

APPENDIX V

**CLAIM 5.A: TARGET CANADA PROPERTY LP claim against TARGET CANADA
PROPERTY LLC – PROOF OF CLAIM AND EXPLANATORY NOTES**

See Next Page

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST
THE TARGET CANADA ENTITIES¹**

I. Name of Target Canada Entity or Entities (the "Debtor"):
Debtor: Target Canada Property LLC and Target Canada Co.

2(A) Original Claimant (the "Claimant")

| | | | |
|------------------------------|----------------------------------|-----------------|--|
| Legal Name of Claimant: | <u>Target Canada Property LP</u> | Name of Contact | <u>Corey Haaland</u> |
| Address: | | Title | <u>SVP Financial Planning & Analysis</u> |
| <u>1000 Nicollet Mall</u> | | Phone # | <u>612-761-1325</u> |
| | | Fax # | <u>612-761-9956</u> |
| City <u>Minneapolis</u> | Prov /State <u>MN</u> | email | <u>Corey.Haaland@Target.com</u> |
| Postal/Zip Code <u>55403</u> | | | |

2b. Assignee, if claim has been assigned

| | | | |
|------------------------|-------------|-----------------|--|
| Legal Name of Assignee | | Name of Contact | |
| Address | | Phone # | |
| | | Fax # | |
| City | Prov /State | email: | |
| Postal/Zip Code | | | |

¹ Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy Corp., Target Canada Pharmacy (SK) Corp., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, And Target Canada Property LP (collectively, the "Target Canada Entities").

3. Amount of Claim

The Debtor was and still is indebted to the Claimant as follows:

| Currency | Amount of Claim (including interest up to and including January 14, 2015) ² | Unsecured Claim | Secured Claim |
|------------------|---|-------------------------------------|--------------------------|
| Canadian Dollars | \$1,449,577,927 (See Exhibit A for detail) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Canadian Dollars | \$87,748,817 (See Exhibit B for detail) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Canadian Dollars | Unknown (See Exhibit C for detail) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Canadian Dollars | Unknown (See Exhibit D for detail) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

4. Documentation

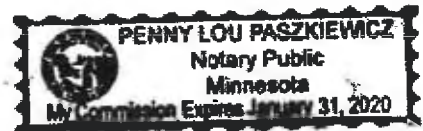
Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

5. Certification

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor as set out above.
4. Complete documentation in support of this claim is attached.

| | |
|--|---|
| Signature: <u><i>Corey Haaland</i></u> | Witness: <u><i>Penny Lou Paszkiewicz</i></u> (signature) |
| Name: <u>Corey Haaland</u> | <u>Penny Lou Paszkiewicz</u> (print) |
| Title: <u>SVP Financial Planning & Analysis</u> | |
| Dated at <u>Minneapolis, MN</u> this <u>30th</u> day of <u>July</u> , 2015 | |



² Pursuant to paragraph 9 of the Claims Procedure Order, interest accruing from the Filing Date (January 15, 2015) shall not be included in any Claim.

6. Filing of Claim

This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

**Alvarez & Marsal Canada Inc.
Target Canada Monitor
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON Canada M5J 2J1
Attention: Greg Karpel
Email: targetcanadaclaims@alvarezandmarsal.com
Fax No.: 416-847-5201**

For more information see www.alvarezandmarsal.com/targetcanada, or contact the Monitor by telephone (1-844-864-9548)

EXHIBIT A TO PROOF OF CLAIM

Target Canada Property LP ("Property LP") files this Proof of Claim against Target Canada Property LLC ("Debtor").

Target Canada Co. ("CanCo") held leasehold interests in existing retail sites across Canada. On February 4, 2013, CanCo subleased certain retail sites to Property LP. Under this sublease arrangement, Property LP agreed to construct and pay for real property improvements ("RPI") for each site and sub-lease the improved sites back to CanCo. The sublease arrangement was designed to finance the build out of the Canadian stores in a tax efficient manner. Specifically, the transaction was intended to provide the following benefits:

1. Efficiently use cash held by Property LP's indirect parent, TCC Corporation S.à r.l;
2. Separate legal liability for the real estate property from the Canadian retail operations; and
3. Reduce the Canadian tax burden of Property LP by providing interest deductions.

Following the sublease to Property LP, certain Canadian tax rules were amended, reducing the tax benefit of the structure. In response to these amendments, and to extend the period of time before they would apply, Property LP assigned its interest in the subleases and the sub-subleases to Debtor on January 9, 2014. As a result of the assignment, all RPI were transferred to Debtor.

To finance its acquisition of the subleases and sub-subleases, Debtor entered into a Loan Facility Agreement with Property LP dated as of January 9, 2014 (the "Original Loan Facility Agreement"). The Original Loan Facility Agreement was amended by that certain First Amendment to Loan Facility dated January 2, 2015 (the "Amendment to Loan Facility Agreement")¹. The Original Loan Facility Agreement as amended by the First Amendment to Facility Agreement is referred to as the "Loan Facility Agreement"; the loan facility made available to Debtor under the Loan Facility Agreement is referred to as the "Loan Facility". Copies of the Original Loan Facility Agreement and the Amendment to Loan Facility Agreement are submitted with this Proof of Claim as **Schedule 1**.

At the time the Original Loan Facility Agreement was executed, the value of the leases and subleases being assigned to Debtor was estimated at CAD\$1,331,556,150 (including land valued at CAD\$14,475,023), as reflected in the Loan Facility Agreement.²

¹ The Amendment to Loan Facility Agreement: (i) added all accrued and unpaid interest on the LP to LLC loan to the principal balance; Debtor did not have the cash available to pay interest without further borrowing so the amount due was capitalized instead; and (ii) modified the definition of "event of default," to avoid the possibility of automatic acceleration of the debt upon a CCAA filing or other insolvency event.

² It was later determined that Property LP should not have paid CanCo CAD\$14,475,023 for land when it entered into the sublease arrangement in 2013, as CanCo retained an interest in the sites after the sublease to Property LP. The land value was therefore excluded from (thereby reducing) the amount owing by Debtor to Property LP, because it was not part of the value received by Debtor from Property LP. The adjustment left CAD\$1,317,081,127 owing by Debtor to Property LP on account of the initial transfer of the subleases and sub-subleases to Debtor.

The balance owing by Debtor to Property LP under the Loan Facility increased to reflect additional funding provided to Debtor and expenditures made on behalf of Debtor by Property LP, as follows:

1. Property LP provided funding to Debtor to pay the taxes related to the assignment of the subleases and sub-subleases, totaling CAD\$145,439,561 (“Tax Liability”).
2. Property LP made payments of CAD\$5,477,523 on behalf of Debtor related to the stores, including payments to contractors and for rent (“Store Payments”).
3. Property LP received payment of CAD\$157,000,000 from Debtor to repay the Tax Liability and the Store Payments.
4. Property LP made payments on behalf of Debtor, mainly for fixed assets, in the total amount of CAD\$41,786,915.
5. Interest accrued on the Loan Facility, which as of January 14, 2015, totaled CAD\$96,792,801; the accrued interest was added to the principal pursuant to the Amendment to Loan Facility Agreement.

As summarized in the chart below, as of January 14, 2015, the total amount owed by Debtor to Property LP under the Loan Facility totals CAD\$1,449,577,927.

| Transaction | Reference in Schedule 2 | Balance (SCAD) | Running Total (SCAD) |
|-------------------------------|-------------------------|----------------|----------------------|
| Assignment of Lease/Subleases | A4 | 1,331,556,150 | 1,331,556,150 |
| Adjustment for Can Co Land | N2 | (14,475,023) | 1,317,081,127 |
| Tax Liability Payments | Section T | 145,439,561 | 1,462,520,688 |
| Store Payments | N1 | 5,477,523 | 1,467,998,211 |
| Repayment by Debtor | N1 | (157,000,000) | 1,310,998,211 |
| Fixed Asset Payments | N1 | 41,786,915 | 1,352,785,126 |
| Accrued and Owing Interest | N3 | 96,792,801 | 1,449,577,927 |

Submitted in support of this Proof of Claim as **Schedule 2** are: (i) Flowchart of Transactions; (ii) Tieout Summary and Process Notes; (iii) Intercompany Invoice dated January 9, 2014; (iv) Summary of Loan Facility Balance and Drawdown Activity; (v) Interest Calculation on Loan Facility Balance; (vi) Journal Entry and Support for Taxes; (vii) Pivot Tables of SAP General Ledger Detail; (viii) General Ledger Detail for Bank Activity for Property LP and Debtor; (ix) Real Property Roll-forward Spend by Location for Property LP and Debtor; (x) Payment Detail for Land Payments made by Property LP; (xi) Fixed Asset Payment Detail; (xii) Rent Payments made by Property LP; (xiii) Rent Expenses by Month; (xiv) Bank Statements; (xv) Fiscal Year 2013 Property LP and Debtor Trial Balance; and (xvi) Fiscal Year 2013 Property LP and Debtor Trial Balance and Roll-forward.

