

SCHEDULE "D"

(Letterhead of the Monitor)

●, 2015

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Dear :

Re: ●

As you know, Target Canada Co. (the "Company") and certain of its subsidiaries and affiliates (collectively "Target Canada") filed for and were granted creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA"), pursuant to an order (the "Initial Order") of the Ontario Superior Court (the "Court") (the "CCAA Proceedings"). In connection with the CCAA filing, the Court appointed Alvarez & Marsal Canada Inc. (the "Monitor") to oversee the CCAA Proceedings. A copy of the Court's Orders and other information relating to the CCAA Proceedings has been posted to www.alvarezandmarsal.com/targetcanada, the Monitor's website.

The Court also appointed Koskie Minsky LLP as Representative Counsel in order to assist eligible employees through the CCAA Proceedings. Information about the proceedings and matters of specific interest to employees may be found at www.kmlaw.ca/targetemployees.

The purpose of this letter is to inform you about the claims process which was approved by the Court on June 11, 2015 (the "Estate Claims Process"). The Estate Claims Process is for claims **not** covered by the Employee Trust. Claims under the Employee Trust are subject to a different process, described below.

Employee Trust Dispute Process

1. A trust for eligible employees was established by Target Corporation and approved by the Court (the "Employee Trust"). Eligible employees have received payments from the Employee Trust to top up amounts earned working for the Company since January 24, 2015 (to equal regular wages), and to provide regular wages for the period after release until the termination date (May 16, 2015 or May 30, 2015 for employees in Manitoba).
2. The process for challenging whether an employee has been paid the amount to which he or she is entitled from the Employee Trust is to file a Trust Dispute.
 - The Trust Dispute must be filed no later than **July 31, 2015**.
 - The Trust Dispute form was sent to you by Representative Counsel and is also available on both the Monitor's website www.alvarezandmarsal.com/targetcanada and on the website of Representative Counsel www.kmlaw.ca/targetemployees.
 - If you do not file a trust dispute by July 31, 2015, you will have no further right to challenge the amount you received from the Employee Trust.

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Estate Claims Process

The Estate Claims Process deals with claims against the Company not covered by the Employee Trust.

- Claims against the Company must be described on the “Proof of Claim” form, and must be filed with the Monitor by **August 31, 2015**. For claims against directors and officers of the Company, use the “D&O Proof of Claim” form, which must also be filed with the Monitor by August 31, 2015.
- The Proof of Claim, D&O Proof of Claim and instructions for each are available on both the Monitor’s website www.alvarezandmarsal.com/targetcanada and on the website of Representative Counsel www.kmlaw.ca/targetemployees.
- If you have questions, you may contact:
 - The Monitor at targetcanada.monitor@alvarezandmarsal.com or 1.844.864.9548;
 - Representative Counsel at targetemployees@kmlaw.ca or 1.866.860.9364.
- If you do not file a Proof of Claim or a D&O Proof of Claim by August 31, 2015, you will have no further right to file a claim against the Company, you will be barred from filing any such claim and the claim will be considered to be extinguished.

Important Deadlines:

1. Trust Disputes must be filed by **July 31, 2015**.
2. Claims in the Estate Claims Process must be filed by **August 31, 2015**.

Yours truly,

SCHEDULE "E"

**NOTICE TO CLAIMANTS
AGAINST THE TARGET CANADA ENTITIES**

RE: NOTICE OF CLAIMS PROCESS FOR TARGET CANADA CO., TARGET CANADA HEALTH CO., TARGET CANADA MOBILE GP CO., TARGET CANADA PHARMACY (BC) CORP., TARGET PHARMACY (ONTARIO) 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") PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (the "CCAA")

PLEASE TAKE NOTICE that on [June 11], 2015, the Ontario Superior Court of Justice (Commercial List) issued an order (the "Claims Procedure Order") in the CCAA proceedings of the Target Canada Entities, requiring that all Persons who assert a Claim (capitalized terms used in this notice and not otherwise defined have the meaning given to them in the Claims Procedure Order) against the Target Canada Entities, whether unliquidated, contingent or otherwise, and all Persons who assert a claim against Directors, Officers of the Target Canada Entities (as defined in the Claims Procedure Order, a "D&O Claim"), must file a Proof of Claim (with respect to Claims against the Target Canada Entities) or D&O Proof of Claim (with respect to D&O Claims) with Alvarez and Marsal Canada Inc. (the "Monitor") on or before 5:00 p.m. (Toronto time) on August 31, 2015 (the "Claims Bar Date"), by sending the Proof of Claim or D&O Proof of Claim to the Monitor by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

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

Pursuant to the Claims Procedure Order, Claims Packages, including the form of Proof of Claim and D&O Proof of Claim, will be sent to all known Claimants by mail, on or before June 30, 2015. Claimants may also obtain the Claims Procedure Order and a Claims Package from the Monitor's website at www.alvarezandmarsal.com/targetcanada, or by contacting the Monitor by telephone (1-844-864-9548).

Only Proofs of Claim and D&O Proofs of Claim actually received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 will be considered filed by the Claims Bar Date. It

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is your responsibility to ensure that the Monitor receives your Proof of Claim or D&O Proof of Claim by the Claims Bar Date.

CLAIMS AND D&O CLAIMS WHICH ARE NOT RECEIVED BY THE APPLICABLE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

DATED this ● day of ●, 2015.

SCHEDULE "F"

NOTICE OF DISPUTE OF NOTICE OF REVISION OR DISALLOWANCE
With respect to the Target Canada Entities¹

Claims Reference Number: _____

1. Particulars of Claimant:

Full Legal Name of Claimant (include trade name, if different)

(the "Claimant")

Full Mailing Address of the Claimant:

Other Contact Information of the Claimant:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

2. Particulars of original Claimant from whom you acquired the Claim or D&O

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 (Ontario) 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").

Claim, if applicable

Have you acquired this purported Claim by assignment?

Yes:

No:

If yes and if not already provided, attach documents evidencing assignment.

Full Legal Name of original Claimant(s): _____

3. Dispute of Revision or Disallowance of Claim:

The Claimant hereby disagrees with the value of its Claim, as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

	Currency	Amount allowed by Monitor: (Notice of Revision or Disallowance)	Amount claimed by Claimant:²
A. Unsecured		\$	\$
B. Secured		\$	\$
C. D&O Claim		\$	\$
E. Total Claim		\$	\$

² If necessary, currency will be converted in accordance with the Claims Procedure Order.

SCHEDULE "G"

NOTICE OF REVISION OR DISALLOWANCE

**For Persons that have asserted Claims against the Target Canada Entities¹,
D&O Claims against the Directors and/or Officers of the Target Canada Entities**

Claims Reference Number: _____ ●

TO: ● _____
(the "Claimant")

Defined terms not defined in this Notice of Revision or Disallowance have the meaning ascribed in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Target Canada Entities dated [June 11], 2015 (the "Claims Procedure Order").

Pursuant to the Claims Procedure Order, the Monitor hereby gives you notice that it has reviewed your Proof of Claim or D&O Proof of Claim and has revised or disallowed all or part of your purported Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be as follows:

	Amount as submitted		Amount allowed by Monitor
	Currency		
A. Unsecured Claim		\$	\$
B. Secured Claim		\$	\$
C. D&O Claim		\$	\$
E. Total Claim		\$	\$

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").

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Reasons for Revision or Disallowance:

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SERVICE OF DISPUTE NOTICES

If you intend to dispute this Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (prevailing time in Toronto) on the day that is twenty-eight (28) Calendar Days after this Notice of Revision or Disallowance is deemed to have been received by you (in accordance with paragraph 32(a) of the Claims Procedure Order), deliver a Notice of Dispute of Revision or Disallowance to the Monitor by ordinary prepaid mail, registered mail, courier, personal delivery or electronic transmission to the address below.

Alvarez & Marsal Canada Inc., Target Canada Monitor

Address: Royal Bank Plaza, South Tower
200 Bay Street
Suite 2900
P.O. Box 22
Toronto, Ontario Canada
M5J 2J1

Fax No.: 416-847-5201

Email: targetcanadaclaims@alvarezandmarsal.com

Attention: Greg Karpel

In accordance with the Claims Procedure Order, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at www.alvarezandmarsal.com/targetcanada.

IF YOU FAIL TO FILE A NOTICE OF DISPUTE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED this _____ day of _____, 2015.

Alvarez & Marsal Canada Inc., solely in its capacity as Court-appointed Monitor of the Target Canada Entities, and not in its personal or corporate capacity

Per: _____

For more information see www.alvarezandmarsal.com/targetcanada, or contact the Monitor by telephone (1-844-846-9548)

SCHEDULE “H”

CLAIMANT’S GUIDE TO COMPLETING THE PROOF OF CLAIM FORM FOR CLAIMS AGAINST THE TARGET CANADA ENTITIES¹

This Guide has been prepared to assist Claimants in filling out the Proof of Claim form for Claims against the Target Canada Entities. If you have any additional questions regarding completion of the Proof of Claim, please consult the Monitor’s website at www.alvarezandmarsal.com/targetcanada or contact the Monitor, whose contact information is shown below.

Additional copies of the Proof of Claim may be found at the Monitor’s website address noted above.

Please note that this is a guide only, and that in the event of any inconsistency between the terms of this guide and the terms of the Claims Procedure Order made on [June 11], 2015 (the “Claims Procedure Order”), the terms of the Claims Procedure Order will govern.

SECTION 1 – DEBTOR

21. The full name of the Target Canada Entity or Entities against which the Claim is asserted must be listed (see footnote 1 for complete list of Target Canada Entities).

SECTION 2(a) – ORIGINAL CLAIMANT

22. A separate Proof of Claim must be filed by each legal entity or person asserting a claim against the Target Canada Entities, or any of them.
23. The Claimant shall include any and all Claims it asserts against the Target Canada Entities, or any of them, in a single Proof of Claim.
24. The full legal name of the Claimant must be provided.
25. If the Claimant operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.
26. If the Claim has been assigned or transferred to another party, Section 2(b) must also be completed.
27. Unless the Claim is assigned or transferred, all future correspondence, notices, etc. regarding the Claim will be directed to the address and contact indicated in this section.

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 (Ontario) 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”).

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SECTION 2(b) – ASSIGNEE

28. If the Claimant has assigned or otherwise transferred its Claim, then Section 2(b) must be completed.
29. The full legal name of the Assignee must be provided.
30. If the Assignee operates under a different name or names, please indicate this in a separate schedule in the supporting documentation.
31. If the Monitor in consultation with the Target Canada Entities is satisfied that an assignment or transfer has occurred, all future correspondence, notices, etc. regarding the Claim will be directed to the Assignee at the address and contact indicated in this section.

SECTION 3 - AMOUNT OF CLAIM OF CLAIMANT AGAINST DEBTOR

32. Indicate the amount the Target Canada Entity or Entities was and still is indebted to the Claimant in the Amount of Claim column, including interest up to and including January 14, 2015.

Currency

33. The amount of the Claim must be provided in the currency in which it arose.
34. Indicate the appropriate currency in the Currency column.
35. If the Claim is denominated in multiple currencies, use a separate line to indicate the Claim amount in each such currency. If there are insufficient lines to record these amounts, attach a separate schedule indicating the required information.
36. If necessary, currency will be converted in accordance with the Claims Procedure Order.

Unsecured Claim

37. Check this box **ONLY** if the Claim recorded on that line is an unsecured claim.

Secured Claim

38. Check this box **ONLY** if the Claim recorded on that line is a secured claim.

SECTION 4 - DOCUMENTATION

39. Attach to the Proof of Claim form 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 claim 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 Target Canada Entity to the Claimant and estimated value of such security.

SECTION 5 - CERTIFICATION

40. The person signing the Proof of Claim should:
- (a) be the Claimant or authorized representative of the Claimant.
 - (b) have knowledge of all the circumstances connected with this Claim.
 - (c) assert the Claim against the Debtor as set out in the Proof of Claim and certify all supporting documentation is attached.
 - (d) have a witness to its certification.
41. By signing and submitting the Proof of Claim, the Claimant is asserting the Claim against the Target Canada Entity or Entities.

SECTION 6 - FILING OF CLAIM

42. The Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on August 31, 2015 (the "Claims Bar Date") 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**

Failure to file your Proof of Claim so that it is actually received by the Monitor on or before 5:00 p.m., on the Claims Bar Date will result in your claim being barred and you will be prevented from making or enforcing a Claim against the Target Canada Entities. In addition, you shall not be entitled to further notice in and shall not be entitled to participate as a creditor in the Target Canada Entities' CCAA proceedings.

SCHEDULE "I"

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

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

Debtor: _____

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

Legal Name of Claimant _____

Name of Contact _____

Address _____

Title _____

Phone # _____

Fax # _____

City _____ Prov /State _____

email _____

Postal/Zip Code _____

2b. Assignee, if claim has been assigned

Legal Name of Assignee _____

Name of Contact _____

Address _____

Phone # _____

City _____ Prov /State _____

Fax # _____

Postal/Zip Code _____

email: _____

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
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input 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: _____ Name: _____ Title: _____	Witness: _____ (signature) _____ (print)
Dated at _____ this _____ day of _____, 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**

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.

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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)

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.

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

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

CLAIMS PROCEDURE ORDER

GOODMANS LLP

Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Alan Mark LSUC#: 21772U
amark@goodmans.ca

Jay Carfagnini LSUC#: 22293T
jcarfagnini@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Jesse Mighton LSUC#: 62291J
jmighton@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

TAB 20



155 Wellington Street West
Toronto ON M5V 3J7
dwpv.com

June 22, 2015

Jay A. Swartz
T 416 863 5520
jswartz@dwpv.com

File No. 250258

BY E-MAIL

Mr. Stephen M. Raicek
Lawyer
De Grandpré Chait S.E.N.C.R.I./LLP
1000, rue De La Gauchetiere O, Suite 2900,
Montréal, QC H3B 4W5

Dear Mr. Raicek:

Lease by Sun Life Assurance Company of Canada with Target Canada Co.

We acknowledge receipt of your letter of June 19, 2015 relating to the guarantee by Target Corporation of a lease between Zellers Inc. and Sun Life Assurance Company of Canada dated August 30, 2006 which was assumed by Target Canada Co.

Our client, Target Corporation, acknowledges the limited guarantee given in connection with this lease.

Sun Life Assurance should take possession of the premises in accordance with the disclaimer received from Target Canada Co. and immediately make all efforts to mitigate its damages. We also expect that Sun Life will make any lease-related claims through the claims process that the Monitor has established in connection with the CCAA proceedings. We assume that Sun Life will seek payment from Target Canada Co. for any amounts due in respect of occupancy costs during the CCAA proceedings.

To the extent that it develops that Sun Life may have claims against Target Corporation, we are prepared to enter into discussions to achieve an appropriate resolution.

Yours very truly,



Jay A. Swartz

JAS/amw

cc Scott Nelson (*Target Canada Co.*)
Mark Wong (*Target Canada Co.*)
Tracy Sandler (*Osler Hoskin & Harcourt LLP*)
Joshua Hurwitz (*Osler Hoskin & Harcourt LLP*)
Dennis Ryan (*Faegre Baker Daniels LLP*)
C.J. Harayda (*Faegre Baker Daniels LLP*)
Wendy Wildung (*Faegre Baker Daniels LLP*)
Terri Simard (*Target Corporation*)
Robin Preble, (*Target Corporation*)
Robin Schwill (*Davies Ward Phillips & Vineberg LLP*)
Dina Milivojevic (*Davies Ward Phillips & Vineberg LLP*)

TAB 21

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**

APPLICANTS

**AFFIDAVIT OF MARK J. WONG
(Sworn August 7, 2015)**

(Motion for Stay Extension)

I, Mark J. Wong, of the City of Mississauga, in the Province of Ontario, General Counsel and Secretary for the Applicant Target Canada Co. ("TCC"), MAKE OATH AND SAY:

1. I am General Counsel and Secretary for TCC. I am a director and/or officer of each of the other Applicants. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have specifically referred to such sources and verily believe them to be true. In preparing this Affidavit, I consulted with members of the senior management team of TCC, legal, financial and other advisors of TCC, and representatives of Alvarez & Marsal Canada Inc. (the "Monitor").

2. I swear this Affidavit in support of the motion brought by the Applicants and the Partnerships listed on Schedule "A" hereto (collectively, the "Target Canada Entities") seeking an Order, substantially in the form attached to the Motion Record, extending the stay of proceedings set out in the Initial Order to November 16, 2015.

3. As described below, aside from a very small amount of remaining sundry assets, the Target Canada Entities have concluded the realization phase of the orderly wind down of their businesses – including the sale or disposition of the Target Canada Entities' real estate portfolio and inventory – and have moved into the claims process and plan development stage. The claims process is scheduled to run at least through the proposed extended stay period, with a general claims bar date of August 31, 2015 and Notices of Revision or Disallowance to be sent no later than November 15, 2015 (unless otherwise ordered by the Court). Extending the stay of proceedings to November 16, 2015 will allow the claims process to continue to unfold. This progression of the claims process is a necessary precursor to proposing a plan of compromise and arrangement.

4. The Target Canada Entities intend to continue the orderly wind down of their businesses by disposing of their few remaining assets, disclaiming or otherwise terminating their few remaining agreements (at an appropriate time), and participating in the claims process in accordance with the Claims Procedure Order. In addition, alongside the claims process, the Target Canada Entities are in the initial stages of working to develop a plan of compromise and arrangement.

Background

5. The Target Canada Entities were granted protection from their creditors under the CCAA pursuant to an initial order of the Ontario Superior Court of Justice (Commercial List) dated January 15, 2015 (as amended and restated on February 11, 2015, the “**Initial Order**”). Alvarez & Marsal Canada Inc. was appointed in the Initial Order to act as the Monitor in the CCAA proceedings.

6. The Initial Order granted a stay of proceedings until February 13, 2015, or such later date as the Court may order. On February 11, 2015, the Stay Period (as defined in paragraph 17 of the Initial Order) was extended to May 15, 2015. On May 11, 2015, the Stay Period was extended to August 14, 2015.

7. Further details regarding the background to this proceeding are set out in my Affidavits sworn January 14, 2015 (in respect of the application for the Initial Order) and January 29, 2015 and May 4, 2015 (in respect of past motions to extend the Stay Period).

The Inventory Liquidation Process

8. The Agent and the Target Canada Entities, in consultation with the Monitor, have concluded the Inventory Liquidation Process that was approved by the Court on February 4, 2015. TCC, through its arrangements with the Agent, has liquidated the merchandise and most of the furniture, fixtures and equipment (“**FF&E**”) from the warehouses, distribution centres and the 133 stores that were open at the commencement of these proceedings. The Agent managed to complete the Inventory Liquidation Process in TCC’s stores several weeks earlier than initially

anticipated,¹ which reduced the costs of the process and expedited the orderly wind down of TCC's operations in the stores.

9. The process resulted in net proceeds to the Target Canada Entities of approximately CAD \$386 million (which exceeded the proceeds guaranteed under the Agency Agreement that was approved by the Court on February 4, 2015). As set out in the Eighteenth Report of the Monitor, all amounts owing under the Agency Agreement have been paid to the Agent.

10. In addition, the Target Canada Entities entered into transactions to sell certain assets that were excluded from the Inventory Liquidation Process, including certain furniture, fixtures and equipment in the Calgary distribution centre and certain Target-branded items. Those transactions were approved by the Court in Orders issued on June 29, 2015 and March 30, 2015, respectively.

11. There are a small number of remaining assets that the Target Canada Entities, in consultation with the Monitor, are working to dispose of, which may be implemented through individual transactions or possibly as part of a plan of arrangement.

The Real Property Portfolio Sales Process

12. The Target Canada Entities and the Monitor, in consultation with Lazard Freres & Co. LLC and Northwest Atlantic (Canada) Inc., have also concluded the Real Property Portfolio Sales Process that was approved by the Court on February 11, 2015.

¹ The 133 stores were closed on a staggered basis beginning on March 18, 2015. The last stores closed to the public on April 12, 2015.

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13. The Real Property Portfolio Sales Process has been described extensively in affidavits that the Target Canada Entities have filed with the Court, including in affidavits in support of motions identified in the chart below. Since the last extension of the Stay Period on May 11, 2015, the Target Canada Entities have negotiated a variety of agreements in respect of the real property portfolio and brought the following motions:

Subject	Order Issued
Motion for approval of Lease Surrender Agreement with Cadillac Fairview	May 19, 2015
Motion for approval of Lease Transfer Agreement with Canadian Tire	May 19, 2015
Motion for approval of Agreement of Purchase and Sale for Polo Park	May 19, 2015
Motion for approval of Agreement of Purchase and Sale for the Calgary Distribution Centre	May 20, 2015
Motion for approval of Agreement of Purchase and Sale for the Milton Distribution Centre	May 20, 2015
Motion for approval of Agreement of Purchase and Sale for the Cornwall Distribution Centre	May 20, 2015
Motion for approval of Agreement of Purchase and Sale for Park Place	May 20, 2015
Motion for approval of Lease Transfer Agreement with Lowe's	May 20, 2015
Motion for approval of Lease Surrender Agreement with Vanprop	May 20, 2015
Motion for approval of Lease Surrender Agreement with Cominar	May 20, 2015
Motion for approval of Lease Surrender Agreement with Morguard	May 20, 2015
Motion for approval of Lease Surrender Agreement with Berezan	May 20, 2015
Motion for approval of Agreement of Purchase and Sale of Candiac	May 21, 2015

Subject	Order Issued
Motion for approval of Lease Transfer Agreement with Wal-Mart	May 21, 2015
Motion for approval of Back-up Bid for the Milton Distribution Centre	June 4, 2015
Motion for approval of Back-up Bid for the Cornwall Distribution Centre	June 4, 2015
Motion for approval of Lease Transfer Agreement with Rona Inc.	June 4, 2015
Motion to Extend the Outside Date in respect of certain leases relating to the Lease Transfer Agreement with Lowe's	June 24, 2015
Motion to Extend the Outside Date in respect of the Bayshore Shopping Centre Lease	June 29, 2015
Motion for approval of the Asset Purchase Agreement in respect of certain FF&E at the Calgary Distribution Centre	June 29, 2015
Motion to Extend the Outside Date in respect of the Erin Mills Town Centre and Thames-Lea-Plaza Leases	June 30, 2015
Motion for approval of Assignment and Assumption of Lease with Landlord Consent for the Erin Mills Town Centre Lease	July 17, 2015

14. In summary, the Target Canada Entities have sold, disclaimed or otherwise disposed of 137 store leases, 3 owned stores, 3 owned distribution centres, and 19 office and/or warehouse facilities. The Target Canada Entities completed transactions in respect of 62 store leases and all of the owned stores and distribution centres.² The Target Canada Entities disclaimed the leases for 75 stores and the office and warehouse facilities.

15. The Real Property Portfolio Sales Process resulted in net proceeds to the Target Canada Entities of approximately CAD \$548 million.

² In addition, the Target Canada Entities negotiated and entered into lease transaction agreements in respect of two leases (Cottonwood Mall and Burlington Mall) that did not close. Those leases were ultimately disclaimed.

- 7 -

16. In addition, the Target Canada Entities obtained significant benefits for creditors of the Target Canada Entities in the form of releases, including, for some leases, releases eliminating pre-filing claims into the estate and potential subrogated claims from Target Corporation and other predecessors to TCC.

The Claims Process

17. The Claims Process was approved in an Order of the Court dated June 11, 2015 (the “**Claims Procedure Order**”), a copy of which is attached (without schedules) as Exhibit “A”. Unless stated otherwise, capitalized terms in this section have the meaning given to them in the Claims Procedure Order.

18. The Claims Process establishes a Claims Bar Date of August 31, 2015 for Pre-Filing Claims.³ I understand from the Monitor that approximately 550 claims have already been submitted. As set out in paragraph 29 of the Claims Procedure Order, the Monitor is reviewing the proofs of claim received to date in consultation with the Target Canada Entities.

19. The Monitor and the Target Canada Entities have established a general process with respect to Pre-Filing Claims. First, the Monitor receives the claims and conducts an initial review. The Monitor then sends the claims to the relevant team(s) at the Target Canada Entities – for example, claims from vendors are sent to the accounts payable team, employee-related claims are sent to the human resources team, etc. The applicable Target Canada Entities’ team then reviews the Target Canada Entities’ records to determine whether the amount of each claim

³ Restructuring Period Claims have a Restructuring Period Claims Bar Date of the later of: (i) 45 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (ii) the Claims Bar Date.

matches the amount in the Target Canada Entities' records. If there is a difference, the Target Canada Entities attempt to reconcile the difference with the claimant. The Target Canada Entities will provide their reconciliation information to the Monitor, and the Monitor will then independently review and assess the claim (which may include requests for further information or further attempts at reconciliation) and accept, revise or disallow the claim.

20. Paragraph 31 of the Claims Procedure Order provides that, if the Monitor intends to revise or reject a Claim, the Monitor shall notify the Claimant by sending a Notice of Revision or Disallowance by no later than November 15, 2015 (unless otherwise ordered by the Court). As set out in paragraph 32 of the Claims Procedure Order, the Monitor will consult with the Target Canada Entities with respect to the settlement of disputes raised in Notices of Dispute of Revision or Disallowance.

21. As required by the Claims Procedure Order, the Target Canada Entities worked extensively to prepare and file applicable Intercompany Claims by the Intercompany Claims Bar Date of July 31, 2015. In addition, the Target Canada Entities continue to compile and provide additional information when requested by the Monitor in respect of such Intercompany Claims.

22. The Claims Procedure Order provides a process for the review and adjudication of Intercompany Claims, including the following steps:

- (a) Paragraph 35 of the Claims Procedure Order provides that the Monitor will prepare the "Monitor's Intercompany Claims Report" to be served on the Service List on August 31, 2015 detailing the Monitor's review of the Intercompany Claims and assessing in detail the validity and quantum of those claims (subject to

further review and adjustments that may be pursued by the Monitor in accordance with section 36.1 of the CCAA), including full particulars of the debt comprising the Intercompany Claims.

- (b) Paragraph 37 of the Claims Procedure Order provides that, after the service of the Monitor's Intercompany Claims Report, any Claimant may file objections in respect of the Intercompany Claims, which may include any argument asserted for subordination of outstanding debts of any of the Target Canada Entities, by filing a Notice of Objection with the Monitor by the Notice of Objection Bar Date of September 30, 2015.
- (c) Paragraph 38 of the Claims Procedure Order provides that, promptly following the Notice of Objection Bar Date, the Monitor will schedule a motion to seek approval of a process for the resolution of any objections filed in connection with the Intercompany Claims and any other intercreditor disputes or motions.
- (d) Paragraph 36 of the Claims Procedure Order provides that the Monitor will serve on the Service List on or before October 31, 2015 a list of all claims other than Intercompany Claims filed by any of the Target Canada Entities or any of their affiliated companies or other corporate entities.

Contract Disclaimers

23. Since the commencement of these CCAA proceedings, the Target Canada Entities and the Monitor have engaged in an extensive contract disclaimer process and, on a rolling basis, have disclaimed – or made arrangements with counterparties to mutually terminate – contracts as

they were no longer required. For example, as leases were sold, disclaimed or otherwise disposed of during the Real Property Portfolio Sales Process, the Target Canada Entities disclaimed or made other arrangements to terminate contracts relating to security, maintenance, insurance and other services that were previously required for those stores but were no longer necessary following the sale or disposition.

24. As of July 31, 2015, there are approximately 20 agreements remaining that have not yet been disclaimed or otherwise terminated. Most of these remaining contracts relate to cash management, insurance services, tax services, payroll processing services and information technology services – services that may be necessary for the claims process or are otherwise necessary to continue the orderly wind down of the Target Canada Entities' businesses. The Target Canada Entities, in consultation with the Monitor, will continue to assess the ongoing need for these contracts and intend to either disclaim or terminate them when appropriate.

Stay Extension


25. The Target Canada Entities are seeking to extend the Stay Period (as defined in paragraph 17 of the Initial Order) up to and including November 16, 2015. The Target Canada Entities have confirmed, in consultation with the Monitor, that they have sufficient cash resources to meet their post-filing obligations until November 16, 2015. I understand that the Monitor will file an updated cash flow forecast with the Court prior to the hearing of this motion.

26. I believe that the Target Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing the controlled and orderly wind down of their businesses, and have made significant progress in these proceedings by completing the Inventory

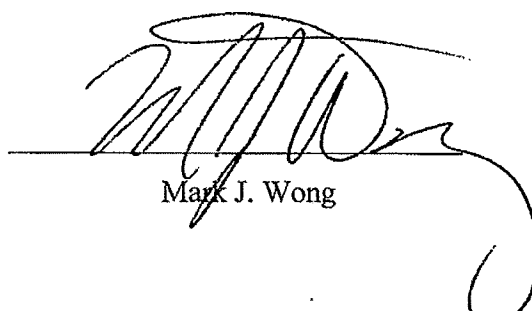
Liquidation Process and the Real Estate Portfolio Sales Process. An extension of the stay of proceedings is necessary to allow the Claims Process to unfold as contemplated by the Claims Procedure Order. While the claims process is ongoing, the Target Canada Entities and their counsel are continuing to consider the nature of, and develop, the plan of arrangement that the Target Canada Entities will bring forward.

27. I am informed by the Monitor that it supports the request to extend the Stay Period to November 16, 2015.

SWORN BEFORE ME at the City of Mississauga, on the 7th day of August, 2015.


