

**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**

RESPONDING MOTION RECORD

December 8, 2015

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TO: Service List

INDEX

Tab		Page No.
1	Affidavit of Theresa Warnaar	1
A	Offer to Lease dated March 28, 2007	10
B	First Amendment to Offer to Lease dated May 27, 2011	19
C	Limited Guaranty of Lease dated May 27, 2011	62
D	Letter re. Disclaimer of Lease dated April 29, 2015.....	69
E	Letter re. Limited Guaranty of Lease dated June 2, 2015.....	74
F	Proof of Claim	79
G	Notice of Revision or Disallowance	88
H	Statement of Claim issued December 7, 2015	93

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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 ____, 2015

Commissioner for Taking Affidavits
(or as may be)

} 

THERESA WARNER

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

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

TIPS NO. : 20-076

March 28th, 2007

Place Vertu S. E. N. C.
c/o Ivanhoe Cambridge
1001 Square Victoria
Bureau C-500
Montreal, Quebec
H2Z 2B5

Attention: **Jean Laramée**

Dear Sirs:

RE: BAY STORE & ZELLERS STORE AT PLACE VERTU SHOPPING CENTRE
(the "Centre")

Currently HBC Leasehold Property LP ("HBC") leases from Place Vertu S. E. N. C. the Bay department store (the "Bay Store") situated in the Centre, pursuant to a lease made as of the 1st day of August, 1974 between Hudson's Bay Company and Place Vertu Enrg., which partnership is now constituted by Place Vertu S. E. N. C. (the "Landlord") (said lease as amended to the present date being hereinafter referred to as the "Bay Lease"). Zellers Inc. (the "Tenant") is the tenant of the Zellers department store at the Centre (the "Existing Store") pursuant to a lease made as of 18th day of November, 1991 (said lease as amended to the present date being hereinafter referred to as the "Existing Lease"). The purpose of this letter is to set out the terms and conditions upon which the Bay Lease will be terminated and (except in respect of the premises sublet pursuant to the A & W Sublease (the "A & W Premises"), which premises shall be dealt with as hereinafter provided) HBC shall surrender the Bay Store to the Landlord, and the Tenant shall surrender the Existing Store to the Landlord, and the Landlord and Tenant will amend and restate the Existing Lease on the terms and conditions hereof (the Existing Lease as so amended and restated being hereinafter referred to as the "New Lease"), including the providing to the Tenant of a new Zellers department store in the Centre (the "New Store"). The terms and conditions on which this transaction shall occur are as follows:

1. TERMINATION OF BAY LEASE

HBC shall cease carrying on business from the Bay Store prior to May 31st, 2007 and provide Landlord with vacant possession of same on the 31st day of May, 2007. A lease amending agreement shall be entered into between HBC and the Landlord providing for an amendment in the present term of the Bay Lease such that it will now expire on May 31st, 2007, in accordance with the aforementioned provisions (except in respect of the A & W Premises should the Landlord elect not to take an assignment of the A & W Sublease). On May 31st, 2007 HBC shall assign to the Landlord its interest in the A & W Sublease, and the Landlord shall assume, and agree to abide by the terms and conditions of, the A & W Sublease from and after the date of assignment and to indemnify HBC in regard thereto. Alternatively the Landlord can elect before May 31st, 2007 to not take an assignment of the A & W Sublease, in which

event the Bay Lease shall continue after May 31st, 2007 in respect of the A & W Premises only. Also on **May 31st, 2007**, the Landlord shall pay to HBC, in consideration of such Bay Lease termination and the assignment to it of the A & W Sublease, the sum of \$975,000.00, being comprised of \$875,000.00 for the surrender of the Bay Store and \$100,000.00 for the assignment to the Landlord of the sublease dated November 22nd, 2000 between Hudson's Bay Company and A & W Food Services of Canada Inc. (such sublease as amended being herein referred to as the "A & W Sublease"), together with all applicable federal and provincial sales taxes and goods and services taxes ("Sales Taxes"). Such payment will be reduced by \$100,000.00 (and the Sales Taxes thereon) in the event that the Landlord elects not to take an assignment of the A & W Sublease.

Upon execution of the present agreement, HBC undertakes to notify A & W of the assignment of the A & W Sublease in favour of Landlord.

2. RELOCATION OF ZELLERS

The Landlord shall provide the Tenant with vacant possession of the **Bay Store**, comprising approximately **121,103** square feet of gross leasable area ('GLA') **on two levels** (which lower and upper level space as is being provided to the Tenant constitutes the New Store) on **June 1st, 2007** **except for the area shown outlined in blue on Schedule C-2 (the "Service Corridor") that will be delivered to the Tenant later so as to allow Landlord the time necessary to build the said Service Corridor.** In any event the Service Corridor shall be provided to the Tenant in sufficient time to enable the Tenant to use same for receiving its trade fixtures, equipment and inventory in accordance with the Tenant's normal time schedule for completing its work in respect of the New Store. In all other respects, the New Store shall be delivered to the Tenant by the Landlord in an "as is" **condition when vacated by HBC.**

3. TENANT'S WORK

Subject to force majeure, it is expected by the Tenant that it will require up to **one hundred and fifty (150)** days in order to carry out its work in respect of the New Store in order to bring it, to the extent reasonably possible, up to its standard specifications for a Zellers department store of this size and in order to fixture and make ready for opening to the public the New Store. The Tenant shall be responsible for obtaining all building permits applicable to its work.