Property LP files this claim in the total amount of CAD\$1,449,577,927.

TARGET CANADA PROPERTY LP RESERVES ALL RIGHTS IT MAY NOW OR AT ANY TIME HEREAFTER HAVE AGAINST DEBTOR IN THE CCAA PROCEEDING OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; OR (2) A WAIVER OF, OR LIMITATION ON, ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF TARGET CANADA PROPERTY LP.

TARGET CANADA PROPERTY LP RESERVES ANY AND ALL RIGHTS WITH RESPECT TO THIS CLAIM, INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SUPPLEMENT OR AMEND THIS PROOF OF CLAIM, IN ANY MANNER AND FOR ANY PURPOSE, AFTER THE LAST DATE SET FOR FILING CLAIMS IN THE CCAA PROCEEDING.

APPENDIX W

**TARGET CANADA PROPERTY LP TO TARGET CANADA PROPERTY LLC LOAN
FACILITY AGREEMENT AND AMENDMENTS**

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LOAN FACILITY AGREEMENT

between

Target Canada Property LP

and

Target Canada Property LLC

This Loan Facility Agreement is made as of 9 January 2014:

Between:

1. **Target Canada Property LP**, a limited partnership formed under the laws of Ontario, Canada, with a registered office at c/o Osler, Hoskin & Harcourt, LLP, Suite 6100, First Canadian Place, Toronto, Ontario M5X 1B8, hereinafter referred to as the "Lender",

and

2. **Target Canada Property LLC**, a limited liability company formed under the laws of the State of Minnesota, United States of America, its registered office at 1000 Nicollet Mall, Minneapolis, Minnesota, registered with the Minnesota Secretary of State under number 704969000021, hereinafter referred to as the "Borrower",

the Lender and the Borrower hereinafter jointly referred to as the "Parties", and each of them individually as a "Party",

WHEREAS:

A. The Lender is willing to convey, assign and transfer to the Borrower all of its rights, title and interest in all of its assignable leases and subleases, and Borrower is willing to accept such interest.

The Lender is prepared to grant a loan facility to the Borrower which the Borrower is willing to accept.

B. The Lender and the Borrower wish to lay down the terms and conditions applicable to the foregoing in writing in this Loan Facility Agreement.

HAVE AGREED AS FOLLOWS:

Article 1 - Preamble

1.1 The preamble is deemed to be embodied in this Loan Facility Agreement.

Article 2 - Definitions

2.1 In this Loan Facility Agreement, unless the context otherwise requires, the following expressions shall have the following meaning:

| | |
|------------------------------|--|
| Annual Accrual Date | means, in relation to the initial Annual Accrual Date, 30 November 2014, and, in relation to each subsequent Annual Accrual Date, the 30th day of November of each year; |
| Affiliate | any person or entity that directly or indirectly is controlled by or is under common control of the party as specified; |
| Agreement | this Loan Facility Agreement; |
| Business Day | a day (other than a Saturday or Sunday) on which banks are generally open for business in the City of Toronto, Canada, the City of Minneapolis in the United States and the Grand Duchy of Luxembourg; |
| Drawdown Date | the date or dates on which a particular Drawing is to be made under the Facility; |
| Drawdown Notice | a notice given in accordance with Article 4 with respect to a particular Drawing; |
| Drawing | each advance made under the Facility; |
| Effective Date | 9 January 2014; |
| Events of Default | the events of default specified in Article 9.1; |
| Facility | the Facility of a maximum amount of two billion Canadian dollars (CAD 2,000,000,000) granted by the Lender to the Borrower under this Agreement; |
| Interest Payment Date | means, in relation to the initial Interest Payment Date, 31 January 2015, and, in relation to each subsequent Interest Payment Date, 31 st day of January of each year, or any earlier date in case of a prepayment of any Drawing under the Facility or any other date mutually agreed by the Lender and the Borrower; |
| Interest Rate | the interest rate as specified in or determined pursuant to Article 5; |

| | |
|----------------------------|--|
| Maturity Date: | means twenty (20) years after the Effective Date; |
| Principal Balance | the cumulative Drawings on the Facility to date, as summarized in Annex B, less any amount repaid on account of the principal balance thereof; |
| Semi-annual Period: | each six-month period ending on the last day of January (31 January) or the last day of July (31 July). |

- 2.2 Where the context so allows, the above expressions in singular shall include the plural and vice versa.

Article 3 - Transfer of Assignable Leases and Subleases; Adjustments

- 3.1 By separate written instrument, Lender has conveyed, assigned and transferred the assignable leases and subleases to Borrower.
- 3.2 The Parties acknowledge that as of the Effective Date, the value of the assignable leases and subleases is estimated to be CAD \$1,331,556,150.
- 3.3 The Parties agree that (i) 90 days following the Effective Date and (ii) at the end of Lenders 2014 fiscal year, the actual value of the assignable leases and subleases shall be adjusted and any differences shall be settled by adjustments to the Facility, such adjustments (if any) to be deemed effective as of the Effective Date.
- 3.4 If at any time after the Effective Date:
- (a) The Parties further agree that; or
 - (b) the Minister of National Revenue of Canada or any other competent taxing authority issues or proposes to issue any assessment or re-assessment of tax for any person on the basis that; or
 - (c) for the purposes of administering the Income Tax Act and determining the income tax consequences of the transaction set out herein, it is finally determined by a tribunal or a Court of competent jurisdiction that,
- the fair market value of the assignable leases and subleases on the Effective Date is different from the amount paid for such assignable leases and subleases on the Effective Date, then the amount paid shall be adjusted as necessary and appropriate to reflect the fair market value and all other adjustments required as a

consequence thereof shall forthwith be made between the proper Parties, such adjustments (if any) to be deemed effective as of the Effective Date.

Article 4 - Loan Facility

- 4.1 The Lender hereby grants to the Borrower a loan facility in a maximum amount of two billion Canadian dollars (CAD 2,000,000,000) subject to the terms and conditions of this Agreement.
- 4.2 The Facility will be available to the Borrower to be drawn in one or several Drawings, each Drawing to be made on a Drawdown Date between the Effective Date and the Maturity Date.
- 4.3 Notwithstanding the foregoing provisions of Article 4.1, this Agreement may be terminated by mutual agreement of both Parties, and the date of any such early termination hereafter shall be considered the Maturity Date for all purposes hereunder.

Article 5 - Drawdown

4.1 If the Borrower wants to make a Drawing under the Facility then it must submit an appropriately completed and duly signed Drawdown Notice, substantially in the form attached hereto as Annex A, to the Lender at or before the beginning of the calendar quarter on which the funds under the Drawing are sought to be made available (i.e. 1 January, 1 April, 1 July and 1 October) or if additional Drawings are desired during the course of a calendar quarter, at any time during such quarter. At the end of each quarter (i.e. 31 March, 30 June, 30 September and 31 December), each Drawing with respect to which such Drawdown Notice was delivered will be recorded by the Lender and acknowledged by the Borrower in Annex B. Amounts drawn down under this section and repaid or prepaid may not be reborrowed.