Commissioner for taking Affidavits

*Eleanor Anderson Vaughan,
a Commissioner, etc., Province of
Ontario, while a Student-at-Law.
Expires April 14, 2018.*


Mark J. Wong

SCHEDULE A

Partnerships

1. Target Canada Pharmacy Franchising LP
2. Target Canada Mobile LP
3. Target Canada Property LP

TAB 22

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 14 TH
)	
JUSTICE NEWBOULD)	DAY OF AUGUST, 2015
)	



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

(Extending the Stay Period)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the “**CCAA**”) for an order, *inter alia*, extending the Stay Period (as defined in paragraph 17 of the Initial Order of Regional Senior Justice Morawetz dated January 15, 2015, as amended and restated on February 11, 2015 (the “**Initial Order**”)) until and including November 16, 2015, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Mark J. Wong sworn August 7, 2015 and the exhibits thereto, the Nineteenth Report of the Monitor, and on hearing the submissions of respective counsel for the Applicants and the Partnerships listed on Schedule “A” hereto, the Monitor, and such other counsel as were present, and on being advised that the Service List was served with the Motion Record herein:

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.

EXTENSION OF STAY PERIOD

2. THIS COURT ORDERS that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including November 16, 2015.



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



AUG 14 2015

SCHEDULE "A"
PARTNERSHIPS

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

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

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

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Extending the Stay Period)**

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 23

This is Exhibit "F" referred to in the Affidavit of Theresa Warnaar
sworn December 10th, 2015



Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

**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. and Target Canada Entities named below ²

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

Legal Name of Claimant Place Vertu Holdings Inc.
Address
c/o Bennett Jones LLP
3400, One First Canadian Place, P.O. Box 130
City Toronto Prov /State ON
Postal/Zip Code M5X 1A4

Name of Contact S. Richard Orzy
Title Partner
Phone # 416.777.5737
Fax # 416.863.1716
email orzyr@bennettjones.com

2(b) Assignee, if claim has been assigned

Legal Name of Assignee N/A
Address _____

City _____ Prov /State _____
Postal/Zip Code _____

Name of Contact _____
Phone # _____
Fax # _____
email: _____

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, "Target Canada Entities").

² Target Canada Property LLC and any other Target entity that held an interest in the Lease from time to time, including, if applicable, Target Canada Property LP.

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
CDN	See Schedule "A"	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

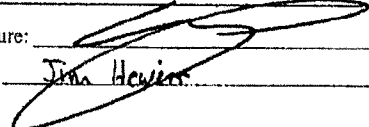
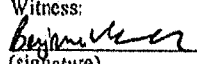
4. Documentation

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: 	Witness: 
Name: <u>Jim Hewitt</u>	(signature)
Title: _____	<u>Benjamin Buford</u>
	(print)
Dated at <u>2pm</u> this <u>31</u> day of <u>Aug</u> , 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"**I. OVERVIEW OF CLAIM**

1. This Proof of Claim is made against Target Canada Co. ("**Target Canada**"), Target Canada Property LLC and any other Target entity that held an interest in the Lease from time to time, including, if applicable, Target Canada Property LP (collectively, the "**Debtor**") by Place Vertu Holdings Inc. (the "**Landlord**") as owner of Place Vertu Shopping Centre (the "**Property**"), a shopping centre located in Borough of City of Montreal (St-Laurent Borough), Province of Quebec. This Proof of Claim is in respect of an offer to lease agreement for the Property. On March 28, 2007, Place Vertu S.E.N.C., predecessor to Landlord, entered into an offer to lease (the "**Original Lease**") for the Leased Premises (as defined below) with HBC Leasehold Property LP and Zellers Inc., which was subsequently assigned to Target Canada on May 27, 2011, as may be amended, restated, modified, supplemented, renewed and extended from time to time, including as amended by a First Amendment to Offer to Lease (the "**Target Amendment**") between the Landlord and Target Canada dated as of May 27, 2011 (collectively, the "**Lease**"). A copy of the Lease is included with this Proof of Claim.

2. Pursuant to a Disclaimer Notice dated April 29, 2015, Target Canada disclaimed its rights under the Lease, such disclaimer being effective on May 29, 2015, 30 days after the day on which notice of the disclaimer was given.

3. A copy of the Lease and the Disclaimer Notice are included with this Proof of Claim.

4. Target Canada is indebted to the Landlord due to, among other things, its cessation of operations, its breach of, and default under, the Lease, and the disclaimer of its rights under the Lease. Pursuant to subsection 32(7) of the CCAA, a party to an agreement who suffers a loss in relation to the disclaimer of an agreement is considered to have a provable claim.

5. The total amount of this Proof of Claim is approximately \$26,422,010.34. This amount, and certain of the amounts detailed below, may change as certain claim amounts cannot yet be determined, or determined with precision, at this time. The Landlord reserves its right to claim any additional amounts that may arise. The total claim amount caused by Target Canada's cessation of operations, breach of the Lease and disclaimer of the Lease includes:

- (a) \$6,366,384.71 of due to the end of the term of the Lease;
- (b) \$1,128,053.83 of expenses for the Property's common area;
- (c) \$3,927,571.70 of realty tax;
- (d) approximately \$15,000,000.00 in respect of costs and expenses associated with re-leasing the Leased Premises (as defined below) including, but not limited to, leasehold improvements, construction costs, leasing and brokerage commissions and advertising and legal fees;
- (e) an amount to be determined in respect of losses, costs and expenses associated with claims made by other tenants of the Property and other persons;

- (f) an amount to be determined for losses or diminishment of future rent streams for the Property;
- (g) to the extent not otherwise addressed by other claims or forms of damages herein, an amount to be determined in respect of the impairment / diminution of the value of the Property; and
- (h) pursuant to subsection 32(7) of the CCAA, an amount to be determined in respect of all interest, costs and expenses incurred by the Landlord in respect of Target Canada's disclaimer of its rights under the Lease, including without limitation, all legal, audit and accounting fees and expenses.

6. The basis for this Proof of Claim is described in further detail below and is supported by the terms of the Lease, which are attached to this Proof of Claim, and section 32 of the CCAA.

II. BASIS FOR CLAIM

7. Target Canada assigned, transferred and/or sublet the Lease to other Target entities including Target Canada Property LLC and/or Target Canada Property LP (the "**Target Entities**") and such Target Entities further assigned, transferred and/or sublet the Lease to one or more Target Entities which Target Entities transferred, assigned and/or subleased the Lease back to Target Canada. As such, each of the Target Entities is liable to the Landlord for the damages set out herein.

8. Prior to disclaiming its rights under the Lease, Target Canada rented 121,103 square feet of commercial leasable area within the Property (the "**Leased Premises**").

9. Prior to disclaiming its rights under the Lease, Target Canada served as what is referred to in the commercial real estate industry as an "anchor" tenant. Such an anchor tenant plays a critical role in the financial viability of the Property for both the Landlord and the other tenants of the Property alike as it provides the single largest draw of customers to the Property. Lease rates for other tenants are heavily dependent upon the identity and operation of the anchor tenant of the Property occupying the Leased Premises. Furthermore, retention of other tenants upon expiry of their leases is also significantly impacted by Target Canada's absence from the Leased Premises. Target Canada was aware of its role as an anchor tenant and its impact on the Property and other tenants at the Property and used its position as an anchor tenant to obtain favourable Lease terms.

10. Pursuant to the process established by the Real Property Portfolio Sales Process (the "**RPPSP**") in this proceeding, Target Canada marketed its rights under leases to properties across Canada. While Target Canada was successful in finding purchasers / assignees for certain of the leases, it could not find a purchaser for the Lease, which was disclaimed by Target Canada effective as of May 29, 2015.

11. As a result of Target Canada's demise, breach of the Lease and the disclaimer of the Lease, the Landlord has suffered and will continue to suffer significant losses. In addition to the losses suffered due to the breach of the Lease, subsection 32(7) of the CCAA provides for the

recovery of losses in relation to the disclaimer of the Lease. The losses as set out in the Overview of Claim are described in further detail below.

A. Rent to the End of the Term of the Lease

12. The Debtor is responsible for all unpaid rent owing under the Lease during the full remainder of the term of the Lease which expires on November 30, 2022. Pursuant to the terms of the Lease, \$6,366,384.71 of base rent is due or to become due. A chart setting out the rent owing per year is attached.

B. Common area expenses

13. Pursuant to the terms of the Lease, \$1,128,053.83 of expenses for the Property's common area is due or to become due as a result of Target Canada's disclaimer of its rights under the Lease. This number assumes that common area expenses increase 3% annually. A chart setting out the common area expenses per year is attached.

C. Realty tax

14. Pursuant to the terms of the Lease, 3,927,571.70 of realty tax is due or to become due as a result of Target Canada's disclaimer of its rights under the Lease. This number assumes that realty tax will increase 3% annually. A chart setting out the realty tax owing per year is attached.

D. Costs and expenses incurred in re-leasing the Leased Premises

15. Due to Target Canada's disclaimer of its rights under the Lease, the Landlord has incurred and continues to incur significant costs and expenses re-leasing the Leased Premises. Such costs and expenses include, without limitation, construction costs, leasing and brokerage commissions and advertising and legal fees.

16. Target Canada's failure to find an assignee of the Lease through the RPPSP demonstrates that there is no tenant willing to take over the Leased Premises in the current circumstances.

17. Accordingly, any re-leasing of the Leased Premises will almost surely require leasing the space to multiple tenants, which will be a costly and lengthy process that will require, among other things, obtaining requisite municipal zoning approvals, reconstructing the facades and loading facilities, building demising walls and modifying the HVAC and other systems.

18. Dividing up the Leased Premises among multiple tenants will also prevent the Landlord from using the full square footage of the Leased Premises, as significant space will be required to be set aside as additional common space or stub space to provide access to multiple retail outlets. This will lead to a further loss in future rent streams as well as a loss of an anchor tenant, both of which, as is discussed below, will also further reduce the value of the Property.

19. In total, the Landlord currently anticipates that it will incur approximately \$15,000,000.00 million in re-leasing expenses. The full extent of such expenses is not yet known.

E. Losses, costs and expenses associated with claims made by other tenants of the Property and other persons

20. If and when the stay of proceedings expires, certain tenants of the Property may assert claims for rent abatement or lease termination resulting from Target Canada's demise and disclaiming of its rights under the Lease. The full extent of such Landlord losses is not yet known. These losses will be incurred as a direct result of Target Canada's disclaimer of its rights under the Lease.

F. Loss of future rent

21. The identity of any new anchor tenant or tenants in the Leased Premises will be a critical factor in future negotiations with the other tenants (including prospective tenants) of the Property. The Debtor is liable for any loss or diminishment of future rent streams caused by the disclaimer of Target Canada rights under the Lease.

G. Impairment / diminution of value of Property

22. The value of the Property has been impaired and reduced as a result of the fact that Target Canada is no longer the tenant of the Leased Premises. To the extent not otherwise addressed by other claims or forms of damages herein, Target Canada is liable for the diminution of value of the Property in relation to the disclaimer of its rights under the Lease.

H. Additional interest, costs and expenses

23. Due to Target Canada's disclaimer of its rights under the Lease, the Landlord has suffered and will continue to incur and suffer additional interest, costs and expenses in an amount to be determined including legal, audit and accounting fees and expenses. The full extent of such losses is not yet known.

I. Mitigation

24. To the extent there is any allegation that the Landlord has failed to mitigate its losses, the Landlord denies that it has any positive obligation to mitigate. In any event, the burden of establishing an obligation to mitigate and any alleged failure to mitigate rests on Target Canada.

25. Moreover, pursuant to the stay of proceedings under the CCAA and the imposition of the RPPSP, the Landlord was legally prohibited from undertaking any substantive mitigation efforts.

26. The RPPSP represented a Court-approved process that involved a concerted and expert marketing effort with respect to Target Canada's leases (including the Lease). Given the extensive nature of the RPPSP, no further marketing process was or is necessary by the Landlord under any principles of mitigation. Indeed, it would be a waste of resources for the Landlord to repeat the marketing process undertaken in the RPPSP, or a similar one, simply to again establish that it is impossible in the current commercial real estate market to find a tenant capable of satisfying the terms of the Lease.

27. To the extent that an obligation on the Landlord to mitigate its losses might be asserted, any such obligation is inappropriate in the present circumstances given the RPPSP and the use by Target Canada of the CCAA.

III. RESERVATION OF CLAIMS AND RIGHTS

28. As many of the losses and damages suffered by the Landlord at the expense of Target Canada cannot yet be determined, the Landlord reserves its right to assert further heads of claim or damages, or amounts thereof, as they become known or more precisely capable of determination. The Landlord reserves the right to amend and/or supplement this Proof of Claim with, among other things, additional information, and to file additional claims for any reason whatsoever.

29. The filing of this Proof of Claim is not and shall not be construed as a waiver or limitation of any right, interest or cause of action held by the Landlord in these proceedings or in any other proceeding.

IV. FURTHER INFORMATION

30. Any inquiries with respect to the information contained in this Proof of Claim may be directed to:

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

Telephone: 416.777.5737
Email: orzyr@bennettjones.com

Place Verso Target Share

Property	Responsible (SF)	Current Business Equity Date	Current Term Equity Date	Years Remaining	Base (SF)	Additional Part (SF)	Gross Rent (SF)	Ready Tax Is Related (SF)	Total Occupancy Costs	Costs Amount
Place Verso	121,103	5/25/2017	1/5/2022	7.51	\$7.00	\$1.11	\$8.11	\$471,880.53	\$1,429,686.32	
			5/25/2015							
			1/5/2015		\$7.00	\$1.11	\$8.11	\$471,880.53	\$942,280.15	
			1/5/2016		\$7.00	\$1.14	\$8.14	\$474,830.36	\$1,420,594.38	
			1/5/2017		\$7.00	\$1.16	\$8.16	\$477,780.19	\$1,417,700.20	
			1/5/2018		\$7.00	\$1.21	\$8.21	\$482,855.54	\$1,421,081.07	
			1/5/2019		\$7.00	\$1.25	\$8.25	\$487,115.28	\$1,425,944.27	
			1/5/2020		\$7.00	\$1.29	\$8.29	\$492,363.23	\$1,431,587.08	
			1/5/2021		\$7.00	\$1.32	\$8.32	\$497,599.65	\$1,437,677.28	
			1/5/2022		\$7.00	\$1.36	\$8.36	\$502,827.134	\$1,443,942.79	

\$11,522,000.23

Part	Cost	Tax	Total
422,827.71	53,458.04	547,188.53	623,488.18
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38
847,721.00	104,282.43	1,046,003.55	1,443,993.38

\$1,128,000.00

\$927,571.30

\$11,522,000.23

TAB 24

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 30TH
)
REGIONAL SENIOR JUSTICE) DAY OF OCTOBER, 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 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

(Extending the Stay Period)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA") for an order, *inter alia*, extending the Stay Period (as defined in paragraph 17 of the Initial Order of Regional Senior Justice Morawetz dated January 15, 2015, as amended and restated on February 11, 2015 (the "**Initial Order**")) until and including February 5, 2016, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Mark J. Wong sworn October 26, 2015 and the exhibits thereto, the Twenty-First Report of the Monitor, and on hearing the submissions of respective counsel for the Applicants and the Partnerships listed on Schedule "A" hereto, the Monitor, and such other counsel as were present, and on being advised that the Service List was served with the Motion Record herein:

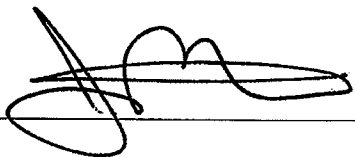
SERVICE

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.

EXTENSION OF STAY PERIOD

2. THIS COURT ORDERS that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including December 11, 2015.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
NOV 02 2015



Giuseppe Dipietro
Registrar

SCHEDULE "A"
PARTNERSHIPS

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Extending the Stay Period)

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 25

THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF MARK J. WONG
SWORN NOVEMBER 27, 2015



Commissioner for Taking Affidavits

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RIOCAN

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RioCan Real Estate Investment Trust Announces Settlement With Target Corporation

11/23/2015

TORONTO, ONTARIO--(Marketwired - Nov. 23, 2015) - RioCan Real Estate Investment Trust ("RioCan") (TSX:REI.UN) is pleased to announce that, on its behalf and on behalf of its co-owners, it has entered into a binding agreement ("Settlement Agreement") with Target Corp., the US parent of Target Canada Co. ("Target Canada"), concluding terms of settlement relating to the eighteen leases that were disclaimed pursuant to the Companies' Creditors Arrangement Act ("CCAA").

Target Corp. had entered into indemnity agreements (the "Indemnities") with certain RioCan entities (including co-owned entities) and whereby Target Corp. indemnified those entities for, among other matters, the obligations of Target Canada Co. pursuant to the various leases.

In consideration of a net payment of \$132 million to RioCan, of which approximately \$92 million belongs to RioCan with the remainder to be distributed to its various co-owners, the relevant RioCan entities and their partners have agreed to release Target Corp. from the Indemnities relating to the Subject Leases. The relevant RioCan entities have also directed that any distributions from Target Canada to be made to such entities, insofar as they relate to the Subject Leases, will be paid to Target Corp.

RioCan has received payment in full of the settlement amount.

The proceeds of the settlement will be utilized by RioCan and its co-owners to mitigate losses caused by Target Canada's departure and disclaimer of the Subject Leases.

Leasing Update:

At the time of Target Canada's announcement that it would close all of its Canadian stores, RioCan had 26 locations that were under lease to Target Canada. Through the CCAA, leases at seven locations were assigned to other tenants (six locations to Lowe's and one to Canadian Tire). RioCan's leasing team continues to work diligently negotiating with potential tenants to backfill the premises at the remaining nineteen properties with the objective to utilize the space optimally so as to improve the overall shopping centre and increase revenues in the most efficient, expedient, and effective manner possible.

To date, RioCan has made great progress, and there is strong momentum behind the Trust's leasing efforts. It is anticipated that the backfilled units will begin to come on line in mid-2016, and that most of the work that has currently been identified will be completed by the end of 2017.

Once complete, the centres will benefit from increased cashflow, in part due to higher rental revenue, and from higher recoveries as the new leases are more market based, providing for a full pro-rata share of operating cost recoveries, utilities, and realty taxes, which were capped under the former Target Canada leases. Traffic to the centres is expected to be higher, which should result in greater sales, and stronger tenants. Furthermore, the new cashflow stream will be more diverse, have longer remaining terms, and will have a stronger growth profile than the previous Target Canada leases, which were assumed from Zellers and had little, if any, rent growth through the remaining lease terms and renewal options. As a result, management is very confident that overall RioCan will end up with a stronger portfolio that will generate a more secure, diverse, and faster growing cashflow stream.

To date, RioCan has completed 14 leases totalling approximately 448,000 square feet ("sf.") at 100% (344,000 sf. at RioCan's interest). These 14 leases will, at RioCan's interest, generate \$5.2 million of base rental revenue per year.

RioCan has two conditional offers to lease space totalling 50,000 sf. at RioCan's interest and at 100%. These conditional leases are expected to generate \$0.6 million at RioCan's interest of base rental revenue per year.

In addition, RioCan is in advanced stages of negotiation for another 16 leases totalling approximately 670,000 sf. at 100% (538,000 sf. at RioCan's interest) that are expected to be finalized by the end of the first quarter of 2016. These 16 leases are expected to generate \$4.5 million at RioCan's interest of base rental revenue per year.

Collectively, these 32 leases represent approximately \$10.3 million at RioCan's interest, or 94% of the total rental revenue lost through Target's departure. The expected cost to complete the redevelopment work related to the 32 leases is currently estimated to be approximately \$110 million (approximately \$75 million at RioCan's interest). The overall redevelopment costs will evolve as additional tenants are secured, development plans are completed and construction costs finalized.

There is 568,600 sf. at 100% (406,000 sf. at RioCan's interest) that is currently being marketed, but is not presently the subject of active lease negotiations where redevelopment plans are being prepared.

The area that will be converted for landlord purposes including common area, loading docks and other uses represents 186,000 sf. at 100% (156,000 sf. at RioCan's interest). The remaining 195,500 sf. at 100% and RioCan's interest represents space for potential redevelopment, where plans have not yet been finalized.

The lease agreements are in various stages of negotiations and there can be no assurance as to how many of the leases agreement will be completed or their timelines.

Leasing Summary

	Deal Count	Square Feet at 100%	Square Feet at RioCan's Interest	Annual Base Rental Revenue at RioCan's Interest (millions)
Original Target Leases				
Former Target Canada Space	19	2,091,480	1,662,977	\$ 10.9
Backfill Progress				
Committed Space	14	448,130	343,669	\$ 5.2
Conditional Agreements	2	49,906	49,906	\$ 0.6
Advanced Discussions	16	669,544	538,321	\$ 4.5
Total Leased or in discussions	32	1,167,580	931,896	\$ 10.3
Space Currently Marketed		568,625	406,121	TBD
Total NLA upon completion of redevelopment		1,736,205	1,338,017	
GLA converted for landlord uses (common area, loading docks, etc.)		186,155	155,841	n/a
Space for demolition/potential redevelopment		195,433	195,433	TBD
Total*		2,117,793	1,689,291	

* Expansion space at RioCan Niagara Falls results in an additional 26,313sf. of net leasable area at this property.

Property Level Highlights:

RioCan's progress backfilling the spaces previously occupied by Target Canada varies from property to property. The following summaries highlight the progress that has

been made to date in 13 of RioCan's shopping centres. Where not otherwise stated, all tenant spaces described below are at 100% interest.

Single Tenant Solutions:

At RioCan's Stockyards property in Toronto, Ontario, RioCan has entered into a lease agreement with Nations Fresh Foods to occupy the entire 153,450 sf. (76,725 sf. at RioCan's interest) that was previously occupied by Target Canada generating roughly the same base rental revenue that was generated by Target Canada. Nations Fresh Foods is part of an Ontario based full service grocery chain focused on providing a multi-ethnic fresh food shopping experience through its Oceans Fresh Food Market and Nations Fresh Foods banners.

Currently, RioCan is in advanced stages of lease negotiations involving various single tenant solutions totalling 455,663 sf. at 100% (397,880 sf. at RioCan's interest), which we expect will be completed over the next several months at Millcroft Shopping Centre, Orillia Square Mall, RioCan Niagara Falls, and RioCan Scarborough Centre.

Burlington Mall (RioCan ownership - 50%)

At RioCan's Burlington Mall property in Burlington, Ontario, Target Canada previously occupied approximately 121,500 sf. paying \$4.17/sf. in base rent (approximately \$0.5 million at 100%, \$0.3 million at RioCan's interest). The former Target box will be reconfigured to accommodate four large format tenants of approximately 22,000 sf. each, and additional small shop space aggregating approximately 10,000 sf. RioCan currently has a commitment from Denninger's Fresh Foods of the World, a specialty food retailer (23,000 sf.), and negotiations are substantially complete with three national tenants for the remaining large format premises. As a result of the redevelopment, approximately 23,000 sf. of the former Target Canada premises will be converted to a new interior corridor, including a new mall entrance, landlord storage or will be demolished.

The Trust expects to file for site plan approvals in late 2015 and commence construction on the redevelopment in 2016 with tenants taking possession of the space in 2017. Upon completion, the redeveloped space is expected to generate base rental revenue of \$20.72/sf. on the reconfigured space generating approximately \$2.0 million annually at 100% (\$1.0 million at RioCan's interest).

Charlottetown Mall (RioCan ownership - 50%)

At RioCan's Charlottetown Mall in Charlottetown, Prince Edward Island, Target Canada previously occupied approximately 107,800 sf. paying \$4.20/sf. in base rent (approximately \$0.5 million at 100%, \$0.2 million at RioCan's interest). The former Target box will be reconfigured to accommodate four large format tenants ranging in size from approximately 20,000 sf. to 30,000 sf. each, as well as two small shop tenants

totalling approximately 5,000 sf. each. Negotiations with three national tenants are at an advanced stage.

Approximately 7,000 sf. of the former Target Canada premises will be converted to landlord storage or demolished. Construction is expected to begin in the fourth quarter of 2015, with tenants taking possession and opening in the second half of 2016. Upon completion, the redeveloped space is expected to generate base rental revenue of \$12.46/sf. generating approximately \$1.3 million annually at 100% (\$0.6 million at RioCan's interest).

Lawrence Square (RioCan ownership - 100%)

At its Lawrence Square property in Toronto, Ontario, RioCan has successfully backfilled most of the 89,430 sf. that was leased to Target Canada. Target Canada was paying \$7.50/sf. (approximately \$0.7 million). The space will be reconfigured to accommodate four large format tenants ranging in size from 12,000 sf. to 28,000 sf. RioCan has successfully leased 63,000 sf. to HomeSense (23,000 sf.), Marshalls (28,000 sf.), and PetSmart (12,000 sf.). Work began at the site in the third quarter of 2015 and RioCan expects to complete the redevelopment and expects the new tenants will take possession of the spaces in the first half of 2016. The remaining unit of approximately 15,000 sf. is being marketed. Upon completion, approximately 12,000 sf. will be used for common area uses.

Upon completion, the redeveloped space is expected to generate base rental revenue of \$19.56/sf. generating approximately \$1.5 million annually.

Trinity Common Brampton (RioCan ownership - 100%)

At Trinity Common Brampton, in Brampton, Ontario, Target Canada previously occupied 118,200 sf. paying \$7.50/sf. in base rent (approximately \$0.9 million). The former Target box will be reconfigured to accommodate three new large format tenants. RioCan currently has commitments from DSW (20,000 sf.) and Michaels (23,000 sf.) and negotiations are substantially complete with one national tenant for the remaining unit (25,000 sf.).

RioCan expects to file for site plan approvals in the fourth quarter of 2015, and commence construction in mid-2016, with tenants taking possession in early 2017. As a result of the redevelopment, approximately 50,000 sf. will be removed or reconfigured to create the new tenant facades and loading areas. Upon completion, the redeveloped space is expected to generate base rental revenue of \$20.15/sf. generating approximately \$1.4 million annually.

Shoppers World Brampton (RioCan ownership - 100%)

At Shoppers World Brampton, in Brampton, Ontario, Target Canada previously occupied 121,490 sf. paying \$4.18/sf. in base rent (approximately \$0.5 million). The former Target

box (121,490 sf.) will be reconfigured to accommodate four large format tenants ranging in size from 15,000 sf. to 38,000 sf. and additional small shop space aggregating approximately 6,000 sf. RioCan currently has a commitment from GoodLife Fitness (38,000 sf.) and negotiations are in various stages with three national tenants for the balance of the large format premises.

Construction is anticipated to start in mid-2016 with tenants taking possession a year later. As a result of the redevelopment, approximately 13,000 sf. of the former Target Canada premises will be converted to common area. Upon completion, the redeveloped space is expected to generate base rental revenue of \$9.77/sf. or approximately \$1.1 annually.

RioCan Durham Centre (RioCan ownership - 100%)

At RioCan's Durham Centre in the Greater Toronto Area market of Ajax, Ontario, Target Canada previously occupied 121,280 sf. paying \$8.11/sf. of base rent (approximately \$1.0 million). The former Target box (121,280 sf.) will be reconfigured to accommodate three new large format tenants ranging in size from 20,000 sf. to 23,000 sf. and additional small shop space aggregating approximately 5,000 sf. RioCan currently has commitments from Michaels (23,000 sf.) and DSW (20,000 sf.) with negotiations in the final stages for another 23,000 sf. with a national retailer.

Construction is expected to commence in the second quarter of 2016, with tenants taking possession in the early 2017. As a result of the redevelopment, approximately 50,000 sf. of the former Target Canada premises will be demolished. Upon completion the redeveloped space is expected to generate base rental revenue of \$18.68/sf. generating approximately \$1.3 million annually.

Gates of Fergus (RioCan ownership - 50%)

At RioCan's Gates of Fergus shopping centre in Fergus, Ontario, Target Canada previously occupied 95,978 sf. paying \$7.00/sf. of base rent (\$0.7 million at 100%, \$0.4 million at RioCan's interest). The former Target box will be reconfigured to accommodate three large format tenants ranging from approximately 9,000 sf. to 24,000 sf. per unit. RioCan currently has commitments from Dollarama (12,700 sf.) and Giant Tiger (20,000 sf.) and negotiations are at an advanced stage for the remaining unit.

Construction has commenced on demising the space and we anticipate tenants will take possession in the second quarter of 2016. As a result of the redevelopment, approximately 30,000 sf. of the former Target Canada premises will be converted to landlord storage or demolished. Upon completion, the redeveloped space is expected to generate base rental revenue of \$10.92/sf. generating approximately \$0.7 million annually (\$0.4 million at RioCan's interest).

South Hamilton Square (RioCan ownership - 100%)

At RioCan's South Hamilton Square, in Hamilton, Ontario, Target Canada previously occupied 93,125 sf. paying \$7.51/sf. of base rent (approximately \$0.7 million). The former Target box will be reconfigured to accommodate three large format tenants ranging in size from 15,000 sf. to approximately 40,000 sf. RioCan currently has commitments from Fabricland (15,500 sf.) and Hamilton Trampoline Club (36,500 sf.).

Construction is anticipated to start in the second quarter of 2016 with tenants taking possession in late 2016. Upon completion the redeveloped space is expected to generate base rental revenue of \$12.46/sf. generating approximately \$1.2 million annually.

