Navy
9848	Upper Canada Mall-100011	Oxford Properties Group, Inc	Gap
5459	Upper Canada Mall-100011	Oxford Properties Group, Inc	Old Navy
9813	Coquitlam Centre-100001304	Morguard Corporation	Gap

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO) CORP., TARGET CANADA PHARMACY CORP., TARGET CANADA PHARMACY (SK) CORP., and TARGET CANADA PROPERTY LLC (the "Applicants")

Court File No. CV-10832-00CL

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

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF JEFF RYCKMAN

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Tel: 416.860.5225
Fax: 416.640.3057
jbirch@casselsbrock.com

Lawyers for WMI-1 Holding Company in its capacity as
General Partner of Winners Merchants International L.P.

TAB 3

Court File No. CV-15-10832-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	MONDAY, THE 14 TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF MARCH, 2016
)	
MORAWETZ)	

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **TARGET CANADA CO., TARGET
CANADA HEALTH CO., TARGET CANADA MOBILE GP
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET
CANADA PHARMACY (ONTARIO) CORP., TARGET
CANADA PHARMACY CORP., TARGET CANADA PHARMACY
(SK) CORP., and TARGET CANADA PROPERTY LLC**
(collectively the "**Applicants**")

**ORDER
(Declaring the Co-Tenancy Stay No Longer in Force)**

THIS MOTION, made by WMI-1 Holding Company in its capacity as General Partner of Winners Merchants International L.P. ("**TJX**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended (the "**CCAA**") for (a) a declaration that the stay of proceedings ("**Co-Tenancy Stay**") in paragraph 18 of the Initial Order of Regional Senior Justice Morawetz dated January 15, 2015, as amended and restated on February 11, 2015 (collectively, the "**Initial Order**"), is no longer of any force or effect in accordance with its terms and, as a result, any tenant in a shopping centre or other retail development in which any of the Applicants owned or operated a retail location (a "**Co-Tenant**"), is entitled to exercise any rights that a Co-Tenant may have against its landlord arising from the failure of any of the Applicants to operate in such shopping centre or retail development (the "**Co-Tenant Rights**"); (b) a declaration that the Co-Tenancy Stay did not stay, suspend, or otherwise delay the running of any

waiting period with respect to the exercise of Co-Tenant Rights (a "**Waiting Period**"); and (c) in the alternative to (a), an Order permanently vacating and/or lifting paragraph 18 of the Initial Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jeff Ryckman sworn March 7, 2016 and the exhibits thereto, and on hearing the submissions of counsel for TJX, the Applicants, the Monitor and such other counsel as were present, and on being advised that the Service List, all landlords of developments where TJX was a Co-Tenant of the Applicants, and all landlords of developments where Gap (Canada) Inc. (the "**Gap**") was a Co-Tenant of the Applicants were served with the Motion Record of TJX, and upon counsel for the Gap advising the court that his client supports the motion of TJX and the relief sought,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and that service thereof upon any interested party other than the persons served with the Motion Record is hereby dispensed with.

CO-TENANCY STAY NO LONGER IN EFFECT

2. THIS COURT DECLARES that the Co-Tenancy Stay (as contained in paragraph 18 of the Initial Order) is no longer of any force or effect in accordance with its terms and, as a result, any tenant in a commercial shopping centre or other commercial property in which there was formerly a store, office or warehouse owned or operated by the Applicants, including, without limiting the generality of the foregoing, TJX and the Gap, is entitled to exercise any Co-Tenant Rights against its landlords arising from the failure of any of the Applicants to operate in such shopping centre or commercial property.

3. THIS COURT ORDERS AND DECLARES that the running of any Waiting Period with respect to Co-Tenant Rights was not stayed, suspended, or otherwise delayed during the time that the Co-Tenancy Stay was in effect.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO) CORP., TARGET CANADA PHARMACY CORP., TARGET CANADA PHARMACY (SK) CORP., and TARGET CANADA PROPERTY LLC (the "Applicants")

Court File No. CV-10832-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

(Declaring the Co-Tenancy Stay No Longer in Force)

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Lawyers for WMI-1 Holding Company in its capacity as
General Partner of Winners Merchants International L.P.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA PHARMACY (BC) CORP., TARGET CANADA PHARMACY (ONTARIO) CORP., TARGET CANADA PHARMACY CORP., TARGET CANADA PHARMACY (SK) CORP., and TARGET CANADA PROPERTY LLC (the "Applicants")

Court File No. CV-10832-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

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