Article 6 - Interest; Repayment

- 6.1 Interest shall accrue on the outstanding Principal Balance, both before and after default, demand, maturity and judgment, from and including the date of the drawdown of a Drawing until the full repayment of the Drawing, and, at the latest, on the Maturity Date. Interest shall be fixed at the rate of 7.0% per annum.
- 6.2 Interest shall be calculated on the basis of the actual number of days elapsed and on the basis of a year of 365 days and the Borrower must pay (on each Interest Payment Date) accrued interest as of the Annual Accrual Date. In calculating the

amount of interest payable any period for which such amounts are to be calculated shall include the first day of the period and exclude the last day of the period. Interest will be payable on each Interest Payment Date but may be paid earlier without penalty subject to giving not more than 60 nor less than 10 Business Days' prior written notice to the Lender.

- 6.3 For any period for which the interest rate is calculated that does not equal a year (each a "deemed interest period"), the interest rate, as calculated hereunder for the purposes of the Interest Act (Canada), shall be yearly rate calculated by dividing the interest rate as otherwise calculated by the actual number of days in such deemed interest period, then multiplying such result by the actual number of days in the applicable calendar year (365 or 366).
- 6.4 Subject to the terms and conditions of this Facility, the Borrower shall not be required to make repayments of the Facility until the Maturity Date. The Principal Balance, together with all accrued and unpaid interest and other amounts payable hereunder, shall be due and payable in full in cash on the Maturity Date. In case the Facility has been drawn through several Drawings, all Drawings shall terminate and be repaid no later than the Maturity Date.
- 6.5 Unless otherwise expressly agreed to in writing between the Parties, each Drawing, each repayment and the accrual of interest thereon shall be denominated in Canadian dollars (CAD).

Article 7 - Make-Whole Payment

- 7.1 The outstanding Principal Balance of this Facility may be prepaid to the Lender, in whole or in part, at the option of the Borrower, on giving not more than 60 nor fewer than 10 Business Days' prior written notice to the Lender, at any time at a prepayment amount equal to the greater of (i) 100% of the Principal Balance being repaid and (ii) the sum of the present values of the future scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of prepayment) discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) effective as at the last day of a Semi-annual Period at the Canadian Bond Rate, plus 25 basis points plus in each case accrued interest thereon to the date of prepayment.
- 7.2 Unless the Borrower defaults in payment of the prepayment amount, on and after the prepayment date, interest will cease to accrue on this Facility or portions thereof called for prepayment upon such date as notice of prepayment is given.

Article 8 - Withholding Taxes

- 8.1 In the event that any withholding taxes or other duties are levied on any payments due the Lender from the Borrower, the Borrower shall not be required to pay the Lender any additional amount and shall pay to the Lender each amount due on which such withholding taxes or other duties are levied, net of such withholding taxes or other duties paid to payable by the Borrower. The Borrower shall promptly provide the Lender with a certificate of receipt, or other evidence, from the relevant taxing authorities showing any such withholding taxes or other duties paid by the Borrower. Each Party shall comply with their respective tax obligations pursuant to the laws applicable to it.

Article 9 - Representations and Warranties

- 9.1 The Borrower represents and warrants to the Lender at the date hereof that it has the power to enter into this Agreement, to borrow hereunder and to comply with all the provisions hereof, and that all acts, terms and conditions required to be done have been performed and that the execution and performance of this Agreement has been duly authorized by all necessary actions of the Borrower.
- 9.2 The Lender represents and warrants to the Borrower at the date hereof that it has the power to enter into this Agreement, to lend hereunder and to comply with all the provisions hereof, and that all acts, terms and conditions required to be done have been performed and that the execution and performance of this Agreement has been duly authorized by all necessary actions of the Lender.

Article 10 - Events of Default

- 10.1 The Lender has the right, but not the obligation, to declare each Drawing, together with accrued interest thereon, immediately due and payable in advance of any of the following events of default:
- a) the Borrower defaults in the due observance or performance of any obligation or agreement contained in this Agreement, and such default continues for a period of thirty (30) Business Days after the Lender's written notice to Borrower of the occurrence of such default; or
 - b) any involuntary petition of bankruptcy is filed against the Borrower and is not dismissed within ninety (90) days or any affirmative act of insolvency by the Borrower occurs or the Borrower files any petition or action under any bankruptcy, insolvency or moratorium law for the financial relief of or relating to the dissolution of the Borrower; or

c) the Borrower sells or otherwise disposes of all or substantially all of its property and assets (other than to an Affiliate).

10.2 If an Event of Default occurs, the Lender may give written notice to the Borrower of the occurrence of such an Event of Default, and the Borrower shall have ten Business Days after receipt of such notice from the Lender to correct or remedy the default, and if the Borrower has not corrected or remedied such default within such ten Business Days period, the Lender may accelerate the payment of the outstanding principal balance and accrued interest due hereunder.

10.3 The Borrower shall hold the Lender harmless and indemnify the Lender against any losses or expenses which the Lender may sustain or incur as a consequence of any Event of Default by the Borrower as stipulated herein.

Article 11 - Notices

11.1 Except as otherwise required by mandatory rules of law, all announcements, notices or other communications in connection with this Agreement shall be in writing and sent by electronic mail, registered mail with return receipt or by courier with proof of sending to the following addresses (or to such other address as duly notified in accordance with this provisions)

(i) if directed to the Lender:

Target Canada Property LP
c/o Osler, Hoskin & Harcourt, LLP
Suite 6100, First Canadian Place
Toronto, Ontario M5X 1B8
Attention: General Partner

(ii) if directed to the Borrower:

Target Canada Property LLC
1000 Nicollet Mall
Minneapolis, MN 55403
Attention: Secretary

11.2 Notices sent as follows shall be deemed to have been received at the following times:

- if sent by courier: at the moment of delivery by the courier to the addressee;

- if sent by recorded mail delivery, on the date noted on the return receipt;
- if sent by email, at the moment of delivery of the email to the addressee as shown in the email delivery report.

Article 12 - Entire Agreement, Miscellaneous

- 12.1 This Agreement contains all agreements between the Parties with respect to the Facility and supersedes all earlier written and/or oral agreements, which the Parties may have made in respect thereof.
- 12.2 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither the Borrower nor the Lender may assign any of its rights, interests, or obligations under this Agreement without the prior written approval of the other Party, with the exception that either of the Borrower and the Lender may assign any and all of its rights and interests under this Agreement to one or more of its Affiliates.
- 12.3 Any waiver of a provision of this Agreement must be in writing signed by the Party waiving its rights.
- 12.4 Should any part, term or provision of this Agreement be declared invalid, void or unenforceable to any extent, all remaining parts, terms and provisions hereof shall remain in full force and effect and shall in no way be invalidated, impaired or affected thereby.
- 12.5 This Agreement can only be validly amended or supplemented by an instrument in writing duly executed on behalf of all Parties.

Article 13 - Headings

- 13.1 The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this Agreement.

Article 14 - Applicable Law and Jurisdiction

- 14.1 This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Minnesota.
- 14.2 Except as otherwise agreed in writing by the concerned Parties, any claims, disputes or disagreements arising under, in connection with or by reason of the relationships contemplated under this Agreement and any subsequent amendment thereof, including, without limitation, all controversies which may arise between

each of the Parties concerning any transaction pursuant to this Agreement, the construction, performance or breach of this Agreement, shall be brought by either of the Parties in the courts of the State of Minnesota located in Hennepin County, and each of the Parties hereby submits to the exclusive jurisdiction of such courts in any such actions or proceeding and waives any objection to the jurisdiction or venue of such courts.

Article 15 - Assignment

- 15.1 This Agreement may not be distributed, assigned, conveyed or transferred by either Party without the prior written consent of the other, except to any entity directly or indirectly controlling, controlled by, or under common control with the assigning Party.

Article 16 - Successors and Assigns

- 16.1 Except as limited by the Assignment provisions hereof, this Agreement, its terms and conditions shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors and assigns.

Article 17 -

Article 18 - Counterparts

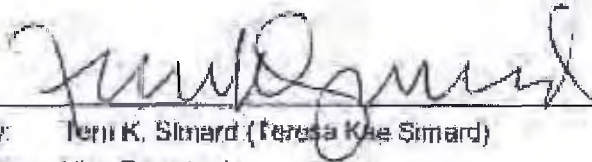
- 18.1 This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

[signature page to follow]

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement or have caused it to be duly executed in two (2) originals as of the date first set forth above.