About RioCan

RioCan is Canada's largest real estate investment trust with a total enterprise value of approximately \$15.1 billion as at September 30, 2015. It owns and manages Canada's largest portfolio of shopping centres with ownership interests in a portfolio of 354 retail properties containing approximately 78 million square feet, including 49 retail properties containing 13 million square feet in the United States as at September 30, 2015. RioCan's portfolio also includes 16 properties under development in Canada. For further information, please refer to RioCan's website at www.riocan.com.

Forward-Looking Information

This news release contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in this News Release (including the sections entitled: "Leasing Update" and "Property Level Highlights") regarding the settlement reached with Target Corporation and the Trust's ability to lease space previously vacated by Target Canada together with other statements concerning RioCan's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All forward-looking statements in this News Release are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on RioCan's current estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risks and Uncertainties" in RioCan's Management's Discussion and Analysis for the period ended September 30, 2015, which could cause actual events or results to differ materially from the forward-looking statements contained in this News Release. Those risks and

uncertainties include, but are not limited to, those related to: liquidity and general market conditions; tenant concentrations and related risk of bankruptcy or restructuring (and the terms of any bankruptcy or restructuring proceeding), occupancy levels and defaults, including the failure to fulfill contractual obligations by the tenant or a related party thereof; lease renewals and rental increases; the ability to re-lease and find new tenants for vacant space; retailer competition; access to debt and equity capital; interest rate and financing risk; joint ventures and partnerships; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions and dispositions; development risk associated with construction commitments, project costs and related approvals; environmental matters; litigation; reliance on key personnel; management information systems; unitholder liability; income and indirect taxes; U.S. investments, property management and foreign currency risk; and credit ratings.

RioCan currently qualifies as a real estate investment trust for tax purposes and intends to continue to qualify for future years. The Income Tax Act (Canada) contains provisions which potentially impose tax on publicly traded trusts which qualify as specified investment flow-through entities (the SIFT Provisions). However, the SIFT Provisions do not impose tax on a publicly traded trust which qualifies as a real estate investment trust (REIT). Should RioCan no longer qualify as a REIT under the SIFT Provisions, certain statements contained in RioCan's MD&A may need to be modified. RioCan is still subject to Canadian tax in their incorporated Canadian subsidiaries.

The Trust's U.S. subsidiary qualifies as a REIT for U.S. income tax purposes. The subsidiary expects to distribute all of its U.S. taxable income (if any) to Canada and is entitled to deduct such distributions for U.S. income tax purposes. The subsidiary's qualification as a REIT depends on the REIT's satisfaction of certain asset, income, organizational, distribution, unitholder ownership and other requirements on a continuing basis. The Trust anticipates that the subsidiary will continue to qualify as a U.S. REIT in the future. The Trust's U.S. subsidiary is subject to a 30% or 35% withholding tax on distributions to Canada.

Other factors, such as general economic conditions, including interest rate and foreign exchange rate fluctuations, may also have an effect on RioCan's results of operations. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification, including residential development in high growth and urban markets; access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable the Trust to refinance debts as they mature; and the availability of investment opportunities for growth in Canada and the U.S..

For a description of additional risks that could cause actual results to materially differ from management's current expectations, see "Risks and Uncertainties" in RioCan's Management's Discussion and Analysis in its 2014 Annual Report, and for the period ended September 30, 2015, and in "Risks and Uncertainties" in RioCan's AIF. Although

the forward-looking information contained in this News Release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this News Release may be considered "financial outlook" for purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this News Release. The forward-looking information contained in this News Release is made as of the date of this News Release, and should not be relied upon as representing RioCan's views as of any date subsequent to the date of this News Release.

Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Contact Information:
 RioCan Real Estate Investment Trust
 Edward Sonshine, O. Ont., Q.C.
 Chief Executive Officer
 (416) 866-3018
 www.riocan.com

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TAB 26

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

APPLICANTS

NOTICE OF MOTION

The Applicants will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on December 8, 2015 at 8:30 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 orally

THE MOTION IS FOR:

1. An Order substantially in the form attached at Tab 3 of the Motion Record, *inter alia*:
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record and dispensing with service on any person other than those served;
 - (b) accepting the filing of a Joint Plan of Compromise and Arrangement in respect of the Target Canada Entities (defined below) dated November 27, 2015 (the "Plan");

- (c) authorizing the Target Canada Entities to establish one class of Affected Creditors (as defined in the Plan) for the purpose of considering and voting on the Plan (the “**Unsecured Creditors’ Class**”);
 - (d) authorizing the Target Canada Entities to call, hold and conduct a meeting of the Affected Creditors (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the Creditors’ Meeting;
 - (e) setting the date for the hearing of the Target Canada Entities’ motion seeking sanction of the Plan should the Plan be approved by the required majority of Affected Creditors at the Creditors’ Meeting; and
 - (f) extending the Stay Period (as defined in paragraph 17 of the Initial Order) until and including January 22, 2016; and
2. Such further and other Relief as this Honourable Court may deems just.

THE GROUNDS FOR THE MOTION ARE:

- (a) The Applicants and Partnerships listed on Schedule “A” to the Initial Order (the “**Target Canada Entities**”) were granted protection from their creditors under the CCAA pursuant to the Initial Order of the Ontario Superior Court of Justice (Commercial List) dated January 15, 2015 (as amended and restated, the “**Initial Order**”);
- (b) Alvarez & Marsal Canada Inc. was appointed in the Initial Order to act as the Monitor in these CCAA proceedings;

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- (c) The Target Canada Entities, with the support of Target Corporation as Plan Sponsor, have developed the Plan to present to Affected Creditors;
- (d) All capitalized terms that are not otherwise defined herein have the meaning given to them in the Plan;
- (e) The Target Canada Entities intend to call the Creditors' Meeting in respect of the Plan;
- (f) The Plan contemplates that a single class of Affected Creditors will consider and vote on the Plan on the basis that their interests are sufficiently similar to give them a commonality of interest;
- (g) The Target Canada Entities propose that the Creditors' Meeting will be held at the Toronto Board of Trade in Toronto, Ontario on January 15, 2016 – exactly one year from the Filing Date;

Background to the Plan

- (h) In February 2015, the Court approved the Inventory Liquidation Process and the Real Property Portfolio Sales Process by which the Target Canada Entities sought to maximize the value of their assets for distribution to their stakeholders;
- (i) By the summer of 2015, with these processes substantially concluded and a claims process underway, the Target Canada Entities moved from the realization phase of these CCAA proceedings to developing a Plan that would distribute the proceeds and complete the orderly wind-down of their Business;

- (j) The Target Canada Entities and their counsel analyzed various economic and legal structures for a potential plan, and discussed the development of a plan with representatives of Target Corporation;
- (k) In an effort to develop a plan that would materially maximize recoveries, the Target Canada Entities negotiated a structure with Target Corporation whereby Target Corporation would cause certain significant Intercompany Claims to be subordinated for the benefit of all Creditors, and will make other significant contributions under the Plan. Target Corporation maintained that it would only consider subordinating these Intercompany Claims and making the other contributions as part of a global settlement of all issues relating to the Target Canada Entities, including a settlement and release of all Landlord Guarantee Claims;
- (l) In developing the Plan, the Target Canada Entities had extensive discussions with the Monitor, and a wide variety of their stakeholders, including members of the Consultative Committee and numerous other stakeholders and creditors not represented on the Consultative Committee;
- (m) The Target Canada Entities have sought to achieve a fair and equitable balance in the Plan between all of the Affected Creditors and other stakeholders;
- (n) If approved, sanctioned and implemented, the Plan will:
 - (i) complete the controlled and orderly wind down of the Target Canada Entities in a timely manner without potentially costly and lengthy litigation and delay;

- 5 -

- (ii) effect a compromise, settlement and payment of all Proven Claims in the near term; and
- (iii) grant releases of the Target Canada Entities and Target Corporation, among others, as described below.

Meeting Order

- (o) In advance of the Creditors' Meeting, it is necessary to establish procedures for the calling and conduct of the Creditors' Meeting;
- (p) As noted above, the Meeting Order provides that, for the purposes of considering and voting on the Plan, the Affected Creditors will constitute a single class, the "Unsecured Creditors' Class";
- (q) The proposed Meeting Order also provides for, among other things:
 - (i) comprehensive notification of the Creditors' Meeting to the Affected Creditors;
 - (ii) procedures for the conduct of the Creditors' Meeting, including that a representative of the Monitor will preside as the Chair of the Creditors' Meeting and, subject to any further Order of this Court, will decide all matters relating to the conduct of the Creditors' Meeting;
 - (iii) the voting procedure at the Creditors' Meeting, including that the Chair will direct a vote on the Resolution to approve the Plan (and any amendments or variations thereto as the Monitor, the Plan Sponsor and the Target Canada Entities may consider appropriate)
 - (iv) the mechanisms for valuing Claims for voting and distribution purposes;
 - (v) the process by which the Monitor will keep a separate record of votes cast by Affected Creditors holding Disputed Claims;
 - (vi) the requirements for approval of the Plan, including that the Plan must receive an affirmative vote by the Required Majority;
 - (vii) the processes and requirements for assigning claims; and

- (viii) the ability of the Target Canada Entities and the Monitor to make amendments to the Plan;

Stay of Proceedings

- (r) The Initial Order granted a stay of proceedings until February 13, 2015;
- (s) The Court subsequently extended the Stay Period on four occasions – most recently, on October 30, 2015, the Court extended the Stay Period to December 11, 2015;
- (t) The Target Canada Entities have been acting and continue to act in good faith and with due diligence in these CCAA proceedings;
- (u) It is just and convenient and in the interests of the Target Canada Entities and their respective stakeholders that the requested Order be granted and the Stay Period extended;
- (v) The relief sought on this motion is supported by the Monitor;
- (w) The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (x) Rule 1.04, 1.05, 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (y) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion

- 7 -

- (a) The Affidavit of Mark J. Wong sworn November 27, 2015 and the exhibits attached thereto;
- (b) The Report of the Monitor, to be filed;
- (c) The Initial Order dated January 15, 2015, as amended and restated on February 11, 2015; and
- (d) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

November 27, 2015

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

TO: **SERVICE 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., *et al.*

Applicants

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

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

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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

Tracy Sandler (LSUC #: 32443N)
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Robert Carson (LSUC #: 57364H)

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

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Matter No. 1159785

TAB 27

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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

APPLICANTS

AFFIDAVIT OF MARK J. WONG
(Sworn November 27, 2015)

**(Motion to Accept Filing of a Plan and
Authorize Creditors' Meeting to Vote on the Plan)**

I, Mark J. Wong, of the City of Mississauga, in the Province of Ontario, General Counsel and Secretary for the Applicant Target Canada Co. ("TCC"), MAKE OATH AND SAY:

1. I am General Counsel and Secretary for TCC. I am a director and/or officer of each of the other Applicants. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have specifically referred to such sources and verily believe them to be true. In preparing this Affidavit, I consulted with members of the senior management team of TCC, legal, financial and other advisors of TCC, and representatives of Alvarez & Marsal Canada Inc. (the "Monitor").

2. I swear this Affidavit in support of the motion brought by the Applicants and the Partnerships listed on Schedule "A" hereto (collectively, the "**Target Canada Entities**") seeking an Order (the "**Meeting Order**"), *inter alia*:

- (a) accepting the filing of a Joint Plan of Compromise and Arrangement in respect of the Target Canada Entities dated November 27, 2015 (the "**Plan**");
- (b) authorizing the Target Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan (the "**Unsecured Creditors' Class**");
- (c) authorizing the Target Canada Entities to call, hold and conduct a meeting of the Affected Creditors (the "**Creditors' Meeting**") to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the Creditors' Meeting;
- (d) setting the date for the hearing of the Target Canada Entities' motion seeking sanction of the Plan should the Plan be approved by the required majority of Affected Creditors at the Creditors' Meeting; and
- (e) extending the Stay Period (as defined in paragraph 17 of the Initial Order, defined below) until and including January 22, 2016.

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Overview of the Plan

3. The Target Canada Entities, with the support of Target Corporation as Plan Sponsor, have developed the Plan to present to the Affected Creditors. A copy of the Plan is attached as Exhibit "A". Capitalized terms not otherwise defined in this Affidavit have the meaning given to them in the Plan. All monetary amounts are in Canadian Dollars, unless otherwise stated.

4. In developing the Plan, the Target Canada Entities had extensive discussions and/or negotiations with Target Corporation, the Monitor, and a wide variety of their stakeholders, including members of the Consultative Committee and numerous other stakeholders and creditors not represented on the Consultative Committee. The Target Canada Entities have sought to achieve a fair and equitable balance in the Plan between all of the Affected Creditors and other stakeholders.

5. The Plan contemplates that a single class of Affected Creditors will consider and vote on the Plan. The Target Canada Entities propose that the Creditors' Meeting will be held at the Toronto Board of Trade in Toronto, Ontario on January 15, 2016 – exactly one year from the Filing Date.

6. If approved, sanctioned and implemented, the Plan will:

- (a) complete the controlled and orderly wind down of certain of the Target Canada Entities in a timely manner without potentially costly and lengthy litigation and delay;

- (b) effect a compromise, settlement and payment of all Proven Claims in the near term; and
- (c) grant releases of the Target Canada Entities and Target Corporation, among others, as described below.

7. The Plan is being put forward by the Target Canada Entities in the expectation that all Persons with an economic interest in the Target Canada Entities will derive a greater benefit from the implementation of the Plan from the estates of the Target Canada Entities than would result from a bankruptcy.

8. Under the Plan:

- (a) Convenience Class Creditors will receive on the Initial Distribution Date the lesser of: (a) 100% of their Proven Claims; and (b) \$25,000.¹
- (b) Landlord Guarantee Creditors will be paid 100% of their Landlord Restructuring Period Claims that are Proven Claims (valued in accordance with the Landlord Formula Amount) on the Initial Distribution Date. This will be accomplished by Target Corporation funding the Landlord Guarantee Creditor Top-Up Amounts.²

¹ Affected Creditors with Proven Claims less than or equal to \$25,000 in the aggregate will be treated as Convenience Class Creditors and will each be sent a cheque for 100% of their Proven Claims on the Initial Distribution Date. Affected Creditors with Proven Claims in excess of \$25,000 may elect to be treated for all purposes as Convenience Class Creditors, and, if they so elect, will each be sent a cheque for \$25,000.

² The Plan makes specific provisions for Landlord Guarantee Creditors who are Non-Residents under the ITA in order to comply with Applicable Law requiring Taxes to be withheld or deducted from certain distributions. Distributions otherwise payable to these persons will be reduced by 25% to account for such Taxes.

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9. Based on the most up-to-date information from the Monitor and subject to the important caveats and limitations below, the Target Canada Entities expect that all Affected Creditors (other than Landlord Guarantee Creditors in respect of their Landlord Restructuring Period Claims and Convenience Class Creditors) will receive approximately 75% to 85% of their Affected Claims that are Proven Claims.

10. I have been informed by the Monitor and believe that the Monitor will serve and file a report regarding the proposed Meeting Order before the Meeting Order hearing, which will include an illustrative estimated range of recovery analysis for Affected Creditors. The recovery analysis will necessarily be preliminary and estimated as there remain numerous Claims that have not yet been finalized for distribution purposes. In addition, certain potential creditors such as the Canada Revenue Agency have filed claims for an unliquidated or unknown amount. As set out in the proposed Meeting Order, on or before January 7, 2016, the Monitor will serve a report regarding the Plan on the Service List.

11. As described below, the Plan provides that all Landlord Restructuring Period Claims will be calculated using the Landlord Formula Amount, which is derived from the formula in section 65.2(4) of the *Bankruptcy and Insolvency Act* (the "BIA Formula") but, based on stakeholder discussions described below, has been enhanced for the benefit of Landlords to provide in effect claims for an additional full year of rent beyond the BIA Formula. If the Meeting Order is granted, it is proposed that the Monitor will deliver to each Landlord with a Landlord Restructuring Period Claim a notice setting out a calculation of such Landlord's Landlord Formula Amount based on the books and records of the Target Canada Entities. The

Meeting Order includes a process to be followed in the event that a Landlord disputes this calculation.

12. As described below, an essential component of the Plan is the involvement of Target Corporation as Plan Sponsor. Target Corporation is by far the largest single creditor of the Target Canada Entities. If the Plan is approved and implemented, Target Corporation will be making significant economic contributions to the Plan and, accordingly, the estate, including:

- (a) In addition to the \$3.1 billion NE1 Intercompany Claim that Target Corporation has already agreed to subordinate in these CCAA proceedings, on the Plan Implementation Date, Target Corporation will cause Property LP to subordinate almost all of the Property LP (Propco) Intercompany Claim, which was filed by Property LP pursuant to the Claims Procedure Order against Propco in an amount of \$1,449,577,927 (and not adjusted by the Monitor in the Intercompany Claims Report);³
- (b) In turn, Propco will concurrently subordinate the Propco Intercompany Claim which was filed pursuant to the Claims Procedure Order against TCC in an amount of \$1,911,494,242 (and proposed to be adjusted downwards by the Monitor in the Intercompany Claims Report to an amount of \$1,356,756,051);
- (c) The Plan Sponsor will agree to transfer any remaining Cash in the Propco Cash Pool to the TCC Cash Pool for the benefit of the Affected Creditors. This transfer

³ A very small portion of the Property LP (Propco) Intercompany Claim will not be subordinated, but only to the extent necessary to permit payments to the Property LP Unaffected Creditors.

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will be effected on or after the Initial Distribution Date in the following manner:

(1) the Plan Sponsor Propco Recovery Limit Reserve will be established, (2) the Propco Unaffected Creditors and Property LP Unaffected Creditors will be paid, (3) then TCC will be paid in respect of its Intercompany Claims against Propco, and (4) any remaining cash in the Propco Cash Pool Account will be transferred to the TCC Cash Pool Account at the direction of the Plan Sponsor;

- (d) To avoid litigation and delay, Target Corporation has agreed that, for the purposes of the Plan, where the Monitor proposed in its Intercompany Claims Report to revise the amounts of Intercompany Claims, the Plan will value the Intercompany Claims for all purposes at the adjusted amounts proposed by the Monitor; and
- (e) Target Corporation will contribute funds necessary to pay the Landlord Guarantee Creditor Top-Up Amounts in order to facilitate the enhanced and accelerated payments to Landlord Guarantee Creditors on the Initial Distribution Date. I am advised by the Monitor that the ultimate net quantum of the Landlord Guarantee Creditor Top-Up Amounts (after projected distributions to the Plan Sponsor on account of Landlord Restructuring Period Claims held by Landlord Guarantee Creditors after the Initial Distribution Date as contemplated by the Plan) is estimated to be between \$19 million and \$33 million. The Plan requires that Target Corporation fund significant additional amounts to facilitate the accelerated payments to Landlord Guarantee Creditors on the Initial Distribution Date.

13. As a result of these contributions, and the other significant contributions that Target Corporation has already made in this proceeding, as described below, the Plan provides that Target Corporation will receive a full and final release of matters relating to the Target Canada Entities, including all Landlord Guarantee Claims. The Target Canada Entities believe that it is appropriate to include the release in favour of Target Corporation of Landlord Guarantee Claims. Target Corporation's contributions under the Plan will result in materially higher and significantly accelerated recoveries for the Affected Creditors.

14. The Target Canada Entities intend to include a letter to Affected Creditors as part of the Meeting Materials (the "**Letter to Creditors**"). It is contemplated that the Letter to Creditors will assist the Affected Creditors in understanding the Plan. A copy of the Letter to Creditors is attached as Exhibit "B".

Background

15. The Target Canada Entities were granted protection from their creditors under the CCAA pursuant to an initial order of the Ontario Superior Court of Justice (Commercial List) dated January 15, 2015 (as amended and restated on February 11, 2015, the "**Initial Order**"). Alvarez & Marsal Canada Inc. was appointed in the Initial Order to act as the Monitor in the CCAA proceedings. A copy of the Initial Order is attached as Exhibit "C".

16. The Initial Order granted a stay of proceedings until February 13, 2015, or such later date as the Court may order. The Stay Period (as defined in paragraph 17 of the Initial Order) was subsequently extended four times – most recently on October 30, 2015 to December 11, 2015.

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17. Further details regarding the background to this proceeding are set out in my Affidavits sworn January 14, 2015 (in respect of the application for the Initial Order) and January 29, 2015, May 4, 2015, August 7, 2015 and October 26, 2015 (in respect of past motions to extend the Stay Period).

Development of the Plan

18. In February 2015, the Court approved two processes – the Inventory Liquidation Process and the Real Property Portfolio Sales Process – by which the Target Canada Entities sought to maximize the value of their assets for distribution to their stakeholders. Transactions implemented pursuant to these processes resulted in net proceeds of approximately \$386 million and \$547.8 million, respectively. In addition, the Target Canada Entities entered into and completed a variety of other smaller transactions to maximize the value of their remaining assets. By July 2015, these processes were substantially concluded and a claims process was underway, including a procedure relating to intercompany claims in respect of which the Monitor served its Intercompany Claims Report on August 31, 2015. The Target Canada Entities moved from the realization phase of these CCAA proceedings to developing a Plan that would distribute the proceeds in a fair, equitable and timely manner and complete the orderly wind-down of their Business.

19. Beginning in June 2015, and continuing over the course of several months, the Target Canada Entities and their counsel analyzed various economic and legal structures for a potential plan, and discussed the development of a plan with representatives of Target Corporation.

20. In an effort to develop a plan that would materially maximize recoveries for third party Creditors, the Target Canada Entities and Target Corporation discussed a structure whereby Target Corporation, Property LP and Propco would cause certain substantial Intercompany Claims to be subordinated for the benefit of all Creditors. Throughout these discussions, Target Corporation maintained that it would only consider subordinating these Intercompany Claims as part of a global settlement of all issues relating to the Target Canada Entities, including a settlement and release of all Landlord Guarantee Claims.

21. During August and September 2015, the Target Canada Entities negotiated a term sheet with Target Corporation that contained proposed indicative terms for a global resolution to the CCAA Proceedings, including Landlord Guarantee Claims.

22. On September 11, 2015, representatives of the Target Canada Entities and Target Corporation presented a draft term sheet to the Monitor. Thereafter, the Target Canada Entities, in negotiations and discussions with Target Corporation and in consultation with and based on feedback from the Monitor, continued to amend and refine the term sheet.

23. On September 22, 2015, representatives of the Target Canada Entities met with representatives of the Consultative Committee of creditors, Target Corporation and the Monitor to discuss the Target Canada Entities' proposed indicative terms for a plan and seek feedback on a potential consensual resolution of various issues raised in the course of the CCAA proceedings. At that meeting, subject to confidentiality restrictions, the Target Canada Entities gave the members of the Consultative Committee a copy of the draft term sheet and the Monitor presented a preliminary recovery analysis based on the Monitor's preliminary analysis of Claims filed pursuant to the Claims Procedure Order at the time. The term sheet indicated that Landlord

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Creditors would receive a claim amount based on the BIA Formula as compensation for real property leases that were disclaimed during the CCAA Proceedings.

24. I am advised by the Monitor and believe that, following the meeting, the Monitor continued discussions with individual members of the Consultative Committee, and with the Consultative Committee as a whole. I am further advised that the Consultative Committee was unable to provide a uniform position on the proposed term sheet, but that members of the Consultative Committee representing Landlords did provide collective comments to the Monitor on November 5, 2015, which were subsequently communicated to counsel for the Target Canada Entities.

25. After the September 22nd meeting, the Target Canada Entities received indirect (through the Monitor) and direct feedback from a cross-section of Landlord representatives that the proposed treatment of the Landlords in the term sheet was not acceptable to them from an economic point of view. As a result of these discussions, the Target Canada Entities and Target Corporation have chosen to enhance the formula applicable to Landlords that was set out in the term sheet – through the implementation of the Landlord Formula Amount discussed below.

26. Over the course of several weeks beginning in late September, the Target Canada Entities converted the term sheet into a draft plan of compromise and arrangement, which ultimately developed into the Plan in its current form.

27. Over the course of several weeks beginning in early November, representatives of the Target Canada Entities met with counsel for trade creditors, Landlords with guarantees, Landlords without guarantees and other stakeholders including the Canada Revenue Agency, all

with the goal of garnering support for the Plan and a timely consensual resolution to the CCAA Proceedings.

28. I have been advised by Osler, as the Target Canada Entities' external counsel, that the meetings provided an opportunity to preview the Plan in general terms and to obtain preliminary feedback on the Plan from a range of the Target Canada Entities' stakeholders. I have also been advised by Osler that Landlords, in particular, offered a range of constructive feedback – some of which was positive and some of which expressed concerns and recommendations. The Target Canada Entities subsequently considered whether, and how, these comments or concerns could be addressed under the Plan as they continued to amend and refine the Plan.

29. On November 23, 2015, RioCan Real Estate Investment Trust (“RioCan”) issued a press release announcing that RioCan and Target Corporation had entered into a settlement agreement in respect of the 18 RioCan leases that had been disclaimed during these CCAA proceedings and that were guaranteed by Target Corporation. A copy of the press release is attached as Exhibit “D”. According to the press release, the settlement provides that Target Corporation has paid \$132 million to RioCan in exchange for the release of certain Landlord Guarantee Claims held by RioCan. It also states that the relevant RioCan entities have directed that any distributions under the Plan that would otherwise be made to such entities will be paid to Target Corporation. The Target Canada Entities have not seen, and have not been provided with access to, the settlement agreement as they have been told that it contains confidentiality covenants.

Landlord Guarantee Claims

30. As described in certain of my previous affidavits, many of TCC's leases were subject to an indemnity or guarantee by Target Corporation in favour of the Landlord, either directly or, in the case of some leases that were acquired from Zellers Inc. ("Zellers"), indirectly (in all cases, resulting in a "Landlord Guarantee Claim" as that term is defined in the Plan). Twenty of these Landlord Guarantee Claims were released by agreement with the relevant Landlord as part of the Real Property Portfolio Sales Process. As of the date of this Affidavit, there remain 17 Landlords holding Landlord Guarantee Claims in relation to 37 leases. There also remain Claims by Landlords in respect of leases that were disclaimed during these CCAA proceedings for which there are no Landlord Guarantee Claims.

31. Paragraph 19A of the Initial Order states that Landlord Guarantee Claims are to be dealt with outside of these CCAA proceedings and provides, *inter alia*, that Landlord Guarantee Claims "shall be treated as unaffected and shall not be released or affected in any way in any Plan filed by the Target Canada Entities, or any of them, under the CCAA".

32. Given the material contributions by Target Corporation to the overall recoveries of Creditors, the Plan contemplates that the Initial Order will be amended to remove paragraph 19A in order to facilitate a timely, global resolution of these CCAA proceedings.

33. As described above, Target Corporation has agreed to make significant contributions under the Plan, including through the subordination of certain significant Intercompany Claims, in order to maximize Creditor recoveries. I am informed by Corey Haaland, Senior Vice President, Treasurer of Target Corporation, and believe that Target Corporation will only agree to voluntarily subordinate these Intercompany Claims and make

certain other contributions to the Plan if a global resolution of all claims, including the Landlord Guarantee Claims, can be achieved in the Plan.

34. The Target Canada Entities have considered the effect that the Plan will have on the Landlord Guarantee Creditors and sought to design the Plan in a manner that is fair and reasonable, including with respect to Landlord Guarantee Claims. The Plan provides, *inter alia*:

- (a) All Landlord Restructuring Period Claims, including Landlord Guarantee Claims, will be calculated using the Landlord Formula Amount. Using a uniform formula will avoid the significant cost and delay that would necessarily be involved in valuing Landlord Restructuring Period Claims on an individual lease-by-lease basis. Using a uniform formula will also overcome difficulties and the complexity and uncertainty associated with valuing the aspects of Landlord Claims that relate to potential future events, including contingent claims and mitigation. Similarly, and in order to avoid complex litigation, for Intercompany Claims that the Monitor proposed to revise downward in its Intercompany Claims Report, the Plan will value the Intercompany Claims for all purposes at the adjusted amounts proposed by the Monitor.
- (b) Through direct funding from Target Corporation, Landlord Guarantee Creditors will be paid the full value of their Landlord Restructuring Period Claims on the Initial Distribution Date and will not have to wait for other Disputed Claims to be resolved to receive their distributions. This payment will be accomplished by Target Corporation contributing the Landlord Guarantee Creditor Top-Up Amounts for payment to Landlord Guarantee Creditors. The Landlord Guarantee

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Creditor Top-Up Amounts will be paid as a non-recourse, interest-free advance – some of which will be repaid in distributions after the Initial Distribution Date, as described below. The Monitor currently estimates that, on the Final Distribution Date, Target Corporation will have contributed between \$19 million and \$33 million (net of all repayments) to fund the Landlord Guarantee Creditor Top-Up Amounts. Target Corporation will not have a subrogated claim arising as a result of the Landlord Guarantee Creditor Top-Up Amounts.

- (c) In exchange for Target Corporation's significant economic contributions throughout these CCAA proceedings and under the Plan, Target Corporation and certain other entities, including Zellers and Hudson's Bay Company ("HBC") (which may have owed obligations to Landlords that are the subject of Landlord Guarantee Claims against Target Corporation)⁴, will receive a third party release under the Plan, including a release of all Landlord Guarantee Claims.

