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File No. 13516

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January 8, 2016

**BY EMAIL**

The Honourable Regional Senior Justice Morawetz  
Ontario Superior Court of Justice  
Commercial List  
330 University Avenue, 7th Floor  
Toronto, ON M5G 1R7

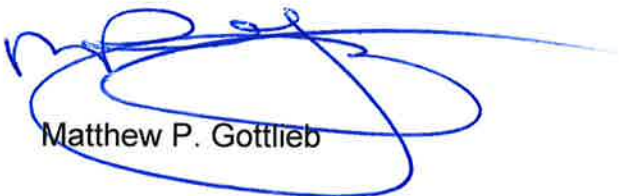
Dear Regional Senior Justice Morawetz:

**Re: In the Matter of Target Canada Co. et al.  
Court File No.: CV-15-10832-00CL**

Further to our attendance this morning, we attach the additional submissions of the landlords that oppose the Plan Filing motion. As Your Honour is aware, these submissions are in addition to those made previously, including the arguments regarding the lack of the Court's jurisdiction to grant the relief requested.

Thank you for allowing us to provide these submissions.

Yours truly,



Matthew P. Gottlieb

MPG/amh

cc: Jay Carfagnini  
Jay Swartz  
Robin Schwill  
Catherine Francis  
Linda Glassiere  
Vern DaRe  
Stephen Raicek  
Jeremy Dacks  
Tracey Sandler

**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**

**ADDITIONAL SUBMISSIONS OF THE OBJECTING LANDLORDS**

January 8, 2016

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Lawyers for the Respondent, Kingsett Capital Inc.

TO: SERVICE LIST

1. Target requests a Meeting Order that provides “that the dollar value of Landlord Restructuring Period Claims for voting and distribution purposes **shall be** the Landlord Formula Amount as described in the proposed Plan”, contrary to the Claims Procedure Order and the appeal rights granted thereunder. Hence, the determination of the appropriateness (and legality) of the landlord formula is to be determined in this motion (and cannot be, as was suggested by Target Canada and the Monitor, addressed at a sanction hearing).

2. In support of this request, the Monitor stated (in the 23<sup>rd</sup> Report at para. 6.19): “Based on data and information the Monitor has gathered from various sources, on balance, the Monitor is of the view that the Landlord Formula Amount is within the range of reasonableness.”

3. Following delivery of the Applicants’ Motion Record and the Monitor’s 23<sup>rd</sup> Report, counsel for various landlords made repeated efforts to obtain disclosure of how the claims of RioCan were valued pursuant to the Landlord Formula Amount, in order to compare that amount with a settlement between Target Corporation and RioCan in respect of 18 guaranteed leases. These efforts were rejected by Target Canada, Target Corporation and the Monitor (see the Responding Motion Record filed by McLean & Kerr LLP, Exhibit 3D).

4. On January 6, 2016, at the direction of the Court, the Monitor filed a Supplemental Report and thereafter answered written questions, wherein it disclosed how the claims of RioCan were valued pursuant to the Landlord Formula Amount. The information contained in the Supplemental Report reveals that RioCan received approximately twice the amount provided for under the Landlord Formula Amount. Excluding GST/HST and pre-filing amounts, the RioCan claims were valued at \$65,467,212.68, versus a settlement amount of \$132 million less \$2,830,364.57 for pre-filing claims.

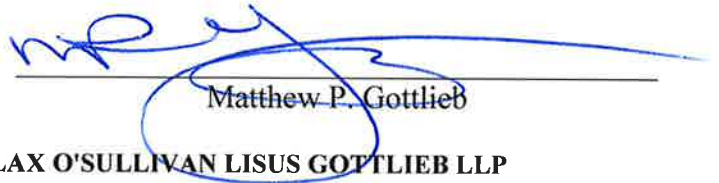
5. This information was and is highly material. The RioCan settlement was negotiated between sophisticated publicly traded entities, each acting in its own rational self-interest. The huge discrepancy between the amount RioCan would obtain under the Landlord Formula and what it received under the settlement manifestly supports the position that a “one-size fits all” formula is unreasonable in these circumstances and demonstrates that the Plan confiscates significant rights from the landlords with respect to the guarantees from Target Corporation.

6. In paragraph 3.9 of its Supplemental Report, the Monitor cautions parties about drawing any conclusions based upon the RioCan settlement, stating that the Monitor is not privy to any details of the settlement. The Monitor then advises that RioCan held an “outlier” lease in respect of its Stockyards property which was for 153,000 square feet and a 30 year term. The Monitor declined to disclose the valuation of the Stockyards claim under the Landlord Formula on basis of confidentiality. It is concerning that, while relying on “confidentiality”, only one detail of one lease is being disclosed, in an attempt to bolster the position supporting the motion.

7. As the Monitor is not privy to any further details of the settlement beyond what is in a press release, and as Target Corporation has repeatedly refused to provide this information to the Monitor, there is no evidence for this Court to consider other than the undisputed evidence that the application of the Landlord Formula Amount to the RioCan claims and the confiscation of RioCan’s guarantees in the proposed Plan would have deprived RioCan of approximately \$65 million of additional compensation that RioCan was able to negotiate from Target Corporation.

8. RioCan bargained hard for the right to negotiate the fair value of its claims with Target Corporation. So did other landlords holding guarantees. RioCan obtained what it bargained for. So should other landlords.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 8th day of January, 2016.



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**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. CV-15-10832-00CL

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SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

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OF THE OBJECTING LANDLORDS**

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