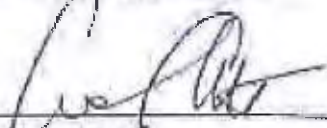
Target Canada Property LP

- By: Target Canada Property Holdings Two LP, its general partner
- By: Target Canada Property Holdings One LP, its general partner
- By: Target Canada Property Holdings GP, LLC, its general partner
- By: Nicolet Enterprise GP Holdings S.C.S., its sole member
- By: Nicolet Enterprise GP, LLC, its general partner
- By: Target Corporation, its sole member



By: Terri K. Simard (Teresa Kay Simard)
Title: Vice President
Date:

Target Canada Property LLC



By: Aaron E. Alt
Title: Vice President
Date:

Annex A
(1st/ 2nd/ 3rd/ 4th) Quarter or Additional Intra-Quarter
DRAWDOWN NOTICE

From: Target Canada Property LLC

To: Target Canada Property LP

Dated:

Dear Sirs

1. We refer to the Loan Facility Agreement (the "Agreement") dated 9 January 2014 and entered into between us as Borrower and you as Lender and in particular the Article 5 thereof. Terms defined in the Agreement shall have the same meaning in this Drawdown Notice.
2. We hereby give you notice that, pursuant to the Agreement and upon the terms and subject to the conditions contained therein, we wish to make one or more Drawings under the Agreement as follows:
 - Amount: up to CAD _____
 - Drawdown Date: one or more Business Days in the ____ quarter of 20__

Each specific Drawing shall be agreed upon at the given time orally or by electronic means between the Lender and the Borrower.

At the end of the quarter, the Lender and the Borrower shall, in a common document formalize all the Drawings (amount, date, interest rate) performed during the quarter.

3. We confirm that, at the date hereof, the Representations and Warranties of Borrower stated in Article 9 of the Agreement are true in all material respects and no Event of Default or potential Event of Default has occurred or is continuing.

6 The account into which the amount of any Drawing under this Drawdown Notice shall be paid is:

Account held in the name of Target Canada Property LLC

Bank: Bank of America

Bank address: 20 Front St. West, 26th FL, Toronto, ON M5V 3L2

Bank SWIFT code: 56792 241

Account number: 7114-51176205 & 7114-51176213

Yours faithfully,

Target Canada Property LLC

By: Aaron E. Alt

Title: Vice President

Date:

Annex B
[1st/ 2nd/ 3rd/ 4th] Quarter
DRAWDOWN CONFIRMATION

From: Target Canada Property LLC

To: Target Canada Property LP

Dated:

Dear Sirs,

1. We refer to the Loan Facility Agreement (the "Agreement") dated 9 January 2014 and entered into between us as Borrower and you as Lender and in particular the Article 5 thereof. Terms defined in the Agreement shall have the same meaning in this Drawdown Confirmation.
2. We confirm the following Drawdowns made during the past quarters, pursuant to the Agreement and upon the terms and subject to the conditions contained therein:

| Drawdown Amount | Date of Drawdown | Applicable Interest Rate |
|-----------------|------------------|--------------------------|
| | | |

3. In the schedule hereto you will find a table reflecting all the current positions under the Loan Facility Agreement.

Yours faithfully

Target Canada Property LLC

By:
Title:
Date:

Acknowledged and approved by

Target Canada Property LP

- By: Target Canada Property Holdings Two LP, its general partner
- By: Target Canada Property Holdings One LP, its general partner
- By: Target Canada Property Holdings GP, LLC, its general partner
- By: Nicolet Enterprise GP Holdings S.C.S., its sole member
- By: Nicolet Enterprise GP, LLC, its general partner
- By: Target Corporation, its sole member

By:
Title:
Date:

Annex B

SUMMARY OF DRAWDOWNS AND REPAYMENTS

| Drawdown Date | Drawdown Amount | Interest Rate | Repayment Date | Repayment Amount | Principal Balance |
|--------------------------|----------------------------|--------------------------|---------------------------|-----------------------------|------------------------------|
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FIRST AMENDMENT TO FACILITY AGREEMENT

THIS FIRST AMENDMENT TO FACILITY AGREEMENT (hereinafter referred to as the "**Amendment**") is entered into effective as of January 2, 2015

BETWEEN

(1) **Target Canada Property LP**, a limited partnership formed under the laws of Ontario, Canada, with a registered office at c/o Osler, Hoskin & Harcourt, LLP, Suite 6100, First Canadian Place, Toronto, Ontario M5X 1B8 (the "**Lender**")

and

(2) **Target Canada Property LLC**, a limited liability company formed under the laws of the State of Minnesota, United States of America, its registered office at 1000 Nicollet Mall, Minneapolis, Minnesota, registered with the Minnesota Secretary of State under number 704969000021 (the "**Borrower**")

Together hereinafter referred to as the "**Parties**".

WHEREAS:

- A. A loan facility agreement dated as of 9 January 2014 is currently in place between the Lender and the Borrower pursuant to which a maximum amount of two billion Canadian Dollars (CAD 2,000,000,000.-) may be drawn down by the Borrower to the Lender (as amended from time to time, including by this Amendment, the "**Agreement**").
- B. The Parties desire to amend the Agreement in order (1) that any accrued and unpaid Interest be added to the outstanding Principal Balance, and (2) to change the definition of Event of Default.
- C. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

THEREFORE THE PARTIES AGREE AS FOLLOWS:

I. THE AMENDMENTS

1. Amendment

The Parties hereby agree to amend Article 2 by deleting in its entirety the definition of "Interest Payment Date" and agree that the Interest Payment Date of 31 January 2015 and all subsequent years shall no longer be in effect.

2. Amendment

The Parties hereby agree to amend and replace in its entirety Article 6 of the Agreement with the following:

Article 6 – Interest; Repayment

- 6.1 *Interest shall accrue on the outstanding Principal Balance, both before and after default, demand, maturity and judgment, from and including the date of the drawdown of a Drawing until the full repayment of the Drawing, and, at the latest, on the Maturity Date. Interest shall be fixed at the rate of 7.0% per annum*
- 6.2 *Interest shall be calculated on the basis of the actual number of days elapsed and on the basis of a year of 365 days. For any period for which the interest rate is calculated that does not equal a year (each a "deemed interest period"), the interest rate, as calculated hereunder for the purposes of the Interest Act (Canada), shall be yearly rate calculated by dividing the interest rate as otherwise calculated by the actual number of days in such deemed interest period, then multiplying such result by the actual number of days in the applicable calendar year (365 or 366). In calculating the amount of interest payable, any period for which such amounts are to be calculated shall include the first day of the period and exclude the last day of the period.*
- 6.3 *Any and all Interest accrued and owing as of January 2, 2015 and thereafter, shall be added to the outstanding Principal Balance and become due and owing in a lump sum on the Maturity Date.*
- 6.4 *Subject to the terms and conditions of this Facility, the Borrower shall not be required to make repayments of the Facility until the Maturity Date. The Principal Balance, together with all accrued and unpaid Interest and other amounts payable hereunder, shall be due and payable in full in cash on the Maturity Date. In case the Facility has been drawn through several Drawings, all Drawings shall terminate and be repaid no later than the Maturity Date.*
- 6.5 *Unless otherwise expressly agreed to in writing between the Parties, each Drawing, each repayment and the accrual of Interest thereon shall be denominated in Canadian dollars (CAD).*

3. Amendment

The Parties hereby agree to amend and replace in its entirety Section 10.1 under Article 10 of the Agreement as follows:

10.1 The Lender has the right, but not the obligation, to declare each Drawing, together with accrued interest thereon, immediately due and payable in advance of the following event of default:

(a) the Borrower defaults in the due observance or performance of any obligation or agreement contained in this Agreement, and such default continues for a period of thirty (30) Business Days after the Lender's written notice to Borrower of the occurrence of such default.

II. EFFECTIVE DATE

This Amendment shall be effective as of 2 January 2015.