35. After careful consideration, the Target Canada Entities believe that the Plan's treatment of Landlord Guarantee Creditors is appropriate for the following reasons:

- (a) I am informed by Mr. Haaland and believe that the resolution of the Landlord Guarantee Claims in the Plan, and the resulting third party release of Target Corporation, are necessary preconditions to Target Corporation agreeing to the

⁴ As described in the Fourteenth Report of the Monitor, Target Corporation guaranteed to Zellers and HBC the timely payment and performance by TCC of certain obligations and liabilities in connection with TCC's acquisition of leases from Zellers. For some of these leases, Zellers may have a claim over against Target Corporation, which would, in turn, have a subrogated claim against TCC. The Target Canada Entities therefore believe that it is necessary to obtain the third party release of the HBC Entities to avoid any such subrogated claims against TCC, as such claims, if proven, would dilute the recovery available for Affected Creditors.

subordination of the remaining Subordinated Intercompany Claims and make its other contributions to the Plan. The Target Canada Entities believe that Target Corporation's involvement as Plan Sponsor is essential to achieving a successful Plan because it will result in significantly higher recoveries to Affected Creditors from the Target Canada Entities' estates – including Landlords generally – than they would receive in bankruptcy proceedings. I have been informed by Mr. Haaland and believe that Target Corporation would not agree to subordinate the remaining Subordinated Intercompany Claims in bankruptcy proceedings.

- (b) The Plan will result in a timely global resolution of a series of interrelated Claims relating to the real property leases, which will benefit all stakeholders of the Target Canada Entities. If the Landlord Guarantee Claims are resolved outside of these CCAA proceedings, as contemplated by paragraph 19A of the Initial Order, Target Corporation would have a subrogated claim against TCC in respect of any payment that Target Corporation makes to a Landlord Guarantee Creditor, with the result that recoveries for Affected Creditors would be significantly diminished.
- (c) In addition, if the Landlord Guarantee Claims are resolved outside of these CCAA proceedings, as contemplated by paragraph 19A of the Initial Order, then final distributions to Affected Creditors could not occur until all litigation between Target Corporation and the Landlords in respect of the Landlord Guarantee Claims has been finally resolved, because the amount of Target Corporation's subrogated claims against the Target Canada Entities will not be known until that

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time. I understand from counsel for the Target Canada Entities that this litigation will involve complex issues and even on an accelerated timeline could take many years. It could therefore be many years before Affected Creditors receive their final distributions (even assuming they could receive an initial distribution with the third party guarantee litigation unresolved). Payment to the Landlord Guarantee Creditors in respect of their Landlord Guarantee Claims would also be materially delayed.

- (d) The Target Canada Entities believe that it is appropriate to include the release of Landlord Guarantee Claims in the Plan given that Target Corporation has contributed, and continues to contribute, to the orderly wind down of the Target Canada Entities in a tangible and material way. Target Corporation has already made significant contributions in these CCAA proceedings, including through: (1) subordinating the approximately \$3.1 billion NE1 Intercompany Claim against TCC; (2) funding the Employee Trust in the amount of \$95 million for the benefit of TCC's employees; (3) making available DIP financing to TCC to allow TCC to meet payroll and other obligations; and (4) providing ongoing shared services to facilitate the orderly wind down for which it has not been, and will not be, fully compensated. Under the Plan, if it is approved and implemented, Target Corporation will further contribute to the recoveries of all Affected Creditors with Proven Claims by: (5) subordinating the remaining Subordinated Intercompany Claims; (6) contributing funds necessary to pay the Landlord Guarantee Creditor Top-Up Amounts; and (7) delivering the balance in the Propco Cash Pool to the TCC Cash Pool.

- (e) The Target Canada Entities believe that the third party releases of Target Corporation, the HBC Entities, and others, are rationally related to the Plan and are in fact crucial to the successful implementation of a Plan.

The Plan

36. As described above, if approved, sanctioned and implemented, the Plan will complete the controlled and orderly wind down of certain of the Target Canada Entities in a timely manner and effect a compromise, settlement and payment of all Proven Claims. Creditors of the Target Canada Entities will either be affected or unaffected by the Plan. On the Plan Implementation Date, each Affected Claim will be fully and finally compromised, released, settled and discharged under the Plan.

37. The Plan has been designed to isolate and address Claims against Propco and Property LP, on one hand, and TCC (and the remaining Target Canada Entities), on the other.

38. The Plan includes the following key elements, among others:

- (a) On the Plan Implementation Date, the Target Canada Entities will use all of their Cash to establish the applicable Cash Pools and Cash Reserves. Propco's Cash will first be used to establish the Propco Cash Pool, the Propco Disputed Claims Reserve and the Plan Sponsor Propco Recovery Limit Reserve. All other Cash will be used to establish the TCC Cash Pool, Administrative Reserve and the TCC Disputed Claims Reserve. This results in the consolidation for Plan purposes of the Target Canada Entities other than Propco and Property LP.

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- (b) Before the Initial Distribution Date, Target Corporation will deliver an amount required to establish the Plan Sponsor Funding Account and Remittances Escrow Account, from which the Landlord Guarantee Creditor Top-Up Amounts and applicable Withholding Obligations with respect thereto, respectively, will be paid.
- (c) On or after the Plan Implementation Date, the Subordinated Intercompany Claims will be subordinated in accordance with the Plan. These Claims include the approximately \$3.1 billion NE1 Intercompany Claim (which Target Corporation had previously agreed to subordinate in these CCAA proceedings), the Propco Intercompany Claim, and almost all of the Property LP (Propco) Intercompany Claim.
- (d) Affected Creditors with Proven Claims that are less than or equal to \$25,000 in the aggregate are deemed to be "Convenience Class Creditors". Affected Creditors with Proven Claims in excess of \$25,000 can elect to be treated for all purposes as Convenience Class Creditors.
- (e) Distributions will be made to Affected Creditors, as further described below.
- (f) All CCAA Charges⁵ will be discharged, except for the Directors' Charge, KERP Charge and Administration Charge, which will continue to attach against the

⁵ These include the Financial Advisor Subordinated Charge, the DIP Lender's Charge and the Liquidation Agent's Charge and Security Interest.

Propco Cash Pool, the TCC Cash Pool, and the Cash Reserves. Administrative Reserve Costs will be paid from the Administrative Reserve Account.

- (g) The Target Canada Entities and their Directors and Officers, the Monitor, and others, will be released and discharged from all Claims, including any Claims based on any occurrence taking place before the Plan Implementation Date.
- (h) Target Corporation, the HBC Entities and other third parties will also be released and discharged from all Claims, including Claims that are in any way relating to, among other things, the Landlord Guarantee Claims.
- (i) The Target Canada Entities will transfer the remaining IP Assets, including the domain names listed in Schedule "A" to the Plan, to Target Corporation (or its designee).
- (j) The Employee Trust will be terminated and the Employee Trust Trustee will be discharged and released.

Distributions under the Plan

(a) *Claims against Propco and Property LP*

39. On the Initial Distribution Date, after the Propco Disputed Claims Reserve and the Plan Sponsor Propco Recovery Limit Reserve have been established, TCC will make payments from the Propco Cash Pool Account in the following order:

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- (a) to Propco Unaffected Creditors and Property LP Unaffected Creditors with proven Claims against Propco and Property LP in an amount equal to the value of their proven Claims;
- (b) to TCC in respect of its Intercompany Claims against Propco. These payments will be deposited into the TCC Cash Pool Account for the benefit of Affected Creditors of the Target Canada Entities; and
- (c) to the TCC Cash Pool Account, any remaining Cash in the Propco Cash Pool Account at the direction of the Plan Sponsor for the benefit of Affected Creditors of the Target Canada Entities.

40. On the Plan Implementation Date, the Propco Disputed Claims Reserve Account will be established. If a disputed Claim becomes a Propco Unaffected Claim or Property LP Unaffected Claim, TCC will send a cheque to the Creditor for the proven amount. Any balance remaining in the account relating to such disputed Claim, or any balance remaining in the Propco Disputed Claims Reserve Account on the Final Distribution Date, will be disbursed in accordance with the order described in the previous paragraph (to the extent that the Intercompany Claims referred to therein have not been paid in full).

41. On the Plan Implementation Date, the Plan Sponsor Propco Recovery Limit Account will be created. Amounts will be paid from such account to the Plan Sponsor in accordance with the Plan. Any remaining amounts at the Final Distribution Date will be deposited to the TCC Cash Pool Account.

(b) *Claims Against TCC*

42. On the Initial Distribution Date, TCC will: (1) send each Convenience Class Creditor a cheque in the amount of its Convenience Class Claim; and (2) then send each Affected Creditor (other than a Convenience Class Creditor) with a Proven Claim as of such date a cheque in an amount equal to the Creditor's Pro Rata Share of the remaining Cash in the TCC Cash Pool Account.

43. On the Initial Distribution Date, TCC will also send a cheque from the Plan Sponsor Funding Account to each Landlord Guarantee Creditor with a proven Landlord Guarantee Claim in the amount of the Landlord Guarantee Creditor's Landlord Guarantee Creditor Top-Up Amount. The payment of the Landlord Guarantee Creditor Top-Up Amounts will result in each Landlord Guarantee Creditor receiving the full amount of its Landlord Restructuring Period Claim, calculated in accordance with the Landlord Formula Amount, on the Initial Distribution Date. Thereafter, given that the Landlord Guarantee Creditor will have received the full amount of its Landlord Period Restructuring Claim as a result of a payment originating from the Plan Sponsor, each Landlord Guarantee Creditor will be deemed to irrevocably direct TCC to deliver any further distributions under the Plan otherwise payable to it in respect of Landlord Restructuring Period Claims to the Plan Sponsor, to be applied in repayment of the relevant Landlord Guarantee Creditor Top-Up Amount advance as a permanent reduction thereof until such advance has been fully repaid.

(c) *Resolution of Disputed TCC Creditor Claims and Subsequent Distributions*

44. From and after the Initial Distribution Date, as frequently as the Monitor may determine in its discretion, TCC will distribute to:

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- (a) each Affected Creditor (other than a Convenience Class Creditor) with a Disputed Claim that has become a Proven Claim in whole or in part, an amount of Cash from the TCC Disputed Claims Reserve Account equal to the aggregate amount of all distributions such Affected Creditor would have otherwise already received pursuant to the Plan had its Disputed Claim been a Proven Claim as of the Initial Distribution Date. Any remaining balance in the TCC Disputed Claims Reserve Account relating to such Affected Creditor's Disputed Claim will be deposited into the TCC Cash Pool Account; and
- (b) each Affected Creditor (other than a Convenience Class Creditor) with a Proven Claim – and, in the case of an Affected Creditor that is a Landlord Guarantee Creditor to the extent of its Landlord Restructuring Period Claim, to the Plan Sponsor as directed pursuant to the Plan – an amount equal to such Affected Creditor's respective Pro Rata Share of the Cash in the TCC Cash Pool Account.

45. On the Final Distribution Date, once TCC has effected all previous distributions pursuant to the Plan and there are no remaining Disputed Claims and following the deposit of any remaining balance in the Plan Sponsor Propco Recovery Limit Account to the TCC Cash Pool Account:

- (a) TCC will pay any final Administrative Reserve Costs;
- (b) thereafter, TCC will contribute any balance remaining in the Administrative Reserve Account and the TCC Disputed Claims Reserve Account to the TCC Cash Pool Account; and

- (c) thereafter, TCC will distribute to the Affected Creditors (other than Convenience Class Creditors) with Proven Claims – and, in the case of an Affected Creditor that is a Landlord Guarantee Creditor to the extent of its Landlord Restructuring Period Claim, to the Plan Sponsor as directed pursuant to the Plan – such Affected Creditor’s respective Pro Rata Share of any remaining Cash in the TCC Cash Pool Account.

(d) *Assignment of Claims for Distribution Purposes*

46. An Affected Creditor (other than a Convenience Class Creditor and, in the case of a Landlord Guarantee Claim, subject to the specific restrictions in the Plan) may transfer or assign the whole or part of its Claim for distribution purposes in accordance with the procedures in the Plan.

(e) *Withholding Taxes*

47. All payments made to Non-Residents pursuant to the Plan shall be paid net of applicable withholding taxes.

The Proposed Meeting Order

48. The Meeting Order authorizes the Target Canada Entities to convene the meeting of a single class of Creditors comprised of all Affected Creditors, the “Unsecured Creditors’ Class”, to consider and vote on the Plan. The Target Canada Entities propose that the Creditors’ Meeting will be held at the Toronto Board of Trade in Toronto, Ontario on January 15, 2016. Capitalized terms in this section that are not otherwise defined have the meaning given to them in the proposed Meeting Order.

(a) *Notification*

49. The Meeting Order provides for comprehensive notification of the Creditors' Meeting to the Affected Creditors. It is proposed that the Monitor will:

- (a) send the Meeting Materials, including the Letter to Creditors, to Affected Creditors by December 14, 2015;
- (b) forthwith post a copy of the Meeting Materials to the Website that the Monitor is maintaining for these CCAA proceedings; and
- (c) by December 22, 2015 cause the Notice of Creditors' Meeting to be published for two Business Days in each of *The Globe and Mail*, *La Presse* and *The Wall Street Journal*.

(b) *Conduct of the Creditors' Meeting*

50. The Meeting Order provides that a representative of the Monitor will preside as the Chair of the Creditors' Meeting and, subject to any further Order of this Court, will decide all matters relating to the conduct of the Creditors' Meeting. The Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors' Meeting. A Person designated by the Monitor will act as secretary at the Creditors' Meeting.

51. The only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Target Canada Entities and the Plan Sponsor and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors, Employee Representative Counsel, the Employee Trust Trustee and his legal counsel, Pharmacists' Representative Counsel and all other Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting

and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Chair.

(c) *Voting*

52. The voting procedures were designed to provide a fair and equitable opportunity for Affected Creditors to register their votes for or against the Plan. The Meeting Order and the Plan provide, *inter alia*:

- (a) The Chair will direct a vote on the Resolution to approve the Plan and any amendments or variations thereto as the Monitor, the Target Canada Entities and the Plan Sponsor may consider appropriate.
- (b) The quorum required at the Creditors' Meeting will be one Affected Creditor with a Voting Claim present at such meeting in person or by Proxy.
- (c) An Affected Creditor will be permitted to attend the Creditors' Meeting in person or may appoint another person to attend the Creditors' Meeting as its proxyholder in accordance with the process provided in the Meeting Order. The Meeting Order contains provisions outlining the requirements for voting by proxy, and sets out the procedure and deadlines for submitting a Proxy.

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- (d) Each Affected Creditor with a Voting Claim will be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure Order and the Meeting Order.⁶

- (e) An Affected Creditor holding a Disputed Claim (other than a disputed Landlord Restructuring Period Claim, which is dealt with below) will be entitled to attend the Creditors' Meeting and be entitled to one vote, which will have the dollar value as set out in the Notice of Revision or Disallowance that the Monitor sends to the Affected Creditor. Where a Claim has been disallowed in its entirety by the Monitor but is a Disputed Claim, the voted amount will be \$0. The Monitor will keep a separate record of votes cast by Affected Creditors holding Disputed Claims and will report to the Court with respect thereto at the Plan Sanction Hearing.

- (f) The dollar value of a Landlord Restructuring Period Claim for voting purposes will be the Landlord Formula Amount in respect of such Landlord Restructuring Period Claim.⁷ The Monitor will deliver to each Landlord with a Landlord Restructuring Period Claim a notice setting out the calculation of such Landlord's Landlord Formula Amount based on the books and records of the Target Canada

⁶ Unless otherwise provided by the Plan or the Sanction and Vesting Order, for the purposes of voting, a Claim will be denominated in Canadian dollars. Any Claim in a currency other than Canadian dollars will be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date. For Claims denominated in US dollars, the rate is US\$1:Cdn\$1.1932. An Affected Creditor's Voting Claim will not include fractional numbers and Voting Claims will be rounded down to the nearest whole Canadian Dollar amount.

⁷ Landlords whose leases were assigned during these CCAA proceedings will not have their Claims valued using the Landlord Formula Amount. Their Restructuring Period Claims, if any, will be treated and valued as normal Restructuring Period Claims for voting and distribution purposes.

Entities. The Meeting Order includes a process to be followed in the event that a Landlord disputes this calculation.⁸ If the Landlord and the Monitor, in consultation with the Target Canada Entities, are unable to resolve the dispute, the dollar value for voting purposes at the Creditors' Meeting will be deemed to be equal to the calculation by the Monitor in the Notice of Landlord Restructuring Period Claim. If a Landlord does not deliver a Notice of Dispute of Landlord Restructuring Period Claim Calculation by the Landlord Calculation Dispute Deadline of 5:00 p.m. on January 8, 2016, the Landlord will be deemed to have accepted the calculation for voting and distribution purposes.

- (g) Each Convenience Class Creditor will be deemed to have voted in favour of the Plan.

- (h) An Affected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting for voting purposes, provided that neither the Target Canada Entities nor the Monitor will be obligated to give notice to or otherwise deal with

⁸ To dispute the Monitor's calculation, a Landlord must deliver to the Monitor a Notice of Dispute of Landlord Restructuring Period Claim Calculation by 5:00 p.m. on January 8, 2015 (the "Landlord Claim Calculation Dispute Deadline"). If the Monitor, in consultation with the Target Canada Entities, is unable to resolve a dispute regarding the calculation of a Landlord's Landlord Formula Amount for voting purposes prior to the Creditors' Meeting, then: (a) the dollar value of such Landlord's Landlord Restructuring Period Claim for voting purposes at the Creditors' Meeting will be deemed to equal the Landlord Formula Amount as set out in its Notice of Landlord Restructuring Period Claim, without prejudice to the determination of the quantum of such Landlord's Landlord Formula Amount for distribution purposes; and (b) in the event that the dispute in respect of the quantum for distribution purposes is not settled within a time period or in a manner satisfactory to the Monitor, in consultation with the Target Canada Entities, the Monitor will refer the dispute to a Claims Officer or the Court for adjudication.

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the transferee or assignee unless the transferee or assignee has complied with the procedures in the Plan and Meeting Order.⁹

- (i) Certain Persons are not entitled to vote on the Plan, including Persons holding Unaffected Claims and Intercompany Claims. Pursuant to the Plan, a Person who has a Claim under a Guarantee in respect of any Claim which is compromised under the Plan (such compromised Claim being the “Principal Claim”), or who has any right to or claim over in respect of or to be subrogated to the rights of any Person in respect of the Principal Claim will not be entitled to vote on the Plan to the extent that the Person holding the Principal Claim is voting on the Plan. Target Corporation is not entitled to vote in respect of its Plan Sponsor Subrogated Claims, any Cash Management Lender Claims, or any amounts paid pursuant to the Landlord Guarantee Creditor Top-Up Amounts.

(d) *Amendments to the Plan*

53. The Meeting Order provides that the Target Canada Entities, with the consent of the Plan Sponsor and the Monitor, are authorized to make and to file any Plan Modification prior to or at the Creditors’ Meeting, in which case any such Plan Modification will form part of and be incorporated into the Plan.

(e) *Approval and Court Sanction of the Plan*

54. To be approved, the Plan must receive an affirmative vote by the Required Majority. Following the vote at the Creditors’ Meeting, the Monitor will tally the votes and

⁹ Where a Claim has been transferred or assigned in part, the transferor or assignor will retain the right to vote at the Creditors’ Meeting in respect of the full amount of the Claim, and the transferee or assignee will have no voting rights at the Creditors Meeting in respect of such Claim.

determine whether the Plan has been approved by the Required Majority. The results of the Creditors' Meeting will be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting

55. The Target Canada Entities propose that, in the event that the Plan is approved by the Required Majority, the Target Canada Entities will bring a motion on January 20, 2016 (or such later date as is acceptable to the Target Canada Entities, the Plan Sponsor and the Monitor) seeking an Order sanctioning the Plan under the CCAA.

56. The Monitor will provide a report to the Court as soon as practicable after the Creditors' Meeting with respect to: (i) the results of voting at the Creditors' Meeting on the Resolution; (ii) whether the Required Majority has approved the Plan; (iii) the effect of the results of voting had all of the Affected Creditors with Disputed Claims also voted the full amount of their Disputed Claims; and (iv) in its discretion, any other matter relating to the Target Canada Entities' motion seeking sanction of the Plan. A copy of the Monitor's Report will be posted on the Monitor's Website prior to the Sanction Motion.

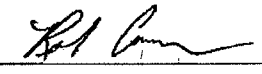
Stay Extension

57. The Target Canada Entities are seeking to extend the Stay Period (as defined in paragraph 17 of the Initial Order) up to and including January 22, 2016. The cash flow forecast in the Monitor's Twenty-First Report (filed in connection with the October 30, 2015 motion seeking to extend the Stay Period) shows that the Target Canada Entities have sufficient cash resources to meet their post-filing obligations beyond January 22, 2016.

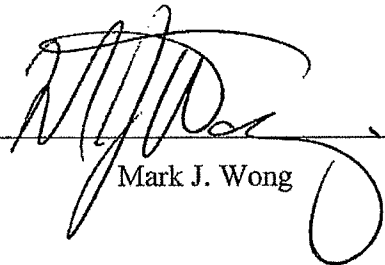
58. I believe that the Target Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing the controlled and orderly wind down of their businesses. In particular, the Target Canada Entities have worked diligently to develop, and have developed, a comprehensive Plan of Arrangement to provide finality and certainty in these CCAA proceedings in a timely manner and which is expected to provide significant recoveries to Creditors. An extension of the stay of proceedings is necessary to allow the Affected Creditors to consider and vote on the Plan and, if they approve the Plan, to permit the Target Canada Entities to bring the motion asking the Court to sanction the Plan.

59. I am informed by the Monitor that it supports the request to extend the Stay Period to January 22, 2016.

SWORN BEFORE ME at the City of Toronto, on the 27th day of November, 2015.



 Commissioner for taking Affidavits
 ROBERT ANDREW CARSON



 Mark J. Wong

SCHEDULE A

Partnerships

1. Target Canada Pharmacy Franchising LP
2. Target Canada Mobile LP
3. Target Canada Property LP

TAB 28

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

TWENTY-THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

NOVEMBER 27, 2015

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INDEX TO APPENDICES

Appendix “A” – List of the Applicants and Partnerships

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 dated February 9, 2015.
- 1.3 In connection with the CCAA Proceedings, the Monitor has provided to this Court twenty-two 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 alvarezandmarsal.com/targetcanada.

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1.4 The purpose of this Twenty-Third Report of the Monitor (the “**Twenty-Third Report**”) is to provide this Court with:

- (i) information regarding the following:
 - (a) the Joint Plan of Compromise and Arrangement dated November 27, 2015 (the “**Plan**”);
 - (b) the Claims Process;
 - (c) an illustrative range of estimated creditor recoveries based on the Plan;
 - (d) the Applicants’ motion for an order substantially in the form attached to the Applicants’ Motion Record dated November 27, 2015 (the “**Meeting Order**”), among other things:
 - (1) accepting the filing of the Plan;
 - (2) authorizing the Target Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan (the “**Unsecured Creditors’ Class**”);
 - (3) authorizing the Target Canada Entities to call, hold and conduct a meeting of the Affected Creditors (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the Creditors’ Meeting;

- (4) setting the date for the hearing of the Target Canada Entities' motion seeking sanction of the Plan should the Plan be approved by the required majority of Affected Creditors at the Creditors' Meeting; and
- (5) extending the Stay Period to January 22, 2016;
- (e) the receipts and disbursements of the Target Canada Entities for the period October 18, 2015 to November 21, 2015; and
- (ii) the Monitor's conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Twenty-Third 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 This Twenty-Third Report should be read in conjunction with the Affidavit of Mark J. Wong, General Counsel and Assistant Secretary of TCC in support of the Meeting Order, sworn on November 27, 2015 (the “**Wong Affidavit – Meeting Order**”).
- 2.4 Unless otherwise indicated, capitalized terms not otherwise defined in this Twenty-Third Report are as defined in the Prior Reports, the Initial Order and the Wong Affidavit – Meeting Order, as applicable.
- 2.5 Unless otherwise stated, all monetary amounts contained in this Twenty-Third Report are expressed in Canadian dollars.

3.0 JOINT PLAN OF COMPROMISE AND ARRANGEMENT

Background

- 3.1 As described in the Wong Affidavit – Meeting Order, the Target Canada Entities have been working to develop a plan of compromise and arrangement to present to their creditors.
- 3.2 The Monitor was presented with a draft term sheet by representatives of the Target Canada Entities and Target Corporation on September 11, 2015 and subsequently provided feedback on the draft term sheet to those parties.
- 3.3 On September 22, 2015, representatives of the Target Canada Entities attended a meeting with the Monitor, Target Corporation and the Consultative Committee to discuss

proposed indicative terms for a plan of compromise or arrangement to be put forward by the Target Canada Entities, with the support of Target Corporation as Plan Sponsor, and to seek feedback on issues related to a potential consensual resolution. Following that meeting, the Monitor held further meetings with the Consultative Committee as a whole and, given the divergent interests represented by the committee members, with individual Consultative Committee members. The Monitor has periodically continued these discussions through to the date of this Twenty-Third Report.

- 3.4 On November 27, 2015, the Target Canada Entities, with the support of Target Corporation as Plan Sponsor, served materials in support of a motion to be heard by this Court on December 8, 2015, seeking, among other things, authorization to call, hold and conduct a Creditors' Meeting. A copy of the Plan is attached as Exhibit "A" to the Wong Affidavit – Meeting Order.

Overview of the Plan

- 3.5 Capitalized terms utilized in this section of the Twenty-Third Report not otherwise defined herein have the meaning given to them in the Plan. Readers are cautioned that the commentary below is an overview only, and, as such, interested parties should review the Plan in its entirety. In addition, as set out below, on or before January 7, 2016, the Monitor will provide to the Service List a Report regarding the Plan and the Monitor's analysis of same. Key elements of the Plan are described below.
- 3.6 Target Corporation will act as Plan Sponsor and provide support through, among other things: (i) permitting the subordination of certain Intercompany Claims, including the Propco Intercompany Claim which was filed pursuant to the Claims Procedure Order

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against TCC in an amount of \$1,911,494,242 (and proposed to be adjusted downwards by the Monitor in the Intercompany Claims Report to an amount of \$1,356,756,051); and (ii) the contribution of funds necessary to pay Landlord Guarantee Creditor Top-Up Amounts (described below) in order to facilitate enhanced and accelerated payments to Landlord Guarantee Creditors¹ on the Initial Distribution Date.

- 3.7 The Plan provides for a single class of Affected Creditors that will consider and vote on the Plan at the Creditors' Meeting to be held at the Toronto Board of Trade in Toronto, Ontario on January 15, 2016.
- 3.8 The Plan separates Claims according to whether they are asserted and proven against: (i) TCC or its subsidiaries (on a consolidated basis); (ii) Propco; or (iii) Property LP. After claims against Propco and Property LP are paid or provided for in accordance with the Plan, any remaining cash at Propco will be contributed to the TCC Cash Pool Account for the benefit of Affected Creditors of the Target Canada Entities.
- 3.9 If approved, sanctioned and implemented, the Plan is intended to:
- (i) complete the controlled and orderly wind down of certain of the Target Canada Entities in a timely manner without potentially costly and lengthy litigation and delay;
 - (ii) effect a compromise, settlement and payment of all Proven Claims in the near term; and

¹ As a result of the publicly disclosed settlement agreement between Target Corporation and RioCan Real Estate Investment Trust, "Landlord Guarantee Creditors" does not include RioCan.

- (iii) grant third party releases of the Target Canada Entities and Target Corporation, among others.

Creditor Claims

3.10 Pursuant to the terms of the Plan:

Claims Against Propco and Property LP

- (a) Propco Unaffected Creditors and Property LP Unaffected Creditors with proven Claims against Propco and Property LP, respectively, will receive 100% of their proven Claims from the Propco Cash Pool Account. All remaining cash in the Propco Cash Pool Account, subject to any funds transferred and held in the Propco Disputed Claims Reserve Account and the Plan Sponsor Propco Recovery Limit Account, will be transferred to the TCC Cash Pool Account;
- (b) the Plan Sponsor Propco Recovery Limit Reserve shall be established and distributions to the Plan Sponsor on the Plan Sponsor (Propco) Intercompany Claim shall not exceed the amount in such reserve;

Claims Against TCC

- (c) Unaffected Creditors (including creditors with: (i) Proven Claims secured by any of the CCAA Charges; (ii) Proven Claims enumerated in sections 5.1(2) and 19(2) of the CCAA; (iii) Cash Management Lender Claims; and (iv) proven TCC Secured Construction Lien Claims against a lease assigned in the Real Property Portfolio Sales Process) will not be compromised under the Plan;

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- (d) Convenience Class Creditors will receive the lesser of: (a) 100% of their Proven Claims; and (b) \$25,000;
- (e) Landlord Guarantee Creditors (i.e. Landlords with rights, remedies and claims against the Plan Sponsor pursuant to a Plan Sponsor Guarantee) will receive 100% of their Landlord Restructuring Period Claims that are Proven Claims (valued in accordance with the Landlord Formula Amount) on the Initial Distribution Date. This will be accomplished by Landlord Guarantee Creditors:
 - (i) receiving their Pro Rata Share of the initial distribution on their Landlord Restructuring Period Claim valued in accordance with the Landlord Formula Amount; and
 - (ii) Target Corporation funding the Landlord Guarantee Creditor Top-Up Amounts; and
- (f) all Affected Creditors with Proven Claims (including Landlords with Landlord Restructuring Period Claims that are Proven Claims valued in accordance with the Landlord Formula Amount) will receive their respective Pro Rata Share of the remaining cash in the TCC Cash Pool Account, subject to any funds transferred and held in the Administrative Reserve Account and the TCC Disputed Claims Reserve Account, and with Landlord Guarantee Creditors being deemed under the Plan to irrevocably direct the Target Canada Entities to, following the Initial Distribution Date, deliver any further distributions under the Plan otherwise payable to them in respect of Landlord Restructuring Period Claims to Target Corporation, as Plan Sponsor (as reimbursement for funds advanced by Target Corporation with respect to same on the Initial Distribution Date).

3.11 The Plan provides that all Landlord Restructuring Period Claims will be calculated using the Landlord Formula Amount, which is derived from the formula in section 65.2(4) of the *Bankruptcy and Insolvency Act* (the “**BIA Formula**”) but, as described below, has been enhanced to provide in effect a claim for an additional year of rent beyond the BIA Formula.

3.12 In accordance with the Plan, the Landlord Formula Amount will be an amount equal to the lesser of:

(i) the aggregate of:

(a) the Landlord Formula Rent² for the two years following the date on which the disclaimer or resiliation of the relevant real property lease between TCC and the Landlord became effective, and

(b) 15% of the Landlord Formula Rent for the remainder of the term of the real property lease after those two years, and

(ii) four years’ Landlord Formula Rent;

plus an amount equal to the GST/HST applicable to such amount as if such amount had been paid as rent by TCC to the relevant Landlord; for greater certainty, the Landlord Formula Amount does not include any amount on account of periods after expiry of the

² The BIA Formula provides for an amount equal to the lesser of: (i) the aggregate of (a) rent provided for in the first year of the lease following the date of disclaimer, and (b) 15% of the rent for the remainder of the term of the lease after that year; and (ii) three years’ rent. The BIA Formula does not contain a definition of “rent”. The Plan provides a definition of Landlord Formula Rent.

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then current term of the lease (without any extensions or renewals or any similar provisions).

3.13 Landlord Formula Rent under the Plan is defined as:

- (i) fixed base rent at the rate payable as at January 15, 2015; plus
- (ii) common area maintenance charges and realty taxes at the rates payable for the 2014 calendar year,

in each case payable by TCC to a Landlord under a real property lease between TCC and such Landlord, excluding any GST/HST and any other additional rent, percentage rent, accelerated rent, penalties, fees, damage claims, co-tenancy claims or other charges arising as a result of the insolvency of the Target Canada Entities or the making of the Initial Order.

3.14 Subject to the Meeting Order being granted, the Monitor will deliver to each Landlord with a Landlord Restructuring Period Claim a notice setting out a calculation of such Landlord's Landlord Formula Amount based on the books and records of the Target Canada Entities. The Meeting Order includes a process to be followed in the event that a Landlord disputes this calculation.

3.15 Target Corporation will contribute funds necessary to pay the Landlord Guarantee Creditor Top-Up Amounts in order to facilitate the enhanced and accelerated payments to Landlord Guarantee Creditors on the Initial Distribution Date. The Monitor estimates that as of the Final Distribution Date the ultimate aggregate net amount of the Landlord

Guarantee Creditor Top-Up Amounts will be in the range of \$19 million to \$33 million (after distributions to Target Corporation on account of advances with respect to the Landlord Guarantee Creditor Top-Up Amounts).

Intercompany Claims

3.16 In addition to the prior subordination of the \$3.1 billion NE1 Intercompany Claim that Target Corporation has already agreed to subordinate in these CCAA Proceedings, on the Plan Implementation Date, Target Corporation:

- (i) will cause Property LP to subordinate the Property LP (Propco) Intercompany Claim, which was filed by Property LP pursuant to the Claims Procedure Order against Propco in an amount of \$1,449,577,927 (and not adjusted by the Monitor in the Intercompany Claims Report);³ and
- (ii) will limit its recovery under the Plan Sponsor (Propco) Intercompany Claim, which was filed by Target Corporation pursuant to the Claims Procedure Order against Propco in the amount of US\$89,079,107 (and not adjusted by the Monitor in the Intercompany Claims Report), to a maximum of approximately \$23.4 million (through the establishment of the Plan Sponsor Propco Recovery Limit Reserve from the Propco Cash Pool Account).

3.17 Propco will concurrently subordinate the Propco Intercompany Claim which was filed pursuant to the Claims Procedure Order against TCC in an amount of \$1,911,494,242

³ A small portion of the Property LP (Propco) Intercompany Claim will not be subordinated, but only to the extent necessary to facilitate payments to the Property LP Unaffected Creditors (the “**Contributed Claim Amount**”).

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(and proposed to be adjusted downwards by the Monitor in the Intercompany Claims Report to an amount of \$1,356,756,051).

3.18 Target Corporation will direct Property LP to deliver all of the distributions that it would otherwise have received from the Propco Cash Pool Account to the TCC Cash Pool Account.

3.19 As a result of the foregoing, only the following Intercompany Claims will remain as claims against Propco, Property LP and TCC:

- (i) Property LP claim against Propco in the amount of the Contributed Claim Amount to facilitate payments to the Property LP Unaffected Creditors;
- (ii) Property LP claim against TCC in the amount of \$82,861,821 (proposed to be adjusted downwards from \$87,748,817 by the Monitor in the Intercompany Claims Report);⁴
- (iii) Target Brands Inc. claim against TCC in the amount of \$22,416,730 (US\$18,787,069 converted to Canadian dollars; proposed to be adjusted downwards from US\$23,562,542 by the Monitor in the Intercompany Claims Report);
- (iv) Target Corporate Services Inc. claim against TCC in the amount of \$2,582,256 (US\$2,164,409 converted to Canadian dollars; proposed to be adjusted

⁴ The Monitor understands that for purposes of the Plan, Target Corporation will accept the downward adjustments proposed by the Monitor.

downwards from US\$2,778,278 by the Monitor in the Intercompany Claims Report);

- (v) Target Corporation claim against TCC in the amount of \$602,350 (US\$504,819 converted to Canadian dollars; proposed to be adjusted downwards from US\$541,404 by the Monitor in the Intercompany Claims Report);
- (vi) TCC pre-filing claim against Propco in the amount of \$11,620,369 (proposed to be adjusted downwards from \$19,619,511 by the Monitor in the Intercompany Claims Report), with payment thereunder to be deposited into the TCC Cash Pool Account for the benefit of Affected Creditors of the Target Canada Entities; and
- (vii) TCC post-filing claim against Propco in the amount of \$6,966,363 (proposed to be adjusted upwards from \$6,303,621 by the Monitor in the Intercompany Claims Report), with payment thereunder to be deposited into the TCC Cash Pool Account for the benefit of Affected Creditors of the Target Canada Entities.

Releases

3.20 The Plan provides for certain full and final releases in favour of:

- (i) the Target Canada Released Parties (which include the Target Canada Entities, NE1, their respective directors, officers, counsel and advisors);
- (ii) the Third Party Released Parties (which include the Monitor, A&M, their respective directors, officers, counsel and advisors and Pharmacists' Representative Counsel and advisors);

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- (iii) the Plan Sponsor Released Parties (which include Target Corporation, its subsidiaries other than the Target Canada Entities, the HBC Entities and their respective directors, officers, counsel and advisors), including in respect of all Landlord Guarantee Claims; and
- (iv) the Employee Trust Released Parties (which include the Employee Trust Administrator and its respective directors and officers and the Employee Trust Trustee, Employee Representative Counsel, Employee Representatives and all of their respective counsel and advisors).

Other

- 3.21 In connection with the filing of the Plan, the Target Canada Entities have drafted a letter to be sent to the Affected Creditors (the “**Letter to Creditors**”) as part of the Meeting Materials. The Letter to Creditors highlights information from the Plan to help Affected Creditors understand the Plan. A copy of the Letter to Creditors is attached as Exhibit “B” to the Wong Affidavit – Meeting Order.
- 3.22 The Monitor will issue a report on the Plan on or before January 7, 2016 in advance of the proposed Creditors’ Meeting to be held on January 15, 2016.

4.0 CLAIMS PROCESS

- 4.1 On June 11, 2015, this Court issued the claims procedure order (the “**Claims Procedure Order**”) approving the claims process (the “**Claims Process**”) to identify and determine claims of creditors (“**Claims**”) of the Target Canada Entities. The Claims Procedure Order was summarized in the Fifteenth Report of the Monitor, and an update on the

completion of the notification requirements of the Claims Procedure Order was provided in the Eighteenth Report.

- 4.2 As described in the Twenty-First Report, the Claims Procedure Order provided for the following Claims bar dates:
- (i) Intercompany Claims - July 31, 2015 (the “**Intercompany Claims Bar Date**”);
 - (ii) Prefiling Claims – August 31, 2015 (the “**Claims Bar Date**”);
 - (iii) D&O Claims – August 31, 2015; and
 - (iv) Restructuring Period Claims - the later of: (i) 45 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (ii) the Claims Bar Date.

Intercompany Claims

- 4.3 As required by the Claims Procedure Order, the Monitor provided a comprehensive report on its review of the Intercompany Claims in the Twentieth Report of the Monitor (the “**Intercompany Claims Report**”) dated August 31, 2015.
- 4.4 The Claims Procedure Order provided that after the service of the Monitor’s Intercompany Claims Report, any Claimant may file objections, which may include, but are not limited to, any argument asserted for the subordination of outstanding intercompany debts of any of the Target Canada Entities, any relief in connection with claims to priority, any claim asserted for substantive consolidation, and the validity and quantum of Intercompany Claims and any claim relating to debt re-characterization, by

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filing a Notice of Objection with the Monitor, not later than the Notice of Objection Bar Date of September 30, 2015.

- 4.5 On September 21, 2015, this Court issued the Order (Amending the Claims Procedure Order) (the “**Claims Procedure Amending Order**”), which amended the definition of the “Notice of Objection Bar Date” in the Claims Procedure Order to extend such date to October 30, 2015, or such later date as may be agreed to by the Monitor and the Consultative Committee.
- 4.6 On October 20, 2015, in accordance with the Claims Procedure Amending Order and with the agreement of the Consultative Committee, the Monitor notified the service list that the Notice of Objection Bar Date had been further extended to November 30, 2015. Notice of the extension was posted to the Monitor’s website and served on the service list.
- 4.7 On November 12, 2015, in accordance with the Claims Procedure Amending Order and with the agreement of the Consultative Committee, the Monitor notified the service list that the Notice of Objection Bar Date had been further extended to December 31, 2015. Notice of the extension was posted to the Monitor’s website and served on the service list. At an appearance before the Court on November 18, 2015, the Court advised the Monitor that any further extension of the Notice of Objection Bar Date would require Court approval.

Prefiling Claims and Restructuring Period Claims

- 4.8 The Monitor has caused 36 Claims Packages to be delivered to potential Claimants subsequent to July 15, 2015 allowing for the filing of Restructuring Period Claims to be submitted by such Claimants after the Claims Bar Date. To date, the Monitor has received four Restructuring Period Claims related to these Claims Packages, and nine Claimants are still within their 45 day time period to file Restructuring Period Claims.
- 4.9 A summary of the Prefiling Claims and Restructuring Period Claims received by the Monitor, including those claims received after the above Claims Bar Date and excluding any Intercompany Claims filed,⁵ is provided below:

Target Canada Co., et al Summary of Claims as Filed Against the Target Canada Entities by Claim Type		
Total Claimants	1,710	
Summary of Net Filed Claims (net of withdrawn claims) (1)		
Claim Type	Claims Filed	Amount (2)
Landlords	102	\$ 1,920,356,017
Suppliers/Vendors	1,371	537,720,374
Pharmacy Franchisees	92	152,838,174
Government Agencies	13	10,725,103
Litigation	60	7,897,160
Employees	70	1,192,809
Other	2	2
Total Claims	1,710	\$ 2,630,729,640
Notes:		
<i>(1) The above summary does not include the potential impact of "marker claims" or Restructuring Period Claims that have yet to be filed.</i>		
<i>(2) All amounts converted to CAD using the exchange rate prescribed in the Claims Procedure Order (\$1.1932 CAD/\$1.00 USD).</i>		

⁵ For information regarding Intercompany Claims, please refer to the Intercompany Claims Report, available on the Monitor's website.

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4.10 Overview commentary with respect to the above is as follows:

- (i) 1,710 Claimants have filed Claims against the Target Canada Entities totalling approximately \$2.63 billion;
- (ii) 49 of the filed Claims include provisions for unquantified, unliquidated damages and have been filed as “marker claims”; and
- (iii) in addition to the Claims reflected above, 20 Claims totalling approximately \$8.2 million were filed and subsequently withdrawn by the Claimants.

4.11 As compared to the claims summary reported in the Twenty-First Report, 42 revised or additional claims have been filed in the claims process with a net increase in aggregate claims value of \$18.2 million. The resultant changes are summarized below:

- (i) the total landlord Claims increased by \$19.6 million as certain landlords submitted revised Claims with increases to certain amounts originally claimed;
- (ii) the Supplier/Vendor category increased by one late filed claim and one Restructuring Period Claim in the combined amount of approximately \$1.3 million, however, this increase was offset by a number of claimants having submitted revised Claims (as a result of ongoing reconciliation efforts with TCC) at amounts lower than originally filed, such that the total value of Claims in this category decreased by approximately \$2.0 million;
- (iii) five litigation claimants filed late-filed claims totalling approximately \$155,000; and

- (iv) 36 Employee Claims with claims totalling approximately \$439,000 were transferred from the Employee Trust Dispute Claims Process to the Claims Process.
- 4.12 Pursuant to paragraphs 23 and 27 of the Claims Procedure Order, Claims not filed and received by the Monitor by the respective Claims Bar Dates, or such later date as the Monitor may agree in writing or the Court may otherwise direct, will be forever barred, estopped and extinguished. As at the date of this Twenty-Third Report, the Monitor has received 28 late-filed claims totalling approximately \$4.3 million. The Monitor is considering the circumstances of each of the late-filed claims to determine whether to admit such claims. The Monitor may, depending on the circumstances, seek advice and directions from the Court in this regard.
- 4.13 The Monitor, in consultation with the Target Canada Entities, is in the process of reviewing and adjudicating the Claims as filed. Where necessary, the Monitor, with the assistance of the Target Canada Entities, has been corresponding with Claimants with the intention of reconciling Claims before a Notice of Revision or Disallowance is required to be sent. As a result of these reconciliation efforts, to date, approximately 390 Claims have been revised (in almost all cases, downwards) and refiled by the Claimants.
- 4.14 As at the date of this Twenty-Third Report, the Monitor has determined that 1,029 Claims, totaling approximately \$133.0 million, will be admitted as filed. The Monitor, in consultation with the Target Canada Entities, is in the process of reviewing and adjudicating the remaining Claims to issue Notices of Revision or Disallowance as

applicable in accordance with the December 15 deadline and will provide updates to the Court as the Claims Process continues to advance.

Director & Officer Claims

- 4.15 A summary of the D&O Claims received by the Monitor is provided below:
- (i) Eight D&O Claims have been filed totalling approximately \$385,000;
 - (ii) Six of the Eight D&O Claims are “marker claims” for an unspecified, unliquidated amount; and
 - (iii) in addition to the above D&O Claims, three D&O marker claims that were filed were subsequently withdrawn by the Claimants.
- 4.16 The Monitor, in consultation with the Target Canada Entities and legal counsel to the Directors and Officers, is in the process of reviewing and adjudicating the filed D&O Claims to issue any applicable Notices of Revision or Disallowance in accordance with the December 15 deadline and will provide updates to the Court as the Claims Process continues to advance.

5.0 ILLUSTRATIVE RANGE OF ESTIMATED CREDITOR RECOVERIES

- 5.1 The Monitor has prepared a preliminary illustrative range of estimated recoveries under the Plan which is summarized in the table below (the “**Illustrative Recoveries Analysis**”). The Illustrative Recoveries Analysis has been prepared based on the terms of the Plan (including the application of the Landlord Formula Amount) and a preliminary estimate of the assessment of Claims filed. The Monitor cautions that the Illustrative

Recoveries Analysis is preliminary at this stage and expected to change (which change could be material) as: (a) filed Claims continue to be reviewed and assessed, including “marker claims” that have been filed for an unliquidated or unknown amount (such as certain Claims filed by the Canada Revenue Agency); and (b) the Claims Process continues to advance, including the resolution of any potential Disputed Claims, in accordance with the Claims Procedure Order.

	Notes	Illustrative Scenario #1 - LOW	Illustrative Scenario #2 - HIGH
(\$ in 000's CAD)			
PROPCO			
CASH AVAILABLE FOR DISTRIBUTION			
Propco Cash		\$ 76,950	\$ 76,950
PROCEEDS AVAILABLE FOR DISTRIBUTION		<u>76,950</u>	<u>76,950</u>
CLAIMS FILED AGAINST PROPCO/PROPERTY LP			
Total Third Party Claims Against Propco and Property LP		11,678	11,678
Estimated Payments under Plan Sponsor Propco Recovery Limit Reserve		17,637	19,979
ESTIMATED NET PROCEEDS AVAILABLE FOR TCC AFTER CREDITOR DISTRIBUTIONS		<u>47,634</u>	<u>45,293</u>
TARGET CANADA CO.			
ESTIMATED CASH AVAILABLE FOR DISTRIBUTION			
Target Canada Co. Cash		775,000	785,000
Propco Cash (from above)		47,634	45,293
ESTIMATED PROCEEDS AVAILABLE FOR DISTRIBUTION		<u>822,634</u>	<u>830,293</u>
ESTIMATED SECURED, UNAFFECTED AND CONVENIENCE CLASS CREDITORS			
Secured Claims and Unaffected Creditor Claims		60,157	60,157
Convenience Class Claims - < \$25,000		6,500	6,500
Convenience Class Opt-in - Claims Value		2,838	2,838
TOTAL ESTIMATED SECURED, UNAFFECTED AND CONVENIENCE CLASS CREDITOR CLAIMS		<u>69,495</u>	<u>69,495</u>
ESTIMATED NET PROCEEDS AVAILABLE FOR DISTRIBUTION AFTER SECURED, UNAFFECTED AND CONVENIENCE CLASS CLAIMS	(A)	<u>753,139</u>	<u>760,798</u>
ESTIMATED ALLOWABLE CLAIMS			
Total Affected Creditor Claims (including Landlord Formula Amounts)		891,918	783,669
Total Intercompany Claims		108,463	108,463
ESTIMATED ALLOWABLE TOTAL CLAIMS EXCLUDING SECURED, UNAFFECTED AND CONVENIENCE CLASS CREDITOR CLAIMS	(B)	<u>1,000,381</u>	<u>892,132</u>
ESTIMATED RECOVERY % (A/B)		75.3%	85.3%

5.2 Based on the above Illustrative Recoveries Analysis (and subject to the important qualifications noted in paragraph 5.1 above), the Monitor estimates that the Affected Creditors with Proven Claims will receive distributions under the Plan in the range of

approximately 75% to 85% of such Affected Creditors' Proven Claims. In addition, as described in Section 3.0 of this report, the Monitor estimates that as of the Final Distribution Date the ultimate aggregate net amount that Landlord Guarantee Creditors will have received through the Landlord Guarantee Top-Up Amounts will be in the range of \$19 million to \$33 million.

6.0 MEETING ORDER

- 6.1 The Target Canada Entities, in consultation with the Monitor, have prepared a proposed procedure for a meeting of creditors, and are seeking the Court's approval of this procedure and certain related relief in the form of an Order substantially in the form contained in the Target Canada Entities' motion record returnable on December 8, 2015 (the "**Meeting Order**"). Capitalized terms used but not defined in this section of this Twenty-Third Report have the meanings ascribed to them in the Meeting Order.
- 6.2 The Meeting Order contemplates a meeting of a single class of Affected Creditors, the Unsecured Creditors' Class, to consider and vote on the Plan (the "**Creditors' Meeting**"). Subject to the Meeting Order being approved, the Creditors' Meeting will be held on January 15, 2016 at the Toronto Board of Trade, 77 Adelaide Street West, Toronto, Ontario, starting at 10:00 a.m., subject to adjournment or modification in accordance with the terms of the Meeting Order or further order of this Court. The Creditors' Meeting will be chaired by the Monitor or its representative.

Notice of Creditors' Meeting

- 6.3 The Monitor shall send the following materials (collectively, the “**Meeting Materials**”) to each Affected Creditor to the address for such Affected Creditor set out in such Affected Creditor’s Proof of Claim or to such other address subsequently provided to the Monitor by such Affected Creditor:
- (i) the Notice of Creditors’ Meeting substantially in the form attached as Schedule “B” to the Meeting Order;
 - (ii) the form of Proxy for use at the Creditors’ Meeting substantially in the form attached as Schedule “C” to the Meeting Order;
 - (iii) the Convenience Class Claim Declaration substantially in the form attached as Schedule “D” to the Meeting Order;
 - (iv) the Resolution to be voted on by Affected Creditors at the Creditors’ Meeting, substantially in the form attached as Schedule “E” to the Meeting Order;
 - (v) a copy of the Plan;
 - (vi) the Letter to Creditors, substantially in the form attached to the Wong Affidavit – Meeting Order; and
 - (vii) a copy of the Meeting Order.
- 6.4 The Monitor will post the Meeting Materials to the Monitor’s website, and will serve a copy of the Meeting Materials on the service list.

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- 6.5 Additionally, on or before December 22, 2015, the Monitor will cause the Notice of Creditors' Meeting to be published for a period of two (2) business days in *The Globe and Mail* (National Edition), *La Presse*, and *The Wall Street Journal*.
- 6.6 The Meeting Order further contemplates that the Monitor will serve a report with respect to the Plan on the service list by no later than January 7, 2016, which report will be filed with this Court and posted to the Monitor's website.

Amendments to the Plan

- 6.7 The Meeting Order provides that the Target Canada Entities, with the consent of the Plan Sponsor and the Monitor, may make and file modifications, restatements, amendments or supplements to the Plan (each, a "**Plan Modification**") prior to or at the Creditors' Meeting prior to a vote being taken. Any such Plan Modification shall be deemed to form part of and be incorporated into the Plan.
- 6.8 The Target Canada Entities may, with the consent of the Plan Sponsor and the Monitor, effect a Plan Modification after the Creditors' Meeting (i) pursuant to an Order of the Court, or (ii) where such Plan Modification is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors, omissions or ambiguities, and in either event is not materially adverse to the financial or economic interests of the Affected Creditors.
- 6.9 Where a Plan Modification is made prior to the Creditors' Meeting, the Target Canada Entities shall provide notice to the service list. Where a Plan Modification is made prior to a vote at the Creditors' Meeting, the Target Canada Entities shall give notice to those

Affected Creditors present in person or by Proxy. The Monitor shall post notice of a Plan Modification to the Monitor's website forthwith in all cases.

Procedure for Creditors' Meeting

- 6.10 The Meeting Order provides that a representative of the Monitor, to be designated by the Monitor, will serve as the chair of the Creditors' Meeting and, subject to any further Order of the Court, will decide all matters relating to the conduct of the Creditors' Meeting. The Monitor may appoint scrutineers for the supervision and tabulation of attendance at, quorum at, and votes cast at the Creditors' Meeting, and a person designated by the Monitor will act as secretary at the Creditors' Meeting.
- 6.11 The only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Target Canada Entities and the Plan Sponsor and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors, Pharmacists' Representative Counsel, Employee Representative Counsel, the Employee Trust Trustee and his legal counsel and all other Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. The Meeting Order also provides that the Chair may admit any other Person to the Creditors' Meeting by invitation.
- 6.12 The Chair is authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting from time to time as the Chair deems necessary or desirable. In the event of such adjournment, postponement, or rescheduling, none of the Chair, the Monitor, nor the Target Canada Entities will be required to deliver any notice of such adjournment of the Creditors' Meeting, provided that the Monitor will:

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- (i) announce the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable;
- (ii) post notice of the adjournment at the originally designated time and location of the Creditors' Meeting;
- (iii) post notice of the adjournment on the Monitor's website; and
- (iv) provide notice of the adjournment forthwith to the service list.

6.13 The quorum for the Creditors' Meeting will be one (1) Affected Creditor with a Voting Claim present at such meeting in person or by Proxy.

Voting at Creditors' Meeting

6.14 The Meeting Order provides that the Chair will direct a vote on the Resolution to approve the Plan, with any amendments or modifications thereto made in accordance with the Plan, the Meeting Order, and any further Order of the Court.

6.15 Convenience Class Creditors will be deemed to have voted in favour of the Plan.

6.16 Each Affected Creditor with a Voting Claim will be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure Order and the Meeting Order.

6.17 The Meeting Order provides that the dollar value of a Landlord Restructuring Period Claim for voting and distribution purposes will be the Landlord Formula Amount.

- 6.18 Landlords with Landlord Restructuring Period Claims will vote in an amount calculated in accordance with the Landlord Formula Amount. This formula is based on the BIA Formula, but has been enhanced to provide in effect a claim for an additional year of rent beyond the BIA Formula. The Monitor believes that such an enhancement above the BIA Formula is appropriate in this case given that there are particular challenges with TCC's disclaimed real property lease portfolio.
- 6.19 The application of the Landlord Formula Amount to Landlord Restructuring Period Claims in these CCAA Proceedings avoids the complexity and uncertainty of calculating and resolving disputes over common law damage claims on a lease-by-lease basis across 95 disclaimed leases, which would include assessing obligations on the part of the Landlord to mitigate damages in each instance. The application of a formula to landlord claims follows established precedent in previous retail restructurings under the CCAA. 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.
- 6.20 In accordance with the Claims Procedure Order and the Meeting Order, the Monitor will provide each Landlord with a Landlord Restructuring Period Claim with a Notice of Landlord Restructuring Period Claim setting out the calculation of such Landlord's Landlord Formula Amount based on the books and records of the Target Canada Entities and by application of the Landlord Formula Amount. Any Landlord disputing the calculation of its Landlord Formula Amount set out in the Notice of Landlord Restructuring Period Claim may submit a Notice of Dispute of Landlord Restructuring Period Claim Calculation to the Monitor by no later than January 8, 2016 (the "**Landlord**

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Claim Calculation Dispute Deadline”). If the Monitor does not receive a Notice of Dispute of Landlord Restructuring Period Claim Calculation by the Landlord Claim Calculation Dispute Deadline, the Landlord will be deemed to accept the calculation of its Landlord Formula Amount for voting and distribution purposes set out in the Notice of Landlord Restructuring Period Claim. For greater certainty, a Landlord may accept the calculation of its Landlord Formula Amount for voting purposes and dispute the calculation of its Landlord Formula Amount for distribution purposes.

- 6.21 Where an Affected Creditor holds a Disputed Claim as of the Creditors’ Meeting (other than a Landlord Restructuring Period Claim and the Disputed Claims of the Canada Revenue Agency),⁶ the dollar value of such Disputed Claim for voting purposes shall be the amount set out in respect of the Affected Creditor’s Notice of Revision or Disallowance delivered by the Monitor in accordance with the Claims Procedure Order.
- 6.22 The Monitor and its designees appointed in accordance with the Meeting Order will keep separate records of votes cast by Affected Creditors holding Disputed Claims and will report to the Court with respect thereto.
- 6.23 Holders of Intercompany Claims will not be entitled to vote on the Plan. The Plan Sponsor will not be entitled to vote on the Plan in respect of its Plan Sponsor Subrogated Claims nor in respect of any amounts paid pursuant to the Landlord Guarantee Top-Up Amounts or any Cash Management Lender Claims held through assignment or

⁶ In accordance with the Meeting Order, Canada Revenue Agency shall have one vote in respect of its Disputed Claims, the dollar value of which shall be equal to \$1, without prejudice to the determination of the dollar value of such Disputed Claims.

subrogation (the latter being Unaffected Claims which are not entitled to vote in any event).

Assignment of Claims

6.24 An Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its claim prior to the Creditors' Meeting by providing notice of such transfer or assignment, together with satisfactory evidence of such transfer or assignment to the Monitor in writing by no later than 5:00 p.m. on the date which is seven (7) days prior to the Creditors' Meeting. Where a Claim has been transferred or assigned in part, the transferor or assignor will retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim as determined for voting purposes in accordance with the Claims Procedure Order and the Meeting Order, and the transferee or assignee will have no voting rights at the Creditors' Meeting in respect of such claim.

6.25 An Affected Creditor (other than a Convenience Class Creditor), a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting in the manner set out in the Meeting Order, as described above.

Voting by Proxy

6.26 Any Person entitled to vote at the Creditors' Meeting may do so in person or by proxy. The Meeting Order provides that the form of proxy for use at the Creditors' Meeting (including any adjourned, postponed or rescheduled Creditors' Meeting) is to be included

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with the Meeting Materials (the “**Proxy**”) and sets out the timeline and procedure for submitting a proxy.

- 6.27 In the absence of specific instructions to vote for or against the approval of the Resolution in a duly signed and delivered Proxy, the Meeting Order provides that the Proxy shall be deemed to include the instruction to vote for the approval of the Resolution, provided that the Proxy-holder does not otherwise exercise its right to vote at the Creditors’ Meeting.