III. COUNTERPARTS

This Amendment may be executed in counterparts and delivered by means of facsimile or portable document format (PDF) copies, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

IV. APPLICABLE LAW AND JURISDICTION

This Amendment shall be governed by and interpreted in accordance with the laws of the Minnesota.

Each Party to this Amendment hereby irrevocably and unconditionally submits on an exclusive basis to the courts of the State of Minnesota located in Hennepin County in respect of all matters arising out of or in connection with this Amendment.

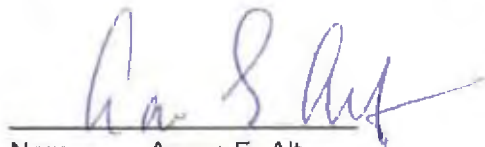
****[Signature Page Follows]****

IN WITNESS WHEREOF the Parties hereto have executed this Amendment to the Agreement effective as of 2 January 2015 in the place and on the day and year above written.

Duly authorized for and on behalf of the Lender,

Target Canada Property LP

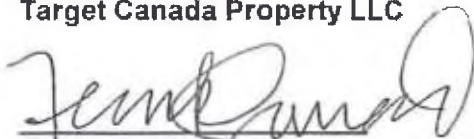
By: Target Canada Property Holdings Two LP, its general partner
By: Target Canada Property Holdings One LP, its general partner
By: Target Canada Property Holdings GP, LLC, its general partner
By: Nicollet Enterprise GP Holdings S.C.S., its sole member
By: Nicollet Enterprise GP, LLC, its general partner



Name: Aaron E. Alt
Title: President

Duly authorized for and on behalf of the Borrower,

Target Canada Property LLC



Name: Terri K. Simard
Title: Vice President

[Signature Page to First Amendment to Loan Facility Agreement (Prop Co Loan 3)]

APPENDIX X

**CLAIM 5.B: TARGET CANADA PROPERTY LP claim against TCC – EXPLANATORY
NOTES**

See Next Page

EXHIBIT B TO PROOF OF CLAIM

Target Canada Property LP ("Property LP") files this Proof of Claim against Target Canada Co. ("Debtor").

Debtor held certain leasehold interests in existing retail sites across Canada. On February 4, 2013, Debtor subleased certain retail sites to Property LP. Under this sublease arrangement, Property LP agreed to construct and pay for the real property improvements ("RPI") for each site and sub-lease the improved sites back to Debtor. The sublease arrangement was designed to finance the build out of the Canadian stores in a tax efficient manner. Specifically, the transaction was intended to provide the following benefits:

4. Efficiently use cash held by Property LP's indirect parent, TCC Corporation S.à r.l;
5. Separate legal liability for the real estate property from the Canadian retail operations; and
6. Reduce the Canadian tax burden of Property LP by providing interest deductions.

As part of the leaseback transaction, Debtor and Property LP entered into that certain Master Agreement dated as of February 4, 2013. Under the Master Agreement, Debtor was to provide certain property management and administrative services to Property LP.

Following the sublease to Property LP, certain Canadian tax rules were amended, reducing the tax benefit of the structure. In response to these amendments, and to extend the period of time before they would apply, Property LP assigned its interest in the subleases and the sub-subleases to Target Canada Property LLC ("TCP") on January 9, 2014. Property LP assigned its rights under the Master Agreement to TCP pursuant to that certain Assignment and Assumption Agreement dated as of January 9, 2014 (the "Assignment Agreement").

The Master Agreement was terminated by Debtor, TCP and Target Property LP, pursuant to that certain Master Termination Dated as of as of February 25, 2015. A copy of the Master Agreement, Assignment Agreement, and Master Termination are attached hereto as **Schedule B1**. The Mutual Termination terminated the parties' obligations under the Master Agreement and also the sublease and leaseback relationship between Debtor, Property LP, and TCP.

As of January 14, 2015, Debtor owed certain amounts to Property LP. First, Property LP incurred costs for the RPI at the sites subleased by Property LP and sub-subleased back to Debtor. Because of this additional investment by Property LP, the leaseback payments by Debtor included repayment of these amounts. Debtor owes Property LP CAD\$15,239,732 related to these RPI repayments.

Second, Debtor received sales tax refunds on account of taxes originally paid by Property LP for the leaseback properties. Debtor holds sales tax refunds payable to Property LP in the total amount of CAD\$7,321,927.

Finally, Property LP paid Debtor for retainage on the fixed assets at the subleased properties. Property LP also paid 100% of the invoice costs (not reduced for retainage) for the fixed assets to contractors, resulting in duplicative payments. Further, Property LP never took title to land but made payments to Debtor for land, made payments for non-subleased sites, and

made payments in amounts greater than actually paid to contractors, all of which resulted in overpayments to Debtor. The net impact of these duplicative and incorrect payments to Debtor was a receivable owing by Debtor to Property LP totaling CAD\$65,715,887.

Thus, the total amount owing by Debtor to Property LP on January 14, 2015, was CAD\$88,277,546.

The amount owing by Debtor to Property LP is reduced, however, by the outstanding administrative fees owed by Property LP to Debtor under the Master Agreement. As of January 14, 2015, the administrative fees totaled CAD\$210,802 (the "Administrative Fee"). In addition, the administrative fees for fiscal year 2013 were recalculated to account for a net underpayment. This resulted in a payable by Property LP to Debtor totaling \$317,928 for fiscal year 2013 (the "Administrative Fee True-up").

The chart below summarizes the amounts owing by Debtor to Property LP as of January 14, 2015, the Administrative Fee, and the Administrative Fee True-up.

| Transaction | Balance (\$CAD) | Running Total (\$CAD) |
|----------------------------|-----------------|-----------------------|
| Leaseback Costs | \$15,239,732 | \$15,239,732 |
| Sales Tax Refunds | \$7,321,927 | \$22,561,659 |
| Fixed Asset Overpayments | \$65,715,887 | \$88,277,546 |
| Administrative Fee | (\$210,802) | \$88,066,744 |
| Administrative Fee True-up | (\$317,928) | \$87,748,817 |

Submitted in support of this Proof of Claim as **Schedule B2** are: (i) Pivot of General Ledger Item Detail for Intercompany Accounts; (ii) SAP ECC General Ledger Line Items for Intercompany Accounts; (iii) Administrative Fee detail; (iv) Leaseback costs detail; (v) Leaseback True-ups; (vi) Financial Reporting Entry to Correct Intercompany Amounts for 2014; (vii) Detail on Property LP Overpayments to Debtor; (viii) SAP ECC General Ledger Items for Sales Tax Refunds; (ix) Acknowledgement of Receipt for Tax Refunds from Revenu Quebec; (x) Leaseback calculations to support balances for leaseback detail for FY2013 and FY2014; and (xi) Administrative Fee and True-Up Support.

Also submitted with this Proof of Claim as **Schedule B3** is a copy of the supporting documentation for Property LP's claim against Target Canada Property LLC. Schedule 3 is used to substantiate the Fixed Asset Overpayments.

Property LP files this claim in the total amount of CAD\$87,748,817.

TARGET CANADA PROPERTY LP RESERVES ALL RIGHTS IT MAY NOW OR AT ANY TIME HEREAFTER HAVE AGAINST DEBTOR IN THE CCAA PROCEEDING OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; OR (2) A WAIVER OF, OR LIMITATION ON, ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF TARGET CANADA PROPERTY LP.

APPENDIX Y

**CLAIM 6.A: TARGET CANADA PROPERTY LLC claim against TCC – PROOF OF
CLAIM AND EXPLANATORY NOTES**

See Next Page

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST
THE TARGET CANADA ENTITIES¹**

1. Name of Target Canada Entity or Entities (the "Debtor"):

Debtor: Target Canada Co.