7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 7.1 Receipts and disbursements for the period October 18, 2015 to November 21, 2015 (the “**Reporting Period**”, noting that cash flow results through October 17, 2015 were reported in the Twenty-First Report of the Monitor dated October 26, 2015 (the “**Twenty-First Report**”), as compared to the cash flow forecast that was attached as Appendix “C” to the Twenty-First Report (the “**Cash Flow Forecast**”), are summarized on the following page.

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

<i>Period Ended</i>	Cumulative		
	Budget 21-Nov	Actual 21-Nov	Variance B / (W)
OPERATING RECEIPTS			
Sales Receipts	\$ -	\$ -	\$ -
Other Receipts	990	1,631	641
TOTAL RECEIPTS	990	1,631	641
OPERATING DISBURSEMENTS			
Employee Payments	964	57	907
Rent & Occupancy	467	190	277
DC/ Logistics	-	20	(20)
Normal Course Taxes	-	8	(8)
Professional Fees	5,663	4,391	1,272
All Other	400	359	41
Current Operating Disbursements	7,494	5,024	2,470
OPERATING CASH FLOW	(6,504)	(3,393)	3,111
INTERCOMPANY DISBURSEMENTS			
Intercompany Services	848	-	848
DIP Interest	-	-	-
Intercompany Disbursements	848	-	848
NET CASH FLOW	\$ (7,352)	\$ (3,393)	\$ 3,959
WEEKLY LIQUIDITY			
Beginning Bank Cash Balance [1] [2]	\$ 807,390	\$ 807,390	\$ -
(+/-) Net Cash Flow	(7,352)	(3,393)	3,959
(+/-) Change in Cheque Float	-	(177)	(177)
(+/-) DIP Draws/(Repayments)	-	-	-
(+/-) FX Translation	-	(34)	(34)
Ending Bank Cash Balance [1]	800,037	803,785	3,748

[1] Actuals assume \$1.32 CAD/ \$1 USD

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

7.2 During the Reporting Period, the Target Canada Entities' total receipts were approximately \$641,000 greater than as projected in the Cash Flow Forecast. The

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variance was due primarily to an HST refund that was not reflected in the Cash Flow Forecast.

- 7.3 The Target Canada Entities' total disbursements during the Reporting Period were approximately \$2.5 million less than as projected in the Cash Flow Forecast. Management attributes most of this variance to timing differences in the payment of employee payroll taxes and professional fees.
- 7.4 During the week of November 13, 2015, the \$USD equivalent of approximately \$CDN 3.0 million was paid to Lazard Freres & Co. LLC ("**Lazard**"), as financial advisor to TCC with respect to the Real Property Portfolio Sales Process, in satisfaction of final fees due to Lazard pursuant to the terms of its engagement letter with TCC dated January 14, 2015.⁷ In aggregate, Lazard was paid total fees of approximately \$CDN 6.1 million under the terms of Lazard's engagement letter.
- 7.5 The closing cash balance as at November 21, 2015 was approximately \$803.8 million, as compared to the projected cash balance of \$800.0 million.
- 7.6 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.

⁷ For a summary of the key terms of the Lazard engagement letter, please refer to the Monitor's Pre-Filing Report.

8.0 EXTENSION OF THE STAY PERIOD

8.1 Pursuant to the endorsement of this Court dated October 30, 2015 (the “**October 30 Endorsement**”), the Stay Period is set to expire on December 11, 2015. The Applicants are seeking an extension of the Stay Period to January 22, 2016.

8.2 The Monitor supports the Applicants’ motion to extend the Stay Period to January 22, 2016 for the following reasons:

- (i) subject to this Court granting the Meeting Order, the extension will facilitate the holding of the Creditors’ Meeting on January 15, 2015;
- (ii) subject to the Plan being approved by the Required Majority, the extension will facilitate the Target Canada Entities’ bringing the Sanction Motion before this Court on January 20, 2016;
- (iii) the extension will provide the Monitor with the time required to continue to advance the Claims Process in accordance with the Claims Procedure Order;
- (iv) the Applicants have sufficient liquidity throughout the Forecast Period to accommodate the above dates; and
- (v) the Applicants continue to act in good faith and with due diligence and have made meaningful progress in these CCAA Proceedings in developing the Plan to present to their creditors.

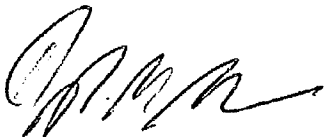
9.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

9.1 For the reasons set out herein, the Monitor recommends that this Court grant the Meeting Order:


- (i) accepting the filing of the Plan;
- (ii) authorizing the Target Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan;
- (iii) authorizing the Target Canada Entities to call, hold and conduct the Creditors' Meeting on January 15, 2016 to consider and vote on a resolution to approve the Plan, and approving the procedures to be followed with respect to the Creditors' Meeting;
- (iv) setting the date of January 20, 2016 for the hearing of the Target Canada Entities' motion seeking sanction of the Plan should the Plan be approved by the Required Majority; and
- (v) extending the Stay Period to January 22, 2016.

All of which is respectfully submitted to this Court this 27th day of November, 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

APPENDIX “A”**Applicants**

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 (SK) Corp.

Target Canada Pharmacy Corp.

Target Canada Property LLC

Partnerships

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

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

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

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**TWENTY-THIRD REPORT OF THE
MONITOR**

GOODMANS LLP

Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Alan Mark LSUC#: 21772U
amark@goodmans.ca

Jay Carfagnini LSUC#: 22293T
jcarfagnini@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

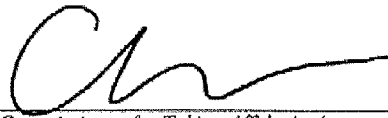
Jesse Mighton LSUC#: 62291J
jmighton@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

TAB 29

This is Exhibit "G" referred to in the Affidavit of Theresa Warnaar
sworn December 10, 2015



Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

NOTICE OF REVISION OR DISALLOWANCE

**For Persons that have asserted Claims against the Target Canada Entities¹,
D&O Claims against the Directors and/or Officers of the Target Canada Entities**

Claim Reference Number:

1113

CLAIMANT:

Place Vertu Holdings Inc.

c/o Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Attention: Matthew P. Gottlieb

mgottlieb@counsel-toronto.com

PROPERTY:

Place Vertu
Montreal, QC

Target Store #: 3769

CLAIM AGAINST:

**Target Canada Co., Target Canada
Property LLC, Target Canada
Property LP**

Capitalized terms used but not defined in this Notice of Revision or Disallowance have the meaning ascribed in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Target Canada Entities dated June 11, 2015, as amended by further Orders dated, September 21, 2015 and October 30, 2015 and as may be further amended from time to time (the "**Claims Procedure Order**").

Pursuant to the Claims Procedure Order, the Monitor hereby gives you notice that it has reviewed your Proof of Claim or D&O Proof of Claim and has revised or disallowed all or part of your purported Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be as follows:

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 (Ontario) 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**").

- 2 -

	Amount as submitted		Amount allowed by Monitor	Target Canada Entity allowed by Monitor against
	Currency			
A. Unsecured Claim	CAD	\$26,422,010.24	\$4,724,205.99	Target Canada Co.
B. Secured Claim		\$	\$	
C. D&O Claim		\$	\$	
E. Total Claim	CAD	\$26,422,010.24	\$4,724,205.99	Target Canada Co.

Reasons for Revision or Disallowance:

Your claim has been asserted against Target Canada Co., Target Canada Property LLC, and Target Canada Property LP. Based on the material submitted in support of your Proof of Claim, there is no basis for claims asserted against any entities other than Target Canada Co., as tenant under the lease. Accordingly, your claim against all entities other than Target Canada Co. has been disallowed.

Your claim against Target Canada Co. has been partially disallowed. The Monitor, based on data and information gathered from various sources, is of the view that, on balance, the Landlord Formula Amount (as defined in the Target Canada Entities' Joint Plan of Compromise and Arrangement pursuant to the *Companies' Creditors Arrangement Act* dated November 27, 2015 (the "Plan") is within the range of reasonableness and has applied such formula in calculating your allowed Landlord Restructuring Period Claim (as defined in the Plan).

Based on (a) the information provided with your Proof of Claim, (b) the books and records of Target Canada Co. and the Monitor's review of same, and (c) application of the Landlord Formula Amount, your Landlord Restructuring Period Claim has been allowed against Target Canada Co. in the amount of \$4,724,205.99. Please refer to Schedule "A" for the calculation of your Landlord Formula Amount.

SERVICE OF DISPUTE NOTICES

If you intend to dispute this Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (prevailing time in Toronto) on the day that is twenty-eight (28) Calendar Days after this Notice of Revision or Disallowance is deemed to have been received by you, or, solely for any Notice of Revision or Disallowance deemed to be received between November 25, 2015 and December 15, 2015, no later than thirty-eight (38) Calendar Days after this Notice of Revision or Disallowance is deemed to have been received by you (in accordance with paragraph 32(a) of the Claims Procedure Order) submit a Notice of Dispute of Revision or Disallowance to the Monitor by ordinary prepaid mail, registered mail, courier, personal delivery or electronic transmission to the address below.

Alvarez & Marsal Canada Inc., Target Canada Monitor

Address: Royal Bank Plaza, South Tower
200 Bay Street
Suite 2900
P.O. Box 22
Toronto, Ontario Canada
M5J 2J1

Fax No.: 416-847-5201
Email: targetcanadaclaims@alvarezandmarsal.com

Attention: Greg Karpel

In accordance with the Claims Procedure Order, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at www.alvarezandmarsal.com/targetcanada.

IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED this 1ST day of December, 2015.

Alvarez & Marsal Canada Inc., solely in its capacity as Court-appointed Monitor of the Target Canada Entities, and not in its personal or corporate capacity

Per: _____
Albutchev

For more information see www.alvarezandmarsal.com/targetcanada, or contact the Monitor by telephone (1-844-846-9548)

Schedule "A"

Claimant **Place Verto Holdings Inc.**
 Property Name **Place Verto**

Claim # **1113**
 Store # **3769**
 Final Term Date **11/30/2022**
 Years Remaining on Lease **7.50**

Claim Amount Allowed
4,724,206 Landlord Restructuring Period Claim

Calculation of Landlord Restructuring Period Claim

Step 1: Calculate Landlord Formula Rent

Total annual amounts, excluding HST/GST, of:
 867,825 (a) fixed base rent at the rate payable as at January 15, 2015
 134,514 (b) (i) common area maintenance ("CAM") charges, 2014 calendar year
 451,924 (b) (ii) realty taxes at the rates payable, 2014 calendar year
1,454,263 [A]

Step 2: Calculate Landlord Formula Amount

Equal to the lesser of (a) or (b), plus (c):

2,908,526 (i) the Landlord Formula Rent for two years following the disclaimer effective date $\{[A] \times 2\}$
 1,200,373 (ii) fifteen percent of the Landlord Formula Rent for the remainder of the term of the real property lease after those two years
4,108,898 (a)

or,

5,817,051 (b) four years' Landlord Formula Rent $\{[A] \times 4\}$

plus,

GST/HST applicable to such amounts;
 615,308 (c)
4,724,206 Total Landlord Restructuring Period Claim

TAB 30

C-15-11211-0002

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

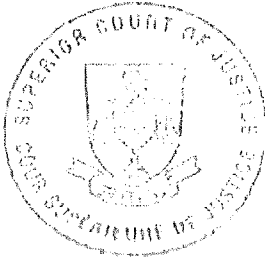
PLACE VERTU HOLDINGS INC.

Plaintiff

- and -

TARGET CORPORATION

Defendant



STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date December 7, 2015

Issued by _____


Local Registrar

A. Anissimova
Registrar

Address of 330 University Avenue, 7th Floor
court office: Toronto ON M5G 1R7

TO: TARGET CORPORATION
Target Plaza North
1000 Nicollet Mall
Minneapolis, MN 55403
USA

CLAIM

1. The plaintiff, Place Vertu Holdings Inc. (the “**Landlord**”), claims as against the defendant, Target Corporation (“Target U.S.”), for:

- (a) payment of \$31,000,000 pursuant to the Limited Guaranty of Lease dated May 27, 2011, issued by Target U.S. to and in favour of the Landlord’s predecessor, Place Vertu S.E.N.C. (the “**Guarantee**”);
- (b) in the alternative,
 - (i) damages in the amount of \$8,867,044 in respect of the Tenant’s Liabilities (defined below) under the Lease (defined below), in connection with Target U.S.’s breach of the Guarantee;
 - (ii) general and special damages in an amount to be provided prior to trial, in respect of all other losses, damage, injury, costs and expenses (including legal fees and disbursements), as detailed below to the extent of current information, relating to the Tenant’s default under the Lease, for which Target U.S. is liable under the Guarantee; and
 - (iii) appropriate declarations in support of or in addition to the other relief claimed;
- (c) in addition or in the further alternative, a Reference for determination and calculation of post-trial losses suffered by the Landlord for which Target U.S. is liable under the Guarantee;

- (d) pre-judgment and post-judgment interest on a compounded basis, or alternatively in accordance with the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (e) its costs of this action on a full indemnity basis pursuant to the Guarantee, or alternatively, its costs of this action on an appropriate scale, and disbursements and applicable taxes thereon; and
- (f) such further or other relief as this Honourable Court may deem just.

The Parties

2. The plaintiff Landlord is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario). Its registered office is in Toronto, Ontario.

3. The Landlord is part of the KingSett Capital Inc. (“**KingSett**”) family of real estate companies. KingSett was founded in 2002 and is Canada’s leading private equity real estate investment business.

4. The defendant, Target U.S., is a corporation headquartered in Minneapolis, Minnesota, USA. Operating approximately 1800 retail stores, it is one of the largest retailers in the United States, and stands 36th on the Fortune 500 list by revenue with revenues of approximately US\$73 billion. Target U.S.’s common shares trade on the New York Stock Exchange under the symbol TGT, with a market capitalization of approximately US\$45 billion.

The Property

5. The Landlord owns and operates Place Vertu Shopping Centre (the “**Property**”), located in the City of Montreal (St-Laurent Borough) in the Province of Quebec.

6. Prior to disclaiming its rights under the Lease, which is discussed below, Target Canada Co. ("**Target Canada**" or the "**Tenant**"), a wholly owned subsidiary of Target U.S., rented in excess of 120,000 rentable square feet of commercial shopping space within the Property (the "**Leased Premises**").

7. Target Canada served as what is referred to in the commercial real estate industry, an "anchor" tenant. An anchor tenant of a commercial property plays a critical role in the financial viability of that property for both the Landlord and the other tenants of the property alike, as it provides the single largest draw of customers to that property. Lease rates and other terms for other tenants are heavily dependent upon the identity and operation of the anchor tenant. The Landlord's ability to lease the other available space at a property, and to lease other space that may in future become available, is severely impaired when a property lacks an anchor tenant.

Target Corp. Agrees to the Guarantee as a Condition of Assignment of the Lease

8. By an offer to lease between Zellers Inc., the Landlord, and HBC Leasehold Property dated March 28, 2007 (the "**Original Lease**"), the Leased Premises were leased to Zellers Inc. ("**Zellers**").

9. In January 2011, Target Canada agreed to pay approximately USD \$1.8 billion to purchase up to 220 leases in Canada from Zellers. Target Canada accepted the assignment of over 180 leases from Zellers in two tranches in 2011, with the intent to open stores throughout Canada under the Target banner.

10. On or about May 27, 2011, Zellers informed the Landlord that it wished to assign the Original Lease to Target Canada.

11. Pursuant to the terms of the Original Lease, the Landlord's consent and/or an assumption agreement was contractually required under the Original Lease prior to any assignment.
12. As an essential precondition to consenting to Zellers' assignment of the Original Lease to Target Canada, the Landlord required Target U.S. to enter into the Guarantee. The Landlord required the Guarantee because, among other things, Target Canada was effectively a start-up and the Landlord was not prepared to accept the credit risk and other broader risks of a start-up, especially given the size and importance of the Leased Premises to the Property and the Landlord's broader portfolio of properties. The Landlord needed to ensure, and did ensure through the Guarantee, that it would be fully compensated by Target Canada's solvent and established parent corporation for all losses and expenses the Landlord would suffer or incur should Target Canada fail to be a successful anchor tenant for the Property.
13. Target U.S. agreed to provide the Guarantee as a condition of the Landlord's consent to the assignment of the Original Lease, which Target U.S. required in order to pursue its desired expansion into Canada.
14. The Guarantee provides, among other things, that:
 1. Guaranty. Guarantor hereby unconditionally, absolutely, continuingly and irrevocably guarantees to Landlord, in accordance with and subject to the terms of this Guaranty, the timely payment, observance and performance by Tenant of its obligations, agreements and liabilities arising under or pursuant to the Lease (as from time to time amended and including the self-insurance clause between Landlord and Tenant), direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due (collectively, "**Tenant's Liabilities**") and further agrees to pay all costs and expenses incurred by Landlord in enforcing this Guaranty, including, without limitation, all legal fees and disbursements. The liability of Guarantor with Tenant is joint and several. The obligations of Guarantor are as primary obligor and Guarantor shall

be bound by this Guaranty as though it was Tenant named in the Lease.

15. The Guaranty was effective as of May 27, 2011. The Original Lease was amended by the First Amendment to Offer to Lease (the “**Target Amendment**”) (together with the Original Lease as amended by the Target Amendment, the “**Lease**”) between the Landlord and Target Canada on or about May 27, 2011. Thereafter, Target Canada operated as an anchor retail store in the Leased Premises, until the events of 2015 described below.

Target Canada’s Insolvency Proceedings

16. On January 15, 2015, Target Canada and certain affiliates sought and obtained an *ex parte* Initial Order from Morawetz R.S.J. of 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**”).

17. The Initial Order, among other things: (i) granted a stay of proceedings in respect of Target Canada; (ii) granted a stay of proceedings in respect of Target U.S. and its direct and indirect subsidiaries (other than Target Canada); and (iii) scheduled a full “comeback hearing” for February 11, 2015.

18. At a February 4, 2015 attendance, Target Canada brought a motion to approve a proposed Real Property Portfolio Sales Process (the “**RPPSP**”) that, among other things, outlined the mechanism by which Target Canada proposed to market and sell the leases it had entered into with its various landlords, under the supervision of the court-appointed Monitor and the Court. The RPPSP motion was adjourned to the come-back hearing scheduled for February 11, 2015.

19. As a result of extensive negotiations between counsel for Target Canada, the Monitor, Target U.S. and a number of Target Canada's landlords, including the plaintiff, a form of RPPSP was agreed upon that was approved by the Court in an Order of February 11, 2015. As a condition of consenting to the RPPSP and to the continuance of Target Canada's insolvency within the CCAA (as opposed to pursuant to the *Bankruptcy and Insolvency Act*), Target U.S. and the landlords, including the plaintiff, negotiated and agreed upon amendments to the Initial Order, which were ultimately settled among the parties. Pursuant to that settlement, the February 11, 2015 Amended and Restated Initial Order was amended to provide in paragraphs 19 and 19A that:

- (a) Any of Target Canada's landlords (including the Landlord) that had a claim pursuant to a guarantee or indemnity from Target U.S. (a "**Guaranteed Claim**") would not be affected by the Stay of Proceedings and would bring Guaranteed Claims in this Court and that this Court would be seized of any such claim.
- (b) Guaranteed Claims would not be determined, directly or indirectly within Target Canada's CCAA proceedings.
- (c) Guaranteed Claims would be unaffected by any determination (including any findings of fact, mixed fact and law or conclusions of law) of any rights, remedies and claims of such landlords as against Target Canada and the other insolvent entities in Target Canada's CCAA proceedings or any other insolvency proceedings. In other words, the determination in this action is to be without reference to the manner in which the Landlord's CCAA claim is determined because the considerations and exigencies are different in the CCAA proceeding.

- (d) Such a claim would be treated as unaffected and not be released or affected in any way in any Plan filed by Target Canada or any of the other insolvent Target entities under the CCAA, or any proposal filed by any of them under the *Bankruptcy and Insolvency Act*.

20. Pursuant to the process established by the RPPSP, Target Canada marketed its rights under leases to properties across Canada. During that time, the Stay of Proceedings and the RPPSP prohibited the Landlord from taking any meaningful mitigation steps. While Target Canada was successful in finding purchasers/assignees for certain of the leases, it could not find purchasers for other leases, including the Lease, and disclaimed its rights under those leases.

21. On April 29, 2015, Target Canada sent a notice of disclaimer to the Landlord indicating that it was disclaiming its rights under the Lease, and stating that the disclaimer would be effective as of May 29, 2015, 30 days after the day on which the notice was given.

22. In addition to failing to pay the rent that was owed under the Lease from the date of disclaiming its rights under the Lease, Target Canada further breached the covenant to operate clause in Lease (the “**Covenant to Operate**”), which required the Tenant to operate its store for ten years following the “Store Opening Date”, as that term is defined in the Original Lease.

Target U.S. is Liable Under the Guarantee

23. Target U.S. is liable under the Guarantee.

24. On June 2, 2015, after the notice of disclaimer took effect, the Landlord sent Target U.S. a notice of default and demand.

25. In breach of the Guarantee, Target U.S. failed to make demanded payments to the Landlord.

26. As a result of Target Canada's demise and the disclaimer of its rights under the Lease, the Landlord has suffered and will continue to suffer significant losses on account of:

- (a) Target Canada's failure to pay amounts payable under the Lease; and
- (b) other losses, damage, injury, costs, and expenses arising in connection with Target Canada's demise and the disclaimer of its rights under the Lease.

27. Pursuant to the Guarantee, Target U.S. is liable for all such losses incurred up to May 21, 2021. The full extent of such losses is not yet known; further particulars, when available, will be provided prior to trial.

28. The losses which the Landlord has suffered, will continue to suffer, and will in the future suffer include, but are not limited to:

- (a) unpaid rent for the remaining term of the Lease, including, but not limited to, net rent and additional rent;
- (b) other liabilities owed by Target Canada pursuant to the terms of the Lease, whether owed directly to the Landlord or otherwise, and whether direct or indirect, absolute or contingent, now or hereafter existing or arising, or due or to become due;
- (c) all costs and expenses associated with re-leasing the Leased Premises including, but not limited to, tenant improvement allowances, required work by the Landlord

- to re-fit the Leased Premises, redemising costs, leasing commissions and free rent periods;
- (d) losses, costs and expenses associated with claims made by other tenants of the Property and other persons in connection with Target Canada's cessation of operations incurred up to the expiry of the Covenant to Operate;
 - (e) all costs and expenses arising out of potential defaults under third party loan agreements by virtue of Target Canada's disclaimer of its rights under the Lease;
 - (f) to the extent not otherwise addressed by other claims or forms of damages herein, impairment and/or diminution of the value of the Property resulting from Target Canada's cessation of operations and disclaimer of its rights under the Lease; and
 - (g) all costs and expenses incurred by the Landlord in respect of Target Canada's default under the Lease including, without limitation, all legal, audit and accounting fees and expenses. Such amounts would include, but are not limited to, all expenses and costs associated with Target Canada's insolvency proceedings and breach of and disclaim of its rights under the Lease, and all enforcement steps taken by the Landlord in connection therewith, and in enforcing the Guarantee against Target U.S.

Rent, Common Area Expenses and Realty Taxes

29. The Guarantee provides that Target U.S. is responsible for all unpaid rent (including accelerated rent) and all additional amounts owing under the Lease until the Guarantee expires on May 21, 2021 (the "**Guarantee Expiry Date**").

30. Pursuant to the terms of the Lease:
- (a) \$5,090,044 of net rent is due or to become due before the Guarantee Expiry Date as a result of Target Canada's disclaimer of its rights under the Lease;
 - (b) \$881,103 of expenses for the Property's common area is due or to become due before the Guarantee Expiry Date as a result of Target Canada's disclaimer of its rights under the Lease; and
 - (c) \$2,895,057 of realty tax is due or to become due before the Guarantee Expiry Date as a result of Target Canada's disclaimer of its rights under the Lease.
31. Target U.S. is liable to the Landlord for the amounts set out in paragraph 30 above.

Costs and Expenses Incurred in Re-leasing the Leases Premises

32. Pursuant to the Guarantee, Target U.S. is liable for all losses arising directly or indirectly from the failure of the Tenant to perform its obligations and/or liabilities under or pursuant to the Lease.
33. As a result of the disclaimer of the Lease by Target Canada, the Landlord has incurred and continues to incur significant costs and expenses as part of its efforts to re-lease the Leased Premises. Such costs and expenses include, but are not limited to, construction costs, leasing and brokerage commissions and advertising and legal fees.
34. Target Canada's inability to find an assignee of the Lease through the RPPSP demonstrates that there is no tenant willing to take over the Leased Premises in the current circumstances.

35. Accordingly, any re-leasing of the Leased Premises will require leasing the space to multiple tenants, which will in turn require, among other things, obtaining requisite municipal zoning approvals, reconstructing the facades and loading facilities, building demising walls, and modifying the HVAC and other systems. This will be a costly and lengthy process.

36. Dividing up the Leased Premises among multiple tenants will also prevent the Landlord from using the full square footage of the Leased Premises, as significant space will be required to be set aside as additional common space or “stub space” to provide access to multiple retail outlets. This will lead to a further loss in future rent streams as well as a loss of an anchor tenant, both of which, as is discussed below, will also further reduce the value of the Property.

37. In total, the Landlord currently anticipates that it will incur approximately \$15 million in re-leasing expenses. The full extent of such expenses is not yet known; full particulars, to the extent available, will be provided prior to trial.

Potential Claims of Other Tenants

38. Although the Amended and Restated Initial Order currently prevents third party tenants from exercising any asserted rights against the Landlord as a result of Target Canada’s insolvency (“**Co-tenancy Claims**”), the CCAA proceeding will not release the Landlord from Co-tenancy Claims and or claims by other persons, arising in respect of Target Canada’s cessation of operations and the disclaimer of its rights under the Lease.

39. Certain tenants of the Property may assert Co-tenancy Claims for rent abatement or lease termination resulting from Target Canada’s demise and disclaimer of its rights under the Lease. The full extent of such Landlord losses is not yet known, however further particulars, to the extent available, will be provided prior to trial.

40. Target U.S. is liable to the Landlord for all losses and expenses incurred by the Landlord in dealing with any potential third party claims arising in respect of Target Canada's cessation of operations up to the expiry of the Covenant to Open.

Impairment/Diminution of Value of Property

41. The value of the Property has been impaired and reduced as a result of Target Canada's vacating the Leased Premises for the duration of the term of the Lease. To the extent not otherwise addressed by other claims or forms of damages herein, Target U.S. is liable for the diminution of value of the Property arising from Target Canada's cessation of operations and the disclaimer of its rights under the Lease.

Costs and Expenses

42. In addition, Target U.S. is liable for all costs and expenses incurred by the Landlord in mitigating its losses, collecting amounts owed by Target Canada and enforcing the Guarantee against Target U.S., among others. The full extent of such losses is not yet known, however further particulars, to the extent available, will be provided prior to trial.

Mitigation

43. Pursuant to the Amended and Restated Initial Order and the imposition of the RPPSP, the Landlord was prohibited from undertaking any substantive mitigation efforts to re-lease the Leased Premises.

44. The RPPSP represented a Court-approved process, supported by Target U.S., that involved a concerted and expert marketing effort with respect to Target Canada's leases (including the Lease). Given the extensive nature of the RPPSP, no further marketing process was or is necessary

by the Landlord under any principles of mitigation. Indeed, it would be a waste of resources for the Landlord to repeat the marketing process undertaken in the RPPSP, or a similar one, simply to establish what is already known to the parties: that it is impossible in the current or foreseeable commercial real estate market to find a tenant willing to satisfy the terms of the Lease.

45. The Landlord denies that it has any positive obligation to mitigate its losses in the face of Target U.S.'s contractual Guarantee. However, to the extent that an obligation on the Landlord to mitigate its losses might be asserted, any such obligation was frustrated by the RPPSP and the use by Target Canada and Target U.S. of the CCAA.

46. The Landlord has filed a proof of claim against Target Canada in the CCAA proceeding claiming for losses suffered as a result of Target Canada's demise and disclaiming of its rights under the Lease. Any recovery the Landlord receives from its claim against Target Canada in the CCAA proceedings will reduce the Landlord's losses and correspondingly reduce Target U.S.'s liability under the Guarantee.

Compound Interest

47. Target U.S. has earned or has had the opportunity to earn compound interest on amounts it is and will be obliged to pay the plaintiff. Similarly, the plaintiff would have had the opportunity to earn compound interest had it been paid the amounts owing under the Guarantee.

48. As a result, the Landlord claims it is entitled to compound pre-judgment interest on its damages.

Service

49. The parties negotiated and agreed to the terms of paragraph 19A of the Amended and Restated Initial Order, which expressly requires all claims of any landlord against Target U.S. pursuant to a guarantee relating to a lease of real property shall be determined by a Judge of the Ontario Superior Court of Justice (Commercial List). Target U.S. has therefore attorned to the jurisdiction of the Ontario Superior Court of Justice (Commercial List).

50. The plaintiff relies upon Rule 17.02(f)(iii) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, for service of this statement of claim upon the defendant located outside Ontario.

Place of Trial

51. The plaintiff proposes that this action be tried at Toronto.

December 7, 2015

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Counsel
Suite 2750, 145 King Street West
Toronto, ON M5H 1J8

Matthew P. Gottlieb LSUC#: 32268B
mgottlieb@counsel-toronto.com
Tel: 416 644 5353

Andrew Winton LSUC#: 54473I
awinton@counsel-toronto.com
Tel: 416 644 5342

Laura M. Wagner LSUC#: 60319Q
lwagner@counsel-toronto.com
Tel: 416 645 5076
Fax: 416 598 3730

Lawyers for the Plaintiff

PLACE VERTU HOLDINGS INC.
Plaintiff

- and -

TARGET CORPORATION
Defendant

215-11211-0202

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Counsel

Suite 2750, 145 King Street West
Toronto, ON M5H 1J8

Matthew P. Gottlieb LSUC#: 32268B
mgottlieb@counsel-toronto.com

Tel: 416 644 5353

Andrew Winton LSUC#: 54473I
awinton@counsel-toronto.com

Tel: 416 644 5342

Laura M. Wagner LSUC#: 60319Q
lwagner@counsel-toronto.com

Tel: 416 645 5076

Fax: 416 598 3730

Lawyers for the Plaintiff

TAB 31

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 AND 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

Applicants

AFFIDAVIT OF SCOTT MACDONALD
Sworn December 8, 2015

I, Scott MacDonald, of the City of Oakville, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the Executive Vice President, Retail Asset Management with Morguard Investment Limited and as such have knowledge of the matters to which I hereinafter depose. Where such knowledge is based upon the information of others I verily believe such information to be true.

2. Morguard Investments Limited ("**Morguard**") is the agent and manager for landlords of fifteen shopping centres in which Target Canada Co. (directly or through related entities) (collectively "**Target Canada**") was a tenant and previously operated retail stores (the "**Target Stores**"). Morguard, through related entities, also holds an ownership interest in a great majority of the shopping centres in which the Target Stores were located.

Appended to my affidavit as **Exhibit "A"** is a list of each landlord of the shopping centres in which the Target Stores were located.

3. Each of the fifteen Target Stores was previously a Zellers store and the leases for the locations were assigned to Target Canada. The original lease date for each of the fifteen locations varies, however some leases were entered into more than forty years ago.

4. When the leases were assigned to Target Canada, Zellers remained liable for the obligations under the leases as original covenantor. In addition, for thirteen of the locations, Target Corp. executed a guarantee in favour of the landlord (the "**Parent Guarantees**").

5. In every case, Target Canada served as an "anchor" tenant of the shopping centres. Anchor tenants play a critical role in the financial viability of a shopping centre for both the landlord and other tenants as anchor tenants provide the single largest or one of the largest draws of customers to the shopping centres. Lease rates for other tenants are heavily dependent upon the identity and operation of anchor tenant(s). Furthermore, the retention of other tenants is also significantly impacted by the absence of anchor tenants. Target Canada was aware of its role as an anchor tenant and its impact on Morguard's shopping centres and the other tenants in the shopping centres.

Commencement of CCAA Proceeding and Parent Guarantees

6. When Morguard learned that Target Canada had filed for protection under the *Companies' Creditors Arrangement Act*, (the "**CCAA**"), one of our immediate concerns was the impact the *CCAA* proceeding might have on the Parent Guarantees. This concern was

heightened by the fact that the Initial Order granted by the court on January 15, 2015 included a stay of proceeding prohibiting landlords from taking steps to enforce the Parent Guarantees.

7. Given the seriousness of the matter, Morguard considered all options available to it to ensure that the Parent Guarantees would not be compromised by the *CCAA* proceeding, including the possibility of requesting that the *CCAA* proceeding be terminated and Target Canada be required to make an assignment in bankruptcy.

8. In addition, Morguard was concerned with the manner in which Target Canada would liquidate its inventory and with the manner in which it would offer for sale and sell our real property leases.

9. Thereafter we, through our counsel, began discussions/negotiations with Target Canada and Target Corp. to amend the provisions of the Initial Order, to stipulate the terms of an agreeable order for the sale and liquidation of Target's inventory, fixtures and equipment and to finalize the terms of an order which would govern the sale of real property leases (the "**RPPSP Order**").

10. I am advised by Linda Galessiere of McLean & Kerr LLP, our counsel, that each of Target Canada, Target Corp. and the Monitor were aware of our concerns regarding the preservation of the Parent Guarantees.

11. The amendments to the Initial Order and in particular the inclusion of the provisions confirming that the Parent Guarantees would not be compromised in the *CCAA*

proceeding (paragraph 19A) were of utmost importance to Morguard throughout the negotiations of the various orders. The final terms of the RPPSP Order were agreed to on the agreement that the Initial Order would be amended to include the negotiated changes (specifically paragraph 19(A)). In addition, pursuant to the agreement reached for the terms of the Amended and Restated Initial Order (which included paragraph 19A) and the RPPSP Order, Morguard agreed not to challenge the appropriateness of the *CCAA* proceeding.

Assignment and Disclaimer of Leases

12. Of the fifteen Target Stores in Morguard's portfolio, six were assigned by Target Canada to other tenants, one was purchased back by Morguard and eight were disclaimed.

13. Of the six assigned leases, Zellers remains liable as original covenantor for five of the leases and three remain protected by a Parent Guarantee.

14. Of the eight disclaimed leases, Zellers remains liable as original covenantor for each of the eight leases. In addition, Parent Guarantees were granted for each of the disclaimed leases.

Disclaimed Leases – Damages Suffered

15. Immediately upon learning that Target Canada had filed for insolvency protection on January 15, 2015, Morguard mobilized its remerchandising team (which team includes leasing personnel, asset managers, contractors, consultants, architects, engineers and development personnel) to consider and assess all options for re-leasing the locations.

16. These efforts to re-lease continue to this date, however save for the six leases assigned by Target Canada, none of the nine vacant Target Stores have been re-let. Each of the eight disclaimed Target Stores are located in enclosed shopping centres.

17. As all efforts to find tenants willing to lease the entire premises (which premises range in size from approximately 75,000 - 140,000 square feet) have been exhausted, Morguard has determined that it must now either demolish and rebuild and/or re-demise each of the nine vacant Target Stores.

18. By way of example, for two locations in Western Canada, it appears that the best alternate leasing arrangement will be to demolish the existing Target Stores and rebuild new smaller structures to accommodate grocery stores. The new buildings will be approximately 40%-48% smaller than the existing Target Store and the lost rentable area will only be recaptured with the construction of new structures. The costs associated with the new redevelopment exceed \$20,000,000.00 at each shopping centre.

19. Although the new tenants will likely pay more in rent per square foot than that paid by Target Canada, at best, rent from first new tenants will not commence until early 2017 (as no agreements have been reached with any tenants and construction/tenant fixturing will take 12 or more months to complete). In addition, the higher rents that may be paid by new tenants will need to be off-set against the rent reductions that have already been requested by tenants located near the closed Target Store who are suffering from a reduction in sales due to the closure and loss of this anchor tenant.

20. At Bramalea City Centre (“BCC”) (also a disclaimed location located in Brampton, Ontario), the Target Store was situated on two floors and extensive construction will be necessary to re-demise the area to accommodate 4-6 new smaller stores and reconfigure the space to fit within the existing shopping centre on both levels. In this regard, it will be necessary to reconfigure the space to provide for a new loading dock, new escalators, a freight elevator, a customer elevator, new exterior and interior access doors, new interior and exterior facade, new back access stairs, new internal mall stairs, new washrooms, new demising walls, etc.

21. In addition, in order to accommodate several new smaller stores in the BCC Target Store, new common areas must be created resulting in a loss of gross rentable area of approximately 15%-25%.

22. The costs to re-demise and re-let the BCC Target Store, including tenant allowance costs, are projected to exceed \$30,000,000.00 depending on the final plans implemented. The costs associated with re-demising a store located in an enclosed shopping centre are far greater than those needed to re-demise a stand-alone store or one located in a strip centre. In addition, although all tenants negotiate an “allowance” to be paid by the landlord, such allowances vary greatly depending on the tenant and can be upwards of \$80 per square foot of the premises to be leased, adding a significant amount to the total re-leasing costs.

23. As noted above, no new lease agreements have been entered into for any of the former Target Stores. It is expected that at best, if a new tenant is found now for BCC, rent will not commence until the fall of 2017 and the entire space will not be fully re-let before 2020.

24. As most of Morguard's shopping centres are currently financed, the costs to re-demise the Target Stores will need to be paid for with equity funding as new financing would not be available or would complicate existing financing arrangements.

Proofs of Claim

25. Morguard submitted proofs of claim for the eight leases that were disclaimed and for the six leases that were assigned. The proofs of claim for the stores that were disclaimed particularized the rent lost for the term of the leases and the costs to re-demise and re-let the Target Stores. The proofs of claim for the stores that were assigned claimed rent in the event the assignee should default and vacate the premises. The Monitor has issued a Notice of Revision or Disallowance for each and every location and only allowed an amount equal to the amount Target Canada proposes in its plan for the stores that were disclaimed. No amount whatsoever was allowed for stores that were assigned. Morguard will be filing a Notice of Dispute for all of its disclaimed and assigned locations.

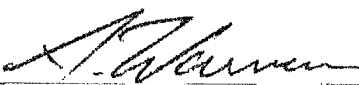
26. It appears that the Monitor has given no consideration to Morguard's actual losses as required by the *CCAA* prior to issuing its Notices of Revision or Disallowance and the amounts allowed by the Monitor are far below the damages that Morguard will actually suffer. By way of example, appended is the proof of claim and the Notice of Revision or Disallowance relating to the BCC location.

Appended to my affidavit as **Exhibit "B"** is a copy of Morguard's Proof of Claim and the Monitor's Notice of Revision or Disallowance


27. Although the Monitor has not provided any information to support its Notices of Revision or Disallowance, it appears that the Monitor expects that the Target Stores will be fully re-let in 2-4 years. This however, is not a valid assumption. When Eaton's closed various stores in 1999 landlords were forced to re-demise the space and find new tenants. One such store was the Eaton's store located in Morguard's Coquitlam Centre, in Coquitlam B.C. The store (approximately 130,000 square feet) was re-demised into eight stores and was not fully re-let until October 2006 – a full 7 years after the store was returned to Morguard. It appears that the assumption that the Target Stores will be re-let in 2-4 years has resulted in Morguard's claims being unjustifiably reduced.

28. I make this affidavit in response to Target Canada's motion to approve the filing of its plan and for no other or improper purpose.

SWORN before me at the City of)
 Oakville, in the Province of Ontario, this)
 8th day of December, 2015.)
)
)
)
)
)



 Commissioner for Taking Affidavits
 Andrew Warman



 SCOTT MACDONALD

TAB 32

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 AND 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

Applicants

AFFIDAVIT OF FRED SANTINI
SWORN DECEMBER 8, 2015

I, Fred Santini, of the City of Vaughn, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the Regional Vice President, Central Canada with Crombie REIT and as such have knowledge of the matters to which I hereinafter depose. Where such knowledge is based upon the information of others I verily believe such information to be true.

2. Crombie REIT ("**Crombie**"), is the agent and manager for the landlords of three strip malls in which Target Canada Co. (directly or through related entities) (collectively "**Target Canada**") previously operated retail stores (the "**Target Stores**").

Appended to my affidavit as **Exhibit "A"** is a list of each landlord of the shopping centres in which the Target Stores were located.

3. For the North Bay location, Target Corp. executed a guarantee in favour of the landlord (the "**Parent Guarantee**").

4. For all three stores, Target Canada served as an "anchor" tenant of the shopping centres. Anchor tenants play a critical role in the financial viability of a shopping centre for both the landlord and other tenants as anchor tenants provide the single largest or one of the largest draws of customers to the shopping centres. Lease rates for other tenants are heavily dependent upon the identity and operation of anchor tenant(s). Furthermore, the retention of other tenants is also significantly impacted by the absence of anchor tenants. Target Canada was aware of its role as an anchor tenant and its impact on the shopping centres and the other tenants in the shopping centres.

Commencement of CCAA Proceeding and Parent Guarantees

5. When I learned that Target Canada had filed for protection under the *Companies' Creditors Arrangement Act*, (the "**CCAA**"), one of my immediate concerns was the impact the CCAA proceeding might have on the Parent Guarantee. This concern was heightened by the fact that the Initial Order granted by the court on January 15, 2015 included a stay of proceedings prohibiting landlords from taking steps to enforce the Parent Guarantees.

6. Given the seriousness of the matter, I was considering all options available to ensure that the Parent Guarantee would not be compromised by the CCAA proceeding, including the possibility of requesting that the CCAA proceeding be terminated and Target Canada be required to make an assignment in bankruptcy.

7. In addition, I was concerned with the manner in which Target Canada would liquidate its inventory and with the manner in which it would offer for sale and sell our real property leases.

8. Thereafter Crombie, through our counsel, began discussions/negotiations with Target Canada and Target Corp. to amend the provisions of the Initial Order, to stipulate the terms of an agreeable order for the sale and liquidation of Target's inventory, fixtures and equipment and to finalize the terms of an order which would govern the sale of real property leases (the "**RPPSP Order**").

9. I am advised by Linda Galessiere of McLean & Kerr LLP, our counsel, that each of Target Canada, Target Corp. and the Monitor were aware of our concerns regarding the preservation of the Parent Guarantee.

10. The amendments to the Initial Order and in particular the inclusion of the provisions confirming that the Parent Guarantees would not be compromised in the *CCAA* proceeding (paragraph 19A) were of utmost importance to Crombie. The final terms of the RPPSP Order were agreed to on the understanding that the Initial Order would be amended to include the negotiated changes (specifically paragraph 19(A)). In addition, pursuant to the agreement that had been reached for the terms of the Amended and Restated Initial Order (which included paragraph 19A) and the RPPSP Order, Crombie agreed that it would not challenge the appropriateness of the *CCAA* proceeding.

Disclaimed Leases – Damages Suffered

11. All three of Crombie's Target Stores were disclaimed in the *CCAA* proceeding.
12. Immediately upon learning that Target Canada had filed for insolvency protection on January 15, 2015, Crombie mobilized its remerchandising team (which team includes leasing team members, development team members, and construction and design team members) to consider and assess all options for re-leasing the locations.
13. These efforts to re-lease continue to this date, however none of the 3 vacant Target Stores have been re-let. If and when new tenants are found, Crombie's losses arising from the disclaimer will be significant.
14. By way of example, one of Crombie's former Target Store (which store has a Parent Guarantee) is a store located in North Bay. Despite our efforts to re-lease this premises it remains vacant. There has been only one tenant which has expressed some interest in this location, however the prospective tenant is only willing to pay rent at a rate lower than that which was paid by Target, will pay such rent on only 84% of the gross leasable area (the "gla") of the store, requires that its common area costs be capped at a rate less than its proportionate share (and will continue to be capped on a go forward basis) and requires that the landlord invest approximately \$7 million in leasehold improvements and tenant allowances. Even if a lease is executed with this new tenant, rent would not be paid until late 2017 at the earliest.

15. Crombie is also considering the possibility of re-demising the North Bay store into six smaller stores. If this is done, approximately 41,000 of the gla will be lost as the back half of the former Target Store would need to be severed off since tenants will only lease the front portion of the store. In addition, the landlord will need to expend more than \$7,000,000 to reconfigure the space. If new tenants are located, the first tenant would likely not start paying rent until 2018 and it would likely take several more years before all six spaces are re-let.

Proofs of Claim

16. Crombie submitted proofs of claim for the three leases that were disclaimed. The proofs of claim particularized the rent lost for the term of the leases and the costs to re-demise and re-let the Target Stores. The Monitor has issued a Notice of Revision or Disallowance for each and every location and only allowed an amount equal to the amount Target Canada proposes in its Plan for the stores that were disclaimed. Crombie will be filing a Notice of Dispute for all of its disclaimed locations.

17. It appears that the Monitor has given no consideration to Crombie's actual losses as required by the *CCAA* prior to issuing its Notices of Revision or Disallowance and the amounts allowed by the Monitor are far below the damages that Crombie will actually suffer. By way of example, appended is the proof of claim and the Notice of Revision or Disallowance relating to the North Bay location.

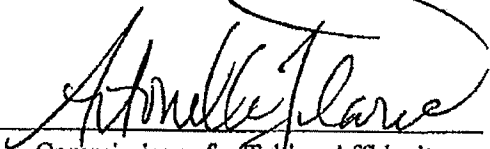
Appended to my affidavit as **Exhibit "B"** is a copy of Crombie's Proof of Claim and the Monitor's Notice of Revision or Disallowance.

Settlement by RioCan Real Estate Investment Trust


18. I learned that RioCan Real Estate Investment Trust ("RioCan") reached an agreement with Target Corp. for the settlement of its CCAA claim and payments dues under its Parent Guarantees when RioCan issued its press release dated November 23, 2015. Crombie has no information regarding the terms of settlement with RioCan, however it appears that RioCan was paid significantly more than that which is being offer to landlords under Target Canada's proposed Plan. Crombie requires the particulars of the RioCan transaction to assess the appropriateness of Target Canada's Plan and to fully respond to Target Canada's motion to file its Plan. I am advised by Linda Galessiere that she requested such information, but both the Monitor and Target Corp. have refused to provide the requested information.

19. I make this affidavit in response to Target Canada's motion to approve the filing of its plan and for no other or improper purpose.

SWORN before me at the City of
Mississauga, in the Province of Ontario,
this 8th day of December, 2015.



Commissioner for Taking Affidavits
Antonella Talarico



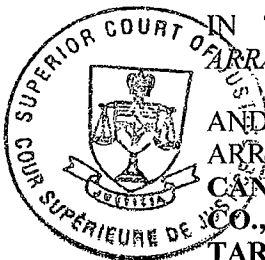
Fred Santini

TAB 33

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 8 TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF DECEMBER, 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
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

**(Extending the Stay Period and
Notice of Objection Bar Date)**

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA") for an order, *inter alia*, extending the Stay Period (as defined in paragraph 17 of the Initial Order of Regional Senior Justice Morawetz dated January 15, 2015, as amended and restated on February 11, 2015 (the "Initial Order")), was heard this day at 330 University Avenue, Toronto, Ontario (with the remainder of the relief sought in the motion set out in the Motion Record of the Applicants dated November 27, 2015 being adjourned to December 21, 2015).

ON READING the Affidavit of Mark J. Wong sworn November 27, 2015 and the exhibits thereto, the Twenty-Third Report of the Monitor, and on hearing the submissions of respective counsel for the Applicants and the Partnerships listed on Schedule "A" hereto, the

Monitor, and such other counsel as were present, and on being advised that the Service List was served with the Motion Record of the Applicants:

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 to extend the Stay Period 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.

EXTENSION OF STAY PERIOD

2. THIS COURT ORDERS that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including February 12, 2016.

EXTENSION OF NOTICE OF OBJECTION BAR DATE

3. THIS COURT ORDERS that the definition of "Notice of Objection Bar Date" set out at paragraph 3(aa) of the Claims Procedure Order (issued by Regional Senior Justice Morawetz on June 11, 2015) is hereby amended to extend the Notice of Objection Bar Date to February 12, 2016, or such later date as this Court may Order.

 A. J. Morawetz R.S.J.

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



DEC 09 2015

SCHEDULE "A"
PARTNERSHIPS

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

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

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

PROCEEDING COMMENCED AT
TORONTO

ORDER

**(Extending the Stay Period and
Notice of Objection Bar Date)**

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 34

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** (the "Applicants")

AFFIDAVIT OF THERESA WARNAAR

I, THERESA WARNAAR, of the Town of Uxbridge, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am the Vice President, Retail, Portfolio Management, of KingSett Capital Inc., a respondent in this proceeding ("KingSett") and, as such, have knowledge of the matters contained in this affidavit. Where I have relied on other sources of information, I have specifically referred to such sources and believe them to be true.
2. I swear this affidavit in response to the motion brought by the Applicants seeking an Order that seeks, among other things, to accept the filing of a Joint Plan of Compromise and Arrangement in respect of the Applicants dated November 27, 2015 (the "Plan"), to authorize the establishment of one class of Affected Creditors for the purpose of considering and voting on the Plan, and to authorize the applicants to call, hold and conduct a meeting of the Affected Creditors (the "Plan Filing Motion").

KingSett's Claim against the Applicants

3. KingSett or its affiliates was a landlord to Target Canada Co. ("Target Canada") with respect to six Target stores pursuant to six lease agreements with Target Canada.
4. All but one of the leases were assigned to new tenants prior to the Applicants' service of the Plan. The lease that was not assigned is in respect of "Place Vertu" (a mall located in the Province of Québec (the "Lease")) and is comprised of two agreements, which are attached as Exhibits "A" and "B" hereto, respectively:
 - (a) an "Offer to Lease" from Zellers Inc., dated March 28, 2007; and
 - (b) a "First Amendment to Offer to Lease" between Target Canada and Place Vertu S.E.N.C. dated May 27, 2011.
5. Key terms of the Lease include, but are not limited to:
 - (a) the Lease's term commenced on December 1, 2007 and expires fifteen years later on November 30, 2022;
 - (b) the premises occupied by Target (the "Leased Premises") were comprised of 121,103 square feet of commercial leasable area;
 - (c) the "Fixed Rent" is \$867,825.00 per year for the duration of the term;
 - (d) the "Additional Rent", comprised of, among other things, common area expenses and realty taxes, was approximately \$43,397.00 per month in the first year of the Lease but increased each year; and

- (e) Target agreed to operate a department store at the Leased Premises until the end of October, 2017 (the “Covenant to Open”).

6. The Lease was guaranteed by Target Corporation, Target Canada’s U.S. parent (“Target U.S.”). Attached as Exhibit “C” hereto is a copy of Target U.S.’s guarantee of the Lease, dated May 27, 2011 (the “Guarantee”). The Guarantee provided, among other things:

1. Guaranty. Guarantor hereby unconditionally, absolutely, continuingly and irrevocably guarantees to Landlord, in accordance with and subject to the terms of this Guaranty, the timely payment, observance and performance by Tenant of its obligations, agreements and liabilities arising under or pursuant to the Lease (as from time to time amended and including the self-insurance clause between Landlord and Tenant), direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due (collectively, “Tenant’s Liabilities”) and further agrees to pay all costs and expenses incurred by Landlord in enforcing this Guaranty, including, without limitation, all legal fees and disbursements. The liability of Guarantor with Tenant is joint and several. The obligations of Guarantor are as primary obligor and Guarantor shall be bound by this Guaranty as though it was Tenant named in the Lease.

7. The Guarantee was effective as of May 27, 2011 and expires on May 27, 2021.

The Applicants Agreed not to Seek to Compromise the Guarantee

8. In late January and early February 2015, Kingsett, together with other Target landlords (the “Landlord Group”) entered into intense negotiations with Target Canada and Target U.S. Those negotiations focused on the CCAA proceeding and the RPPSP. KingSett was very concerned that Target U.S. intended to use the CCAA process to compromise its guarantees to Target Canada’s landlords. At the comeback motion scheduled for February 11, 2015, KingSett intended to vehemently oppose the CCAA proceeding in order to avoid this potential outcome.

9. Notwithstanding KingSett's significant concerns regarding the proceeding continuing under the CCAA and regarding the RPPSP, KingSett and the rest of the Landlord Group agreed not to oppose the CCAA process or the RPPSP motion based on Target U.S.'s and Target Canada's agreement that landlord guarantees would not be compromised in a plan of arrangement and compromise under the CCAA.

10. This agreement resulted in the addition of paragraph 19A to the Initial Order.

The Landlord Complied with the Claims Process Ordered by this Court

11. The Lease was disclaimed by Target Canada on April 29, 2015, effective May 29, 2015. Attached as Exhibit "D" hereto is a copy of Target Canada's notice of disclaimer dated April 29, 2015.

12. By letter dated June 2, 2015, Place Vertu Holdings Inc. (the "Landlord") demanded payment from Target U.S. of all rent and other amounts payable under the Lease by Target Canada. The Guarantee demand letter dated June 2, 2015 is attached hereto as Exhibit "E".

13. Target U.S. has not paid any amounts due under the Guarantee.

14. Later that month, this Court granted the Applicants' motion to establish a claims process in this CCAA proceeding. Pursuant to the "Claim Procedure Order" dated June 11, 2015, the Landlord was to assert its claim against the Applicants by delivering a proof of claim before 5:00 p.m. on August 31, 2015.

15. The Landlord delivered its proof of claim (the "Place Vertue Proof of Claim") as required under the Claims Procedure Order. Attached as Exhibit "F" is a copy of the Place Vertu Proof of

Claim". The Place Vertu Proof of Claim claims a total amount of \$26,422,010.34, which is comprised of, among other things:

- (a) \$6,366,384.71 on account of rent due to the end of the term of Lease;
- (b) \$1,128,053.83 on account of common area expenses due to the end of the term of the Lease;
- (c) \$3,927,571.70 on account of realty tax due to the end of the term of the Lease; and
- (d) approximately \$15,000,000.00 in respect of costs and expenses associated with re-leasing the leased premises, including, but not limited to, leasehold improvements, construction costs, leasing and brokerage commissions and advertising and legal fees.

The Basis for the Landlord's Claim

16. As set out in great detail in the Applicants' affidavits in this proceeding, prior to disclaiming the Lease, the Applicants engaged in a detailed marketing process to attempt to find other tenants who were willing to take over the Lease according to its terms. The Applicants marketed the Lease to every major "big-box" tenant in Canada, including Wal-Mart, Canadian Tire, Lowes and Sears. None of these potential tenants were willing to take over the Lease, which is why it was disclaimed by Target Canada.

17. After the disclaimer took effect, the Landlord, on its own accord, directly approached the major big-box retailers, including Costco, Sears, Winners/HomeSense, Sail, Wal-Mart, Brault and Martineau, Urban Planet, Trevi and Vaillancourt. None of these retailers were interested in taking over the entire space leased by Target Canada.

18. As a result of these efforts and this lack of interest, the Landlord concluded that there is no possibility that the premises formerly leased by Target Canada can be leased to a new anchor tenant. Unless the store is redeveloped by transforming the approximately 120,000 square-foot store into smaller stores, the Leased Premises will lie vacant for the duration of the Lease's term.

19. Based on my considerable experience in the commercial real estate industry, I estimate it will cost approximately \$16,000,000 to redevelop the Leased Premises. These costs include "hard" construction costs to redemise the premises, leasehold improvements, tenant inducements in the form of rent abatements or cash incentives to attract new tenants into the redeveloped premises, and "soft" costs such as architect, marketing and legal fees.

20. In addition to these costs, the Landlord anticipates that other tenants in the Place Vertu mall will assert co-tenancy claims of approximately \$1,900,000 that are related to Target's failure to comply with the Covenant to Open.

21. Moreover, if the Leased Premises are divided into three or four (or more) smaller stores, approximately seven to twelve per cent of the leaseable area will be lost, as the store configurations for multiple stores are less efficient as compared to the configuration of a single store over the same area. The loss of this leaseable area will have a long-term negative effect on value of the Place Vertu property.

The Plan Establishes a Cookie-Cutter Formula for Valuing Landlord Claims

22. On November 27, 2015, the Applicants served their Plan Filing Motion record, which distributed the Applicants' proposed Plan to all of their creditors for the first time. Under the Plan, landlord claims are no longer to be adjudicated pursuant to the Claims Procedure Order; instead,

all landlords claims would be valued for voting and distribution purposes via a “cookie-cutter” formula, which would value landlord claims at an amount equal to the lesser of:

- (a) the aggregate of “Landlord Formula Rent” for the two years following the date on which the disclaimer of the Lease became effective and fifteen percent of the Landlord Formula Rent for the remainder of the term of the Lease; and
- (b) four years’ Landlord Formula Rent.

23. Landlord Formula Rent is defined in the Plan as total annual amounts constituting:

- (a) fixed base rent at the rate payable as at January 15, 2015;
- (b) common area maintenance charges and realty taxes at the rate payable for the 2014 calendar year.

24. Landlord Formula Rent excludes penalties, fees, damages’ claims, co-tenancy claims or other charges arising as a result of the disclaimer of the Lease, without justification for why these claims are excluded.

The Monitor Applies the Landlord Formula to the Landlord’s Claim

25. On December 1, 2015, Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed Monitor of the Applicants (the “Monitor”), delivered a “Notice of Revision or Disallowance”, which is attached hereto as Exhibit “G”. The Notice of Revision or Disallowance reduced the Landlord’s claim to \$4,108,899 plus GST and QST, or an amount equal to less than three years’ rent, maintenance charges and realty taxes.

26. The reasons for the Monitor’s drastic reduction of the Landlord’s claim are set out in a single paragraph:

Your claim against Target Canada Co. has been partially disallowed. The Monitor, based on data and information gathered from various sources, is of the view that, on balance, the Landlord Formula Amount (as defined in the Target Canada Entities' Joint Plan of Compromise and Arrangement pursuant to the Companies' Creditors Arrangement Act dated November 27, 2015 (the "Plan") is within the range of reasonableness and has applied such formula in calculating your allowed Landlord Restructuring Period Claim (as defined in the Plan).

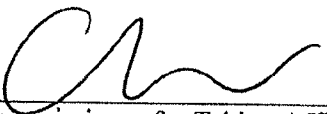
27. The Monitor's revision of the Landlord's claim drastically undercompensates the Landlord for the actual losses it will incur as a result of Target Canada's disclaimer of the Lease. It is completely disconnected from the actual losses the Landlord will suffer, as set out above.

28. The Landlord will challenge the Monitor's revision by delivering a Notice of Dispute of Revision or Disallowance within the time frame for delivering such notices under the Claims Procedure Order as is its right under that Order.