2(a) Original Claimant (the "Claimant")

| | | | |
|---|-----------------------------------|-----------------|--|
| Legal Name of Claimant | <u>Target Canada Property LLC</u> | Name of Contact | <u>Mark Wong</u> |
| Address | | Title | <u>General Counsel & Secretary</u> |
| <u>c/o Osler, Hoskin & Harcourt LLP</u> | | Phone # | <u>416-427-3761</u> |
| <u>Box 50, 1 First Canadian Place</u> | | Fax # | <u>416-862-6666</u> |
| | | Email | <u>mark.wong@target.com</u> |
| City | <u>Toronto</u> | Prov / State | <u>Ontario</u> |
| Postal/Zip Code | <u>M5X 1B8</u> | | |

2(b) Assignee, if claim has been assigned

| | | | |
|------------------------|------------|-----------------|---------|
| Legal Name of Assignee | <u>N/A</u> | Name of Contact | <u></u> |
| Address | | Phone # | <u></u> |
| <u></u> | | Fax # | <u></u> |
| <u></u> | | Email | <u></u> |
| City | <u></u> | Prov / State | <u></u> |
| Postal/Zip Code | <u></u> | | |

¹ Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy Corp., Target Canada Pharmacy (SK) Corp., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, And Target Canada Property LP (collectively, the "Target Canada Entities").

3. Amount of Claim

The Debtor was and still is indebted to the Claimant as follows:

| Currency | Amount of Claim (including interest up to and including January 14, 2015) | Unsecured Claim | Secured Claim |
|----------|---|-------------------------------------|--------------------------|
| CAD | \$27,254,109.34 + Unknown (Prefiling) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| CAD | \$1,911,494,242 + Unknown (Restructuring) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | \$37,347,551.50 + Unknown (post-filing account receivable payable at 100 cents) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

4. Documentation

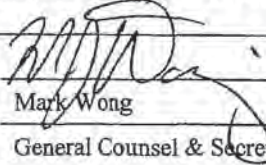
Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

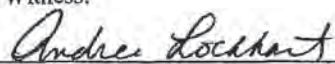
See attached Schedules A, B, C and Annex A.

5. Certification

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor as set out above.
4. Complete documentation in support of this claim is attached.

Signature: 
 Name: Mark Wong
 Title: General Counsel & Secretary

Witness: 
 (signature)
Andree Lockhart
 (print)

Dated at: Toronto this 30th day of July, 2015

6. Filing of Claim

This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

**Alvarez & Marsal Canada Inc., Target Canada Monitor
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON Canada M5J 2J1
Attention: Greg Karpel
Email: targetcanadaclaims@alvarezandmarsal.com
Fax No.: 416-847-5201**

For more information see www.alvarezandmarsal.com/targetcanada or contact the Monitor by telephone (1-844-864-9548)

SCHEDULE "A"
CLAIM AGAINST TARGET CANADA CO
(PRE-FILING)

| <u>Description of Indebtedness</u> | <u>Amount</u> |
|--|--|
| Leaseback Accrued Rent: Indebtedness owing by Target Canada Co. ("TCC") to Target Canada Property LLC ("PropCo") as of January 14, 2015 pursuant to the Leasebacks (as defined below) | \$46,712,017 + applicable sales, goods and services and harmonized sales taxes |
| Unremitted Sales Tax: Indebtedness owing by TCC to PropCo as of January 14, 2015 on account of Quebec sales tax refunds received by TCC and beneficially owned by Propco. | \$161,603.40 |
| Less: Indebtedness owing by PropCo to TCC as of January 14, 2015 on account of payments made by TCC on behalf of PropCo. | (\$1,016,395.06) |
| Indebtedness owing by PropCo to TCC as of January 14, 2015, on account of Fees payable pursuant to the Master Agreement (as defined below) | (\$6,418,606) + applicable sales, goods and services and harmonized sales taxes if any |
| Indebtedness owing by Propco to TCC as of January 14, 2015 on account of "RIP" (as defined below) expenditures incurred by TCC for the benefit of and payable by PropCo | (\$12,184,510) |
| Contingent claims by PropCo against TCC arising out of or relating to Pre-Filing Claims and/or Restructuring Period Claims asserted by one or more Persons against one or more of the Target Canada Entities | Unknown |

TOTAL INDEBTEDNESS **\$27,254,109.34+**

Terms used but not defined herein shall have the meanings ascribed thereto in the Claims procedure order issued by the Ontario Superior Court of Justice (Commercial List) dated June 11, 2015 issued in these proceedings under the *Companies' Creditors Arrangement Act* (Court File No. CV-15-10832-00CL) (as amended, restated, supplemented and/or modified from time to time).

DETAILS OF CLAIM

The amounts claimed in this Proof of Claim are derived from general ledger accounts that have been maintained by Target Corporation, a United States public company, for and on behalf of the

Target Canada Entities, in accordance with United States generally accepted accounting principles (US GAAP). The Target Canada Entities were wholly-owned and consolidated subsidiaries of Target Corporation until January 14, 2015.

Delivered concurrently with this Proof of Claim is a separate binder of materials labelled Annex "A". The materials in Annex A provide detailed information from general ledger accounts, bank statements, and other sources to prove costs incurred on account of the "RPI" under the "Leasebacks" as recorded in the general ledger, and further supports the determination of all "Leaseback Rent" amounts as set out in this Schedule (as these terms are defined below).

PropCo has concurrently delivered an electronic copy of this Proof of Claim and related schedules to the Monitor for ease of reference. To the extent that the Monitor requires any additional information or documentation in connection with this Proof of Claim, PropCo would be pleased to work with the Monitor to address any such requests.

Amounts Payable to PropCo

Leaseback Accrued Rent

1. TCC was tenant under certain master leases (each, a "Master Lease") with third party landlords. The Master Leases are identified in Schedule A.1. We understand the Monitor has or has access to copies of all Master Leases.
2. TCC entered into a sublease/leaseback arrangement with Target Canada Property LP ("PropLP") with respect to each of the leased premises that were the subject of the Master Leases (the "Leased Premises").
3. The sublease/leaseback arrangement between PropLP and TCC is contained in, among others, the following agreements:
 - (a) Master Agreement effective as of February 4, 2013 between TCC and PropLP (the "Master Agreement");
 - (b) Subleases from TCC to PropLP for each of the Leased premises (the "Subleases");
 - (c) Leasebacks from PropLP to TCC for each of the Leased (subleased) Premises (the "Leasebacks").

All of the Subleases and Leasebacks are substantively identical as to their terms as identified herein. A copy of the Master Agreement, and a sample copy of each of the Subleases and Leasebacks, are attached as Schedule A.2. We understand the Monitor has or has access to copies of all Subleases and Leasebacks.

4. Under the terms of the Master Agreement, PropLP was required to make certain real property improvements to the Leased Premises (the "RPI").¹
5. Under the terms of each Sublease, PropLP was required to pay to TCC monthly rent ("Sublease Rent") with respect to the applicable Leased Premises determined as follows:
 - (i) a base rent amount equal to the base rent payable by TCC for the month for the Leased Premises under the Master Lease; and
 - (ii) all common area maintenance and similar costs, percentage rent, and any other additional rent, due and owing for the month by TCC for the Leased Premises under the Master Lease for the month.²

The Sublease Rent is a Canadian dollar obligation.

6. Under the terms of each Leaseback, TCC was required to pay to PropLP monthly rent ("Leaseback Rent") with respect to the applicable Leased Premises determined as follows:
 - (i) an amount equal to the Sublease Rent for the Leased Premises for the month ("Base Rent");

¹ Master Agreement section 2.2(b).

² Subleases section 3.

- (ii) additional rent (“Mark-Up Rent”) computed as the total cost to PropLP of the RPI made to the Leased Premises multiplied by 12.5% and then divided by 12.³

The Leaseback Rent is a Canadian dollar obligation.

- 7. PropLP assigned to Target Canada Property LLC (“PropCo”) all of PropLP’s rights, and PropCo assumed all of PropLP’s obligations, under the Subleases, the Leasebacks, and the Master Agreement effective January 9, 2014, pursuant to:
 - (a) an Assignment and Assumption Agreement between PropLP and PropCo with respect to the Master Agreement; and
 - (b) an Assignment and Assumption Agreement between PropLP and PropCo with respect to the Subleases and Leasebacks.

Copies of the Assignment and Assumption Agreements are attached as Schedule A.3. These assignments and assumptions did not cause PropLP to be released from any obligation under the Master Agreement, the Subleases, or the Leasebacks.