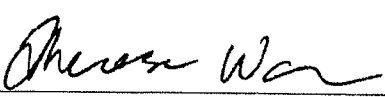
The Landlord's Action against Target US

29. On December 7, 2015, the Landlord commenced an action against Target US to enforce the Guarantee. Attached as Exhibit "H" is a copy of the Landlord's issued statement of claim. I am informed by Andrew Winton, the Landlord's outside counsel, that Target US's Canadian counsel received instructions to accept service of the statement of claim on behalf of Target US.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on December 10, 2015



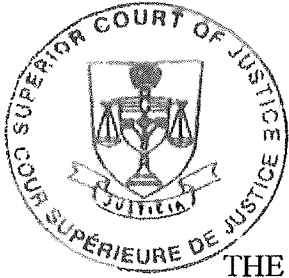
Commissioner for Taking Affidavits
(or as may be)
Andrew Winton



THERESA WARNER

TAB 35

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



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	TUESDAY, THE 12 TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF MAY, 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
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 – ADVICE AND DIRECTIONS

THIS MOTION, made by the Monitor, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") for an order providing advice and directions and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Monitor, the Ninth Report (the "**Monitor's Ninth Report**") of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the "**Monitor**"), filed, and on hearing the submissions of respective counsel for the Monitor, Applicants and the Partnerships listed on Schedule "A" hereto, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Jesse Mighton sworn May 5, 2015, filed:

SERVICE AND DEFINITIONS

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

2. THIS COURT ORDERS that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated January 15, 2015 (the “**Initial Order**”), or in Monitor’s Ninth Report, as applicable.

ADVICE AND DIRECTIONS

3. THIS COURT ORDERS that the Monitor’s motion seeking approval of a comprehensive claims process (the “**Claims Process**” and the motion, the “**Claims Process Motion**”) shall be heard on June 11, 2015 (the “**Claims Process Hearing Date**”).

4. THIS COURT ORDERS that the Monitor shall serve motion materials in respect of the Claims Process Motion on all parties on the service list in these proceedings no later than seven (7) days prior to the Claims Process Hearing Date.

5. THIS COURT ORDERS that the Claims Process shall include, among other things:

- (a) procedures regarding the calling of all claims as against the Target Canada Entities, including intercompany claims, and as against the Target Canada Entities’ current and former directors and officers;
 - (b) procedures regarding the determination and resolution of all claims as against the Target Canada Entities and their directors and officers, other than intercompany claims or any intercreditor disputes, including the appointment of claims officers;
- and

- 3 -

- (c) preparation and service by the Monitor of a report on all intercompany claims submitted in accordance with the claims procedures (the “**Monitor Intercompany Claims Report**”) following the claims bar date established in the Claims Process.

6. THIS COURT ORDERS that the Monitor Intercompany Claims Report shall identify and quantify any intercompany claims to be allowed subject to the determination of objections filed in respect thereof, in accordance with the terms of the Claims Process.

7. THIS COURT ORDERS that, following the filing of the Monitor Intercompany Claims Report, all creditors of the Target Canada Entities shall have the opportunity to file objections within a time period to be established in the Claims Procedure Order (the “**Intercompany Claims Objections Bar Date**”), which may include, but are not limited to, any claim asserted for the subordination of outstanding intercompany debts of any of the Target Canada Entities, any relief regarding claimed priority rights, any claim asserted for substantive consolidation, and the validity or quantum of intercompany claims.

8. THIS COURT ORDERS that, promptly following the Intercompany Claims Objections Bar Date, the Monitor shall schedule a motion with this Court to seek approval of a process for the resolution of any objections filed in connection with the validity or quantum of intercompany claims and any other intercreditor disputes, including a process regarding requests for the production of documents or any oral examinations (the “**Intercompany Claims and Intercreditor Dispute Process Motion**”).

9. THIS COURT ORDERS that, at the hearing of the Intercompany Claims and Intercreditor Dispute Process Motion, the Monitor shall schedule with this Court any motions a creditor has advised the Monitor it still wishes to be heard regarding requests for the production of documents and/or any oral examinations.

10. THIS COURT ORDERS that with respect to consultation between the Monitor and creditors regarding the Claims Process parties will further abide by the terms of the endorsement attached hereto as Appendix “A”.

11. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist TCC, 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 TCC 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 TCC and the Monitor and their respective agents in carrying out the terms of this Order.

A handwritten signature in black ink, appearing to read "J. R. ...", is written above a horizontal line.

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

MAY 12 2015

Handwritten initials "MB" in black ink.

SCHEDULE "A"
PARTNERSHIPS

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

**APPENDIX A TO THE ORDER FOR ADVICE AND DIRECTIONS
MADE MAY 12, 2015**

**ADVICE AND DIRECTIONS REGARDING CONSULTATION WITH RESPECT TO
THE CLAIMS PROCESS**

1. The Monitor will bring forward the Claims Process Motion for approval of the Claims Process on June 11, 2015.
2. The Claims Process will reflect this Court's desire for all reasonable expedition, including with respect to the preparation of the Monitor's Intercompany Claims Report.
3. The Monitor will circulate a draft Claims Procedure Order with respect to the Claims Process to the Service List for discussion by no later than May 28, 2015.
4. The Monitor will constitute and convene a Consultative Committee, which the Monitor shall consult regarding the Claims Process following circulation of the draft Claims Procedure Order, and send invitations to:
 - (a) Mr. Lou Brzezinski and Mr. Mel Solmon; and
 - (b) certain other creditors who the Monitor knows from prior discussion have an interest in the process to ensure that interested creditor constituencies are represented.
5. The parties on the Consultative Committee are free to avail themselves of, and bring, their counsel, each at their own expense. For greater certainty, the estate will not pay the legal fees or other expenses of the Consultative Committee or any member thereof.
6. The draft Claims Procedure Order will be served on the entire Service List and all creditors are welcome to provide comments.



7. While consensus on the Claims Process is desirable, if that is not achievable, on June 11, 2015, any creditor can raise any issue with respect to the Claims Process on not less than two days' notice to the Service List.
8. Once the intercompany claims are filed and the Monitor's Intercompany Claims Report and any objections to the intercompany claims are filed, discussion regarding consensual resolution may take place.
9. Notwithstanding any such discussions the Monitor will come forward with the Intercompany Claims and Intercreditor Dispute Process for approval by the Court. The Monitor will reconvene and consult the Consultative Committee with respect to its draft order regarding the Intercompany Claims and Intercreditor Dispute process.
10. The Monitor and the Consultative Committee will consider whether it is advisable to call a meeting of all creditors at that time.
11. The Intercompany Claims and Intercreditor Dispute Process will deal with how best to advance any litigation concerning the intercompany and intercreditor claims, including identifying common interests and how these interests are best represented.
12. If consensus is not achieved regarding the Intercompany Claims and Intercreditor Dispute Process, upon the return of the motion for approval of the Intercreditor Claims and Intercompany Dispute Process, any party may raise issues regarding the process, including requests for any *ad hoc* committee and representative counsel.
13. No motion for an *ad hoc* committee regarding intercompany claims and intercreditor claims, 30-day goods issues or representative counsel thereto, including the motions therefor returnable May 11, 2015, shall be brought until the Intercompany Claims and Intercreditor Dispute Process is brought forward for hearing, in accordance with paragraph 9 above.
14. Counsel to the Applicants will provide four dates in July and August, 2015 convenient to Mark Wong and counsel for the Applicants of which one may be selected by Mr. Solmon for the cross-examination of Mark Wong.



15. Target Corporation confirms that, as with any claimant in a Claims Process, if Target Corporation files a claim against TCC PropCo, Target Corporation will be bound by the determination of that claim in the Claims Process.


12/05/15

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.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Alan Mark LSUC#: 21772U
amark@goodmans.ca

Jay Carfagnini LSUC#: 22293T
jcarfagnini@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Jesse Mighton LSUC#: 62291J
jmighton@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

TAB 36

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.**

**FIFTEENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

JUNE 5, 2015

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INDEX TO APPENDICES

Appendix “A” – List of the Applicants and Partnerships

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 are 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 previously provided to this Court fourteen 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 purpose of this Fifteenth Report of the Monitor (the “**Fifteenth Report**”) is to provide this Court with:

- (1) information regarding the following:
 - (a) the process undertaken by the Monitor to coordinate the formation of a consultative committee of stakeholder representatives (the “**Consultative Committee**”);
 - (b) the Monitor’s motion seeking an order approving the proposed claims process (the “**Claims Process**”) to identify and determine claims of creditors of the Target Canada Entities as outlined further in this Fifteenth Report and, among other things, authorizing, directing and empowering the Monitor to take such actions as are contemplated by the proposed Claims Procedure Order substantially in the form attached as Tab 3 to the Monitor’s Motion Record (the “**Claims Procedure Order**”);
 - (c) the Employee Trust; and
 - (d) 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 connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Fifteenth 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 Fifteenth Report are as defined in the Prior Reports, or the Claims Procedure Order, as applicable.
- 2.4 Unless otherwise stated, all monetary amounts contained in this Fifteenth Report are expressed in Canadian dollars.

3.0 CONSULTATIVE COMMITTEE

- 3.1 On May 11, 2015, this Court granted an advice and directions order (the “**Advice and Directions Order**”) outlining the process and consultations the Monitor was to undertake in developing the Claims Process.
- 3.2 In accordance with the Advice and Directions Order, since May 12, 2015, the Monitor and its counsel, Goodmans LLP, have undertaken the following activities:
- (a) met with legal counsel to a number of stakeholders and coordinated the formation of the Consultative Committee;
 - (b) developed and served a draft Claims Procedure Order to the Service List on May 28, 2015 and invited input and comments;

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- (c) working with the Consultative Committee, developed a Consultative Committee protocol to assist in the calling and conduct of meetings of the Consultative Committee;
- (d) on June 2, 2015, convened a meeting with the Consultative Committee to discuss the role of the Consultative Committee in these CCAA Proceedings and the draft Claims Procedure Order; and
- (e) continued its dialogue with the Consultative Committee and other constituents, including Employee Representative Counsel and Pharmacists' Representative Counsel, regarding the Claims Procedure Order.

3.3 The Consultative Committee is comprised of the following members in their capacity as legal counsel to creditors of the Target Canada Entities:

- (a) Louis Brzezinski, Blaney McMurty LLP (“**Blaney**”);
- (b) Melvyn Solmon, Solmon Rothbart Goodman LLP;
- (c) Richard Orzy, Bennett Jones LLP;
- (d) Linda Galessiere, McLean & Kerr LLP;
- (e) Linc Rogers, Blakes, Cassels & Graydon LLP;
- (f) Jeffrey Carhart, Miller Thomson LLP; and
- (g) Yannick Katirai, Stikeman Elliott LLP.

3.4 The members of the Consultative Committee represent a cross-section of the Target Canada Entities' creditors, including landlords, suppliers of goods and service providers.

4.0 PROPOSED CLAIMS PROCEDURE ORDER

Overview

- 4.1 Capitalized terms used but not defined in this section of the Fifteenth Report have the meaning ascribed to them in the Claims Procedure Order.
- 4.2 The Claims Procedure Order responds to the desire of all stakeholders for speed and certainty in bringing these CCAA Proceedings to their ultimate conclusion, balanced with their desire to be consulted in the process in a meaningful way. The Claims Process is intended to facilitate the determination of claims against the Target Canada Entities in a fair, consultative and expeditious manner.
- 4.3 The proposed Claims Procedure Order reflects the Court's instructions to the Monitor regarding the Claims Process as set out in the Court's endorsement dated March 5, 2015 (the "**March 5 Endorsement**") and the Advice and Directions Order.
- 4.4 Among other things, the Claims Procedure Order addresses the following concerns of stakeholders in the following manner:
- (a) *Intercompany Claims*: the filing of Intercompany Claims no later than July 31, 2015, in advance of the Claims Bar Date for other Claims, which is August 31, 2015. In accordance with the March 5 Endorsement and the Advice and Directions Order, the Monitor will prepare the Monitor's Intercompany Claims Report, which will be served by August 31, 2015;
 - (b) *Meaningful Consultation during the Claims Process*: the Monitor has convened the Consultative Committee, which it will consult on a number of matters; and

- 6 -

- (c) *Fair and Expeditious Process*: the proposed Claims Procedure Order provides that creditor rights and interests be dealt with in a timely fashion. Key dates for the Claims Process are set out below:

Timeframe	Activity
No later than June 18, 2015	Notices to claimants published in newspapers and posted to Monitor's website
No later than June 30, 2015	Claims Packages mailed to Claimants
July 31, 2015	Claims Bar Date for Intercompany Claims and Target Derivative Claims
August 31, 2015	Monitor's Intercompany Claims Report to be served
August 31, 2015	Claims Bar Date for Claims other than Intercompany Claims and Target Derivative Claims
November 15, 2015	All Notices of Revision or Disallowance to be sent

4.5 In developing the Claims Process, the Monitor considered the concerns of stakeholders and the views expressed by this Court. With the objective of finalizing the CCAA Proceedings and distributing funds to creditors as quickly as possible, the Claims Process has certain complexities and an ambitious timeframe. In recognition of this, the Monitor has included a provision in the Claims Procedure Order that it may apply to this Court for guidance, including advice and directions regarding the discharge of its duties or the interpretation or application of this Order. The Monitor may also seek an Order extending the time for any action it is required to take. The Monitor is committed to fulfilling the timeframes set out in the Claims Procedure Order, but has included this provision in the event that recourse to it becomes necessary in order to enable the Monitor to fulfill its duties and obligations for the benefit of the stakeholders of the estate.

Consultation

4.6 In developing the Claims Procedure Order, the Monitor consulted with:

- (a) the Target Canada Entities regarding the Claims Process;
- (b) Target Corporation regarding the Claims Process, in particular with respect to the achievability of the proposed timelines in connection with the information required by the Monitor to conduct its Intercompany Claims review;
- (c) Employee Representative Counsel regarding the Claims Process, including the manner in which Employees will be notified of the Claims Process; and
- (d) members of the Consultative Committee regarding the Claims Process, including the role of the Consultative Committee and the Intercompany Claims process.

4.7 In addition, the Monitor:

- (a) on May 28, 2015, served a draft of the Claims Procedure Order on the Service List and invited comments;
- (b) on June 2, 2015, convened a meeting of the Consultative Committee at which the Claims Process and the Claims Procedure Order were discussed; and
- (c) engaged in discussions with stakeholders in the days leading up to the service of the Motion Record. Discussions regarding the form of Claims Procedure Order are ongoing.

4.8 The comments received from stakeholders span a variety of views on many aspects of the proposed Claims Procedure Order. The Claims Procedure Order takes into account those views to the extent the Monitor considers appropriate and reasonable, and in a balanced manner. The

Monitor continues to engage with stakeholders regarding the proposed Claims Procedure Order, and will continue to make such revisions as it deems appropriate.

- 4.9 The Monitor is of the view that the Claims Process provided for in the Claims Procedure Order is fair and reasonable in the circumstances, appropriately balances competing views, and will facilitate the determination of Claims against the Target Canada Entities in a fair, consultative and expeditious manner.

Claims

- 4.10 As set out in greater detail in the Claims Procedure Order, the Monitor, on behalf of the Target Canada Entities, is soliciting the following claims:

- (a) *Pre-Filing Claims*: any right or claim of any Person against any of the Target Canada Entities in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Target Canada Entities that was in existence on the Filing Date;
- (b) *Restructuring Period Claims*: any right or claim of any Person arising out of the restructuring, disclaimer, rescission, termination or breach by any such Target Canada Entity on or after the Filing Date of any contract, lease or other agreement whether written or oral;
- (c) *D&O Claims*: any right or claim that may be asserted by any Person against one or more of the Directors and/or Officers, however arising, whereby such Directors and/or Officers are by law or equity, liable to pay in his or her capacity as a Director or Officer;

- (d) *Intercompany Claims*: any Claims filed by any of the Target Canada Entities, or any of their affiliated companies, partnerships, or other corporate entities, including Target Corporation or any of its subsidiary or affiliated companies, partnerships, or other corporate entities in accordance with the terms of the Claims Procedure Order, but excluding Target Derivative Claims;¹ and
- (e) *Target Derivative Claims*: any Claims filed by Target Corporation or any of its subsidiary or affiliated companies, partnerships, or other corporate entities in accordance with the terms of this Order arising through subrogation or assignment of any Claim, including a contingent claim arising through subrogation or assignment of any Claim.¹

4.11 However, the Claims Procedure Order does not apply to the following:

- (a) any Claim entitled to the benefit of Charges under the Initial Order and the Approval Order – Agency Agreement;
- (b) any Claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
- (c) any Claim of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America, and JPMorgan in connection with the Cash Management System, as, in their capacity as providers of the Cash Management System, these parties, pursuant to paragraph 6 of the Initial Order, are unaffected creditors under a Plan with regard to any claims or expenses they may suffer or incur in connection with the provision of the Cash Management System.

¹ It is expected that Intercompany Claims and Target Derivative Claims are likely to include marker claims for unknown or contingent amounts.

Claims Bar Dates

- 4.12 The Monitor proposes that any Creditor asserting a Pre-Filing Claim or a D&O Claim be required to file the applicable Proof of Claim form with the Monitor by 5:00 p.m. Toronto Time on August 31, 2015 (the “**Claims Bar Date**”). The Monitor believes that a Claims Bar Date of August 31, 2015 is reasonable in that it provides sufficient time from the date of this motion for potential Claimants to evaluate and submit any Claim they may have against the Target Canada Entities or their Directors and Officers.
- 4.13 The Monitor proposes that any Creditor asserting a Restructuring Period Claim be required to file the applicable Proof of Claim form, the later of (i) within 45 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Claim, and (ii) the Claims Bar Date, including a proof of claim form with respect to the Restructuring Claim (the “**Restructuring Period Claims Bar Date**”). The Monitor believes that a 45 day period is reasonable in that it provides sufficient time from the date a Claims Package is sent to a Claimant to evaluate and submit any Claim they may have against the Target Canada Entities in respect of a Restructuring Period Claim.
- 4.14 The Monitor proposes that any Intercompany Claim or Target Derivative Claims must be filed by submitting a Proof of Claim form by 5:00 p.m. Toronto Time on July 31, 2015 (the “**Intercompany Claims Bar Date**”). While ambitious, following discussions with the Target Canada Entities and Target Corporation, the Monitor believes that an Intercompany Claims Bar Date of July 31, 2015 should provide sufficient time for the filing of such Claims while allowing for the completion of the Monitor’s Intercompany Claims Report by August 31, 2015.

Notice

4.15 The proposed Claims Procedure Order provides that the Monitor will do the following in providing notification of the Claims Process:

- (a) by no later than 5:00 p.m. Toronto Time on June 18, 2015, post a copy of the Notice to Claimants and the Claims Package on the Monitor's Website;
- (b) by no later than 5:00 p.m. Toronto Time on June 18, 2015, cause the Notice to Claimants to be published, for at least two Business Days in: (i) The Globe and Mail (National Edition); (ii) La Presse; and (iii) The Wall Street Journal;
- (c) by no later than 5:00 p.m. Toronto Time on June 30, 2015, cause a Claims Package to be sent to: (i) each party that appears on the Service List or has requested a Claims Package; and (ii) all known Claimants, other than Employees, as evidenced by the books and records of the Target Canada Entities at their respective last known address as recorded in the Target Canada Entities' books and records;
- (d) by no later than 5:00 p.m. Toronto Time on June 30, 2015, cause the Employee Letter to be sent to all Employees; and
- (e) provide a Claims Package to any Claimant that requests documents or information relating to the Claims Process prior to the Claims Bar Date, or if the Target Canada Entities or the Monitor become aware of any further Claims, the Monitor shall take the steps that are considered appropriate to provide such Claimant with a Claims Package.

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- 4.16 After consultation with Employee Representative Counsel, the Monitor is proposing that Employees receive the Employee Letter rather than a Claims Package given the payments which were made to Employees under the Employee Trust, and the Employee Trust dispute process.

Adjudication of Claims Other Than Intercompany Claims

- 4.17 The Monitor, in consultation with the Target Canada Entities, and with the assistance (but not at the direction) of Target Corporation (such assistance necessitated because of the support personnel, information and records that reside with Target Corporation), will review all Proofs of Claim received on or before the Claims Bar Date and Restructuring Period Claims Bar Date, and shall accept, revise or reject each claim. In respect of D&O Proofs of Claim received, the Monitor in consultation with the Target Canada Entities and Directors and Officers named in respect of such D&O Claim, will review and accept, revise or reject such D&O Claim.
- 4.18 The Monitor will consult with the Consultative Committee with respect to any claim the Monitor proposes to allow in excess of \$5 million. If the Consultative Committee objects to the allowance of such claim, the Monitor will seek the Court's approval. The \$5 million threshold amount was determined by the Monitor, in consultation with the Consultative Committee and the Target Canada Entities, taking into consideration: (i) the Consultative Committee's desire for visibility in respect of higher dollar Claims submitted in the Claims Process; (ii) the anticipated number of Claims that may be submitted in the Claims Process which may exceed \$5 million (based on information currently available to the Monitor); (iii) the materiality of anticipated individual Claims relative to estimated aggregate Claims; and (iv) a reasonable balancing of the desire of the Consultative Committee for visibility in respect of the Claims Process relative to the Monitor's and Target Canada Entities' objective of implementing a fair, consultative and expeditious process.

- 4.19 If the Monitor intends to revise or reject a Claim, the Monitor will notify the Claimant in writing by sending a Notice of Revision or Disallowance and set out the reasons for why the Claim has been revised or rejected on or before November 15, 2015.
- 4.20 Any Claimant who intends to dispute a Notice of Revision or Disallowance must send written notice to the Monitor by completing a Notice of Dispute of Revision or Disallowance so that it is received by the Monitor within 28 days, or such other date as may be agreed by the Monitor, after the date on which the Claimant receives the Notice of Revision or Disallowance. In the event a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Monitor, in consultation with the Target Canada Entities, the Monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication at its election.
- 4.21 Any Claimant that receives a Notice of Revision or Disallowance that does not file a completed Notice of Dispute of Revision or Disallowance with the Monitor within the time period established shall be deemed to have accepted the amount and determination as set out in the Notice of Revision or Disallowance and such Claimant shall have no further right to dispute same.

Adjudication of Intercompany Claims

- 4.22 The Monitor will prepare a report, detailing its review of all Intercompany Claims and assessing the validity and quantum of such Claims as filed (the “**Monitor’s Intercompany Claims Report**”), subject to further review and adjustments in respect of claims that may be pursued by the Monitor in accordance with section 36.1 of the CCAA. The Monitor’s Intercompany Claims Report will include, among other things, full particulars of the debt comprising the Intercompany Claims, including without limitation: (i) the source of the funds comprising the debt; (ii) whether such funds were advanced from another Target Canada Entity, or any of their affiliated

companies, partnerships, or other corporate entities, including Target Corporation or any of its subsidiary or affiliated companies, partnerships, or other corporate entities; (iii) the portion of the debt arising as a result of penalties or early termination of agreements; and (iv) which portion (if any) of the amount of the debt was: (x) advanced on or after the Filing Date; (y) originally advanced as equity by a related entity; and/or (z) originally advanced on an unsecured basis. The Monitor's Intercompany Claims Report shall be served on the Service List on August 31, 2015, unless otherwise ordered by this Court on application by the Monitor.

4.23 After the service of the Monitor's Intercompany Claims Report, any Claimant may file objections, which may include, but are not limited to, any claim asserted for the subordination of outstanding intercompany debts of any of the Target Canada Entities, any relief regarding claimed priority rights, any argument asserted for substantive consolidation, the validity and quantum of Intercompany Claims, and any claim relating to debt recharacterization, by filing a Notice of Objection with the Monitor, no later than the Notice of Objection Bar Date. Any Notice of Objection served after the Notice of Objection Bar Date shall be disregarded and of no effect.

4.24 Promptly following the Notice of Objection Bar Date, and after convening a meeting of the Consultative Committee, the Monitor shall schedule a motion with the Court to seek approval of a process for the resolution of any objections filed in connection with the validity or quantum of Intercompany Claims and any other intercreditor disputes, including a process regarding requests for the production of documents or any oral examinations.

Claims Officers

4.25 The Monitor is consulting with various stakeholders including the Consultative Committee concerning Claims Officers and will advise as soon as practicable with respect to the Claims

Officers it proposes to be identified in the Claims Procedure Order. If further Claims Officers are required, the Monitor will seek the approval of this Court, after consultation with stakeholders.

4.26 The Claims Officers will review and determine the validity and amount of disputed Claims in accordance with the terms of the Claims Procedure Order and, to the extent necessary, may determine whether any Claim or part thereof constitutes an Excluded Claim. The Claims Officers will determine all procedural matters which may arise in respect of their determination of these matters, including the manner in which any evidence may be adduced. The Claims Officers will not be involved in adjudicating the Intercompany Claims.

4.27 Claims Officers are commonly used in CCAA proceedings in order to expedite the resolution of disputed claims in a cost-effective manner. The Monitor views the use of Claims Officers in the present proceedings as appropriate given the large volume of anticipated claims and the objectives of speed and certainty in the process.

5.0 EMPLOYEE TRUST UPDATE

5.1 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 Fifteenth 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 (i.e. Target Corporation) to the Employee Trust Account;

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- (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) with the assistance of TCC, reviewed and addressed notices of dispute received regarding Eligible Employee Claims (all of which must be filed with the Monitor and Employee Representative Counsel by July 30, 2015); 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.

5.2 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 May 16, 2015 for the majority of Eligible Employees, and May 30, 2015 for those Eligible Employees working in Manitoba (due to that province’s statutory 18 week notice requirement). 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.

5.3 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.

6.0 MONITOR'S ACTIVITIES

- 6.1 As described in the Seventh Report of the Monitor (the "**Seventh Report**") dated March 24, 2015 and the Ninth Report of the Monitor (the "**Ninth Report**") dated May 4, 2015 and expanded upon below, since the granting of the Initial Order, the Monitor 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.
- 6.2 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.
- 6.3 Pursuant to the Endorsement of this Court dated February 19, 2015, Blaney 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

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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.

6.4 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 distribution centres 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 working towards final reconciliation of proceeds due to TCC and the Agent pursuant to the terms of the Agency Agreement;

- (d) 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 Auctions having been concluded; attending the Auctions held on May 5, 6 and 7, 2015, at Osler's offices in Toronto; assisting in the negotiation of final transaction agreements in respect of the three distribution centres, 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 and assisting in closings of the real property transactions, including the Cadillac Fairview transactions and a number of single location lease transfer agreements; and assisting with respect to the Rona transaction agreement and Backup Bids;
- (e) numerous discussions with the Target Canada Entities and their legal counsel to develop a comprehensive plan for addressing the sale and removal of FF&E on a

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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 830 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 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;
- (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) developing the Claims Process and discussing or consulting with the Consultative Committee, the Target Canada Entities, Target Corporation, Employee Representative Counsel, Pharmacists' Representative Counsel, and other stakeholders that provided comments to the Monitor or its counsel prior to the date of the Monitor's motion;
- (q) reviewing agreements, consulting with the Target Canada Entities, and preparing the Monitor's Fourteenth Report with respect to the Zellers/HBC Transaction Agreement; and

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- (r) posting non-confidential materials filed with the Court to the website established by the Monitor for the CCAA Proceedings.

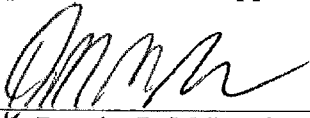
6.5 The Monitor requests the approval of its Third to Fifteenth Reports and the activities set out therein.


7.0 MONITOR'S RECOMMENDATION

7.1 For the reasons set out in this Fifteenth Report, the Monitor is of the view that the Claims Procedure Order reflects a fair, consultative and expeditious process, and respectfully recommends that this Court grant the Claims Procedure Order.

All of which is respectfully submitted to this Court this 5th day of June, 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

APPENDIX “A”**Applicants**

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 (SK) Corp.

Target Canada Pharmacy Corp.

Target Canada Property LLC

Partnerships

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

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.

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

<p align="center">ONTARIO</p> <p align="center">SUPERIOR COURT OF JUSTICE COMMERCIAL LIST</p> <p align="center">Proceeding commenced at Toronto</p>	<p align="center">FIFTEENTH REPORT OF THE MONITOR</p>
<p>GOODMANS LLP Barristers & Solicitors Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, Canada M5H 2S7</p> <p>Alan Mark LSUC#: 21772U amark@goodmans.ca</p> <p>Jay Carfagnini LSUC#: 22293T jcarfagnini@goodmans.ca</p> <p>Melaney Wagner LSUC#: 44063B mwagner@goodmans.ca</p> <p>Jesse Mighton LSUC#: 62291J jmighton@goodmans.ca</p> <p>Tel: 416.979.2211 Fax: 416.979.1234</p> <p>Lawyers for the Monitor</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., et al.**
Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**COMPENDIUM
(PLAN FILING MOTION
RETURNABLE DECEMBER 21, 2015)**

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Counsel
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Matthew P. Gottlieb LSUC#: 32268B
mgottlieb@counsel-toronto.com
Tel: 416 644 5353

Andrew Winton LSUC#: 54473I
awinton@counsel-toronto.com
Tel: 416 644 5342

Laura M. Wagner LSUC#: 60319Q
lwagner@counsel-toronto.com
Tel: 416 645 5076
Fax: 416 598 3730

Lawyers for KingSett Capital Inc.