- 8. After January 9, 2014, TCC and PropCo entered into Sublease/Leaseback agreements with respect to an additional leased premise (additional “Leased Premises”) governed by a master lease with a third party landlord (an additional “Master Lease”). The additional Leased Premises is identified in Schedule A.4. The additional Sublease/Leaseback arrangement is governed by the Master Agreement.

³ Leasebacks section 3.

9. Effective February 25, 2015, the Sublease/Leaseback arrangements entered into between PropCo and TCC and PropLP were terminated pursuant to the terms of a Mutual Termination Agreement (the "MTA") entered into between these parties on that date. A copy of the MTA is attached as Schedule A.5.
10. Under the terms of the MTA, TCC and PropCo acknowledge that Leaseback Rent for periods ended on the February 25, 2015 effective date of the of the MTA is payable by TCC to PropCo. An estimate of the liability is provided.
11. The total Leaseback Rent payable by TCC to PropCo for the period ended January 14, 2015 is \$270,837,454. This amount is exclusive of applicable sales, harmonized sales and goods and services taxes. This amount is determined as the sum of:
 - (i) \$17,628,460 aggregate Base Rent and Mark-Up Rent for the period January 9, 2014 to January 31, 2014;
 - (ii) \$76,472,653 Base Rent for the period from February 1, 2014 to November 30, 2014;
 - (iii) \$145,568,043.16 Mark-Up Rent for the period ended November 30, 2014;
 - (iv) \$7,158,488.24 Base Rent for the period December 1-31, 2014;
 - (v) \$15,218,750.96 Mark-Up Rent for the period December 1-31, 2014; and
 - (vi) aggregate \$8,791,058.26 Base and Mark-Up Rent for the period January 1 – 14, 2015.

12. The computation of these Base and Mark-Up Rent amounts on a Master Lease by Master Lease basis, together with supporting schedules and Ledger detail, is attached as Schedule A.6.
13. A total of \$ 224,125,437 was paid by TCC to PropCo on account of this Leaseback Rent for the period ended January 14, 2015. The amounts unpaid is therefore $\$270,837,454 - \$224,125,437 = \$46,712,017$. Attached as Schedule A.7 is a General Ledger Detail (with supporting summaries of entries) with respect to open items between TCC and PropCo which shows total Leaseback Rent owing by TCC to be \$17,628,460 and \$29,083,557 ($\$17,628,460 + \$29,083,557 = \$46,712,017$). Also included in Schedule A.7 is a "Leaseback Detail" showing amounts paid by TCC for the relevant period. The first detail is for the period January 9 to February 1, 2014, showing net unpaid Leaseback Rent of \$2,800,691. The second detail is for the period February 1, 2014 to January 14, 2015, showing net unpaid Leaseback Rent of \$43,911,325 ($\$2,800,691 + \$43,911,325 = \$46,712,016$). Finally, the Leaseback Details shows the Leaseback Rent payments made by TCC for the period to be four payments:

\$74,138,843

\$19,770,358

\$63,200,753

\$67,015,483

\$224,125,437

Details supporting the determination of these payments are attached as additional materials in Schedule A.7

14. PropCo's claim for unpaid Leaseback Rent for the period ended January 14, 2015 is therefore \$46,712,017 (i.e., \$270,837,454 - \$224,125,437).

Unremitted Sales Tax

15. Under the terms of the Master Agreement, TCC provided certain business services to PropCo, including tax compliance services.⁴ These services included TCC administering PropCo's monthly reporting and filing obligations with respect to the Quebec Sales Tax.
16. On May 28, 2014, 2014, TCC filed a Québec sales tax return on behalf of PropCo for the period ended April 30, 2014. PropCo therein claimed a refund of \$161,597.44. Attached as Schedule A.8 is a print out from the Revenue Québec official website confirming the details of the return as filed including the \$161,597.44 refund amount.
17. The \$161,597 refund together with interest thereon of \$6.20, being \$161,603.40 (the "April Refund") was received by TCC on behalf of PropLP on or about July 24, 2014. Also attached in Schedule A.8 is a Revenue Quebec Notice of Refund with respect to the April Refund, a copy of the April Refund cheque, and a copy of the TCC deposit instructions with respect to same. PropLP is the beneficial owner of this amount.

⁴ Master Agreement, Schedule 1.1(b)(viii)

18. Attached as Schedule A.9 is a detail from the General Ledger with respect to PropLP showing the details of Quebec sales tax refund amounts receivable from TCC and not yet cleared. They show the details of the amount owing as described above.
19. The April Refund was never paid over by TCC to PropCo, and TCC continues to retain these funds which are amounts owing to PropCo. The amount so owing to PropCo is \$161,603.40.

Net Claim By TCC

20. Under the terms of the Master Agreement, TCC provided certain business services to PropCo, including tax compliance services.⁵ These services included TCC administering PropCo's monthly reporting and filing obligations with respect to the Quebec sales tax.
21. On or shortly after June 27, 2014, TCC made a payment (the "Tax Payment") of \$1,016,395.09 to Revenu Quebec on account of a Quebec sales tax liability of PropCo, for the period ended June 30, 2014. Attached as Schedule A.10 is a copy of a signed internal authorization with respect to this amount. The signed form is completed on behalf of Company Division "Target Canada Prop LLC" (i.e., PropCo). Under the heading "General Ledger Debit Account Information", the SAP Company Code "2001" identifies the payer of the amount as TCC. Beside the heading "Special Instructions to Beneficiary to include with payment", the account number identified is the Quebec sales tax account of PropCo. Attached as Schedule A.11 is a print out from the Revenue Québec official website confirming the details of the June 30, 2014 return and sale tax amount owing.

Accrued Fees

⁵ Master Agreement, Schedule 1.1(b)(viii)

22. Under the terms of the Master Agreement, TCC agreed to provide to PropLP through its own resources or through contractual relationships with affiliated companies the following services: (i) property management; (ii) administrative and business; and (iii) procurement (the “Services”).⁶
23. In consideration for the Services provided by TCC, Prop LP agreed to pay to TCC a fee (the “Fee”) equal to the amount of actual costs incurred by TCC for performing the Services.⁷ The Fee is payable for each fiscal year of TCC, accrues throughout the year, and is payable throughout or at the end of the year, with payment to be made no later than 30 days following the end of the fiscal year. The Fee is a Canadian dollar obligation.
24. The fiscal year of TCC is ended January 31.
25. PropLP assigned to PropCo all of PropLP’s rights, and PropCo assumed all of PropLP’s obligations, under the Subleases, the Leasebacks, and the Master Agreement effective January 8, 2014.
26. TCC performed Services for PropCo for the period January 9, 2014 to January 14, 2015.
27. Under the terms of the MTA, TCC and PropCo acknowledge that Fees are payable by PropCo to TCC for periods ended on the February 25, 2015 effective date of the of the MTA. An estimate of the liability is provided.
28. The determination of the Fee amount payable by PropCo amount is set out in the “Admin Fee True-Up Summary” with related schedules and computations attached as Schedule

⁶ Master Agreement section 1.1.

⁷ Master Agreement section 1.2.

A.12. These materials show the determination of the monthly Fee accrual for the period January 9, 2014 to January 31, 2015, based on monthly TCC costs for payroll and non-payroll items. There is also included a one month sample to tie out charges to actual GL detail or payroll detail support as applicable.

29. The Fee amount owing by PropCo to TCC for the period January 9, 2014 to January 14, 2015 is recorded in the Admin Fee True-Up Summary as \$6,418,606 (i.e., 90% of incurred allocated TCC costs). This amount includes the allocated costs for the month of January, 2015 pro-rated as between the January 1- 14, 2015 and January 15 – 31, 2015 periods. This amount is not inclusive of applicable goods and services, harmonized sales, or sales taxes (if any).

30. The total Fee owing by PropCo to TCC is: \$6,418,606.

Real Property Spend Reconciliation

31. Under the terms of the Master Agreement, PropCo was obligated to make and pay for the RPI. As part of the analysis performed in support of the Claims, it was determined that the total RPI investment recorded for purposes of supporting the Leaseback Rent determinations, and also the “Termination Payment” as defined in the Master Agreement (see Schedule “B” of this Claim) exceeded PropCo’s actual cash expenditure on account of RPI by a total of \$12,284,510. This amount reflects RPI paid for by TCC, and accordingly is an amount owing by PropCo to TCC. Attached as Schedule A.13 is a detailed note outlining the necessary charge to reconcile total RPI (i.e., Fixed Assets) to Propco’s total investment in RPI. The amounts cited in the Note refer to and are reflected in the Annex “A” materials.

32. The amount owing by PropCo to TCC on account of RPI expenditures incurred by TCC is:
\$12,284,510.

33.

APPENDIX Z

**CLAIM 6.B: TARGET CANADA PROPERTY LLC claim against TCC –
EXPLANATORY NOTES**

See Next Page

SCHEDULE "B"

CLAIM AGAINST TARGET CANADA CO.

(RESTRUCTURING)

Description of Indebtedness

Amount

Termination Payment: Indebtedness owing by Target Canada Co. ("TCC") to Target Property LLC ("PropCo") on account of the Termination Payment payable by TCC as of February 25, 2015 pursuant to the Master Agreement and Leasebacks (all, as defined below)

\$1,911,494,242 + applicable sales, goods and services and harmonized sales taxes

Contingent claims by PropCo against TCC arising out of or relating to Pre-Filing Claims and/or Restructuring Period Claims asserted by one or more Persons against one or more of the Target Canada Entities

Unknown

TOTAL INDEBTEDNESS

\$1,911,494,242+

Terms used but not defined herein shall have the meanings ascribed thereto in the Claims procedure order issued by the Ontario Superior Court of Justice (Commercial List) dated June 11, 2015 issued in these proceedings under the *Companies' Creditors Arrangement Act* (Court File No. CV-15-10832-00CL) (as amended, restated, supplemented and/or modified from time to time.

DETAILS OF CLAIM

The amounts claimed in this Proof of Claim are derived from general ledger accounts that have been maintained by Target Corporation, a United States public company, for and on behalf of the Target Canada Entities, in accordance with United States generally accepted accounting principles (US GAAP). The Target Canada Entities were wholly-owned and consolidated subsidiaries of Target Corporation until January 14, 2015.

Delivered concurrently with this Proof of Claim is a separate binder of materials labelled Annex "A". The materials in Annex A provide detailed information from general ledger accounts, bank statements, and other sources to prove costs incurred on account of the "RPI" under the "Leasebacks" as recorded in the general ledger, and further supports the determination of all "Leaseback Rent" amounts and the "Termination Payment" as set out in this Schedule (as these terms are defined below).

PropCo has concurrently delivered an electronic copy of this Proof of Claim and related schedules to the Monitor for ease of reference. To the extent that the Monitor requires any additional

information or documentation in connection with this Proof of Claim, PropCo would be pleased to work with the Monitor to address any such requests.

Amounts Payable to PropCo

Termination Payment

1. TCC was tenant under certain master leases (each, a “Master Lease”) with third party landlords. The Master Leases are identified in Schedule A.1. We understand the Monitor has or has access to copies of all Master Leases.
2. TCC entered into a sublease/leaseback arrangement with Target Canada Property LP (“PropLP”) with respect to each of the leased premises that were the subject of the Master Leases (the “Leased Premises”).
3. The sublease/leaseback arrangement between PropLP and TCC is contained in, among others, the following agreements (collectively, the “Agreements”):
 - (a) Master Agreement effective as of February 4, 2013 between TCC and PropLP (the “Master Agreement”);
 - (b) Subleases from TCC to PropLP for each of the Leased premises (the “Subleases”);
 - (c) Leasebacks from PropLP to TCC for each of the Leased (subleased) Premises (the “Leasebacks”).

All of the Subleases and Leasebacks are substantively identical as to their terms as identified herein. A copy of the Master Agreement, and a sample copy of each of the Subleases and Leasebacks, are attached as Schedule A.2. We understand the Monitor has or has access to copies of all Subleases and Leasebacks.

4. Under the terms of the Master Agreement, PropLP was required to make certain real property improvements to the Leased Premises (the “RPI”).⁸
5. Under the terms of each Sublease, PropLP is required to pay to TCC monthly rent (“Sublease Rent”) with respect to the applicable Leased Premises determined as follows:
 - (i) a base rent amount equal to the base rent payable by TCC for the month for the Leased Premises under the Master Lease; and
 - (ii) all common area maintenance and similar costs, percentage rent, and any other additional rent, due and owing for the month by TCC for the Leased Premises under the Master Lease for the month.⁹

The Sublease Rent is a Canadian dollar obligation.

6. Under the terms of each Leaseback, TCC is required to pay to PropLP monthly rent (“Leaseback Rent”) with respect to the applicable Leased Premises determined as follows:
 - (i) an amount equal to the Sublease Rent for the Leased Premises for the month;
 - (ii) additional rent (“Additional Leaseback Rent”) computed as the total cost to PropLP of the RPI made to the Leased Premises multiplied by 12.5% and then divided by 12.¹⁰

The Leaseback Rent is a Canadian dollar obligation.

⁸ Master Agreement section 2.2(b).

⁹ Subleases section 3.

¹⁰ Leasebacks section 3.

7. The Leasebacks also require TCC to pay PropLP the following “additional rent”:

“In addition and if applicable, [TCC] hereby agrees to pay [PropCo] additional rent in an amount agreed to in writing by the parties for unpaid rent and Real Property Improvements costs not recovered if the term of this Agreement ends before February 3, 2038.”¹¹

8. PropLP assigned to Target Canada Property LLC (PropCo”) all of PropLP’s rights, and PropCo assumed all of PropLP’s obligations, under the Subleases, the Leasebacks, and the Master Agreement effective January 9, 2014, pursuant to:

- (a) an Assignment and Assumption Agreement between PropLP and PropCo with respect to the Master Agreement; and
- (b) an Assignment and Assumption Agreement between PropLP and PropCo with respect to the Subleases and Leasebacks.

Copies of the Assignment and Assumption Agreements are attached as Schedule A.3. These assignments and assumptions did not cause PropLP to be released from any obligation under the Master Agreement, the Subleases, or the Leasebacks.

9. After January 9, 2014, TCC and PropCo entered into Sublease/Leaseback agreements with respect to an additional leased premise (additional “Leased Premises”) governed by a master lease with a third party landlord (an additional “Master Lease”). The additional Leased Premises is identified in Schedule A.4. The additional Sublease/Leaseback arrangement is governed by the Master Agreement.

10. The term of the Master Agreement is 30 years.¹²

¹¹ Leasebacks section 3.

¹² Master Agreement section 5.1.

11. Section 2.7 of the Master Agreement requires TCC to make an early termination payment (the “Termination Payment”) in the event there occurs an “Early Termination” with respect to a Leaseback, including if a Leaseback terminates before the end of its contractual term.

The Termination Payment is calculated as:

“an amount equal to the present value (using a 7% discount rate) of the total remaining payments of Rent, as defined in Section 3(ii) of the [Leaseback] [i.e., the Additional Leaseback Rent] which were paid for the remainder of the Term as defined in 2(ii) of the [Leaseback] plus the anticipated value of the remaining [Sublease] term to [PropCo].”

The Termination Payment is due within 60 days after Early Termination. It is a Canadian dollar obligation.

12. Effective February 25, 2015, the Sublease/Leaseback arrangements entered into between PropCo and TCC and PropLP were terminated pursuant to the terms of a Mutual Termination Agreement (the “MTA”) entered into between these parties on that date. A copy of the MTA is attached as Schedule A.5.
13. Under the terms of the MTA, the parties agree that the termination of the Leasebacks pursuant to the MTA constitutes an “Early Termination” for purposes of Section 2.7 of the Master Agreement, and that a Termination Payment as computed pursuant to Section 2.7 of the Master Agreement then became payable by TCC.
14. The amount of the Termination Payment so determined is \$1,911,494,242. The computation of this amount, together with schedules supporting the computation, is attached as Schedule B.1.
15. The payment of the Termination Amount will be subject to applicable goods and services, harmonized sales and Quebec sales taxes at the time of payment. Attached as Schedule

B.2 is a copy of a ruling issued by the Canada Revenue Agency, confirming the treatment of the Termination Payment for these purposes.