4. ALLOWANCE

On the date that the New Store is first opened for business with the public (the "Store Opening Date") the Landlord shall pay to the Tenant an allowance (the "Allowance") in the amount of forty **nine** dollars and fifty cents (**\$49.50**) per square foot of GLA of the New Store, together with any Sales Taxes applicable thereto. Where the Landlord fails to make payment of the Allowance or the applicable Sales Taxes, the Tenant, in addition to any other rights it may have at law, shall be entitled to deduct the amounts so payable by the Landlord, together with any interest thereon from any payments which the Tenant is required to make to the Landlord pursuant to the New Lease. The outstanding amounts owing by the Landlord shall bear interest from the date payment is required to be made until payment has been made in full (including the accrued interest), at a rate per annum equal the rate charged from time to time by Canadian Imperial Bank of Commerce at its main Toronto branch to its most preferred commercial

borrowers (commonly known as the "prime rate") plus 4%. Interest shall be calculated and compounded at the end of each calendar month.

5. **ADDITIONAL ALLOWANCE**

In addition to the above allowance, the Tenant shall be entitled to an additional allowance from the Landlord of up to six dollars and nineteen cents (\$6.19) per square foot of the New Store should the Tenant decide to add vertical cart transportation by means of up and down cartveyors. The acquisition and installation of the cartveyors will be done by the Tenant but all costs of said acquisition and related installation (including the cost of removing the existing escalators) will be reimbursed to the Tenant by the Landlord, up to a maximum amount of six dollars and nineteen cents (\$6.19) per square feet of GLA of the New Store, upon receipt of an invoice following completion of the work, but in any event not before the date that the Allowance is due.

6. **NEW LEASE TERMS**

Except as otherwise herein provided, in amending and restating the Bay Lease the Landlord and Tenant shall use the form of lease as entered into for the present Zellers store at St. Albert Shopping Centre, St. Albert, Alberta (the "St. Albert Lease"), subject also to such other modifications as are required to reflect the difference in location. In particular, the following provisions shall be incorporated into the New Lease:

- (a) The initial term of the New Lease shall be expire **fifteen (15)** years following the Store Opening Date, and the Tenant shall have **seventeen (17)** options to extend the term for consecutive periods of five (5) years each (provided that the Landlord shall be entitled to require the Tenant to exercise its option on the first 5-year extension).
- (b) The fixed annual rent per square foot of GLA of the New Store shall be seven dollars (\$7.00) during the first ten (10) years following the Store Opening Date, and shall be seven dollars and fifty cents (\$7.50) thereafter, including extension periods. However, there shall also be paid as fixed annual rent during each extension period (the "Applicable Extension Period"), other than the first extension period, in addition to the fixed annual rent payable in the year prior to the Applicable Extension Period, an amount equal to seventy-five percent (75%) of the average annual percentage rent payable by the Tenant during the three (3) lease years prior to the Applicable Extension Period.
- (c) The Tenant shall pay percentage rent based on one percent (1%) of gross retail sales in each lease year in excess of thirty-five million dollars (\$35,000,000.00). However, such thirty-five million dollar (\$35,000,000.00) break point shall be adjusted for each Applicable Extension Period by adding thereto the product obtained by multiplying by 100 the annual fixed rent payable in the Applicable Extension Period in excess of the fixed annual rent payable in the last year of the initial term provided for in paragraph (a) above.
- (d) The Tenant's contribution toward common area operating costs shall be equal to one dollar (\$1.00) per square foot of GLA of the New Store during the lease year which commences on the

** presumed to be a typo - should be "Existing Lease"*

Store Opening Date and for each year thereafter such contribution shall be adjusted proportional to the percentage change in the Consumer Price Index for the Province of Quebec, all items excluding food, during the previous lease year.

- (e) **The Tenant's contribution toward Realty Taxes shall be as per the terms and conditions of the existing Zellers' lease.**
- (f) The Tenants shall have no obligation to contribute toward the cost of any merchants' association or promotion fund for the Shopping Centre following the Store Opening Date.
- (g) The parking ratio for the Centre shall be the greater of municipal requirements and 4.5 parking stalls for each 1,000 square feet of GLA of leasable premises in the Centre. In doing this calculation, the Landlord shall be entitled to exclude from GLA for the Centre such portion of the second floor of the Sears Store as the Landlord removes from premises available for leasing in the Centre and keeps such portion of the upper level vacant.
- (h) The no-build area shall be as shown outlined in GREEN in Schedule C attached hereto **except for that area of a maximum of 12 000 square feet of footprint identified in red in Schedule C on which Landlord shall have the right to erect any building or type of construction.**
- (i) **The Service Corridor will be built by the Landlord at its entire cost, in accordance with the Tenant's standard specifications for new store receiving facilities, including without limitation the Tenant's standard specifications relating to dock levelers, loading door bumpers, loading doors, receiving area door exit and stairs, exterior lighting, etc. Any new walls to be constructed by the Landlord as part of the Service Corridor shall meet the Tenant's standard specifications for exterior walls or walls separating the Tenant's premises from other tenants or common area, as the case may be. There will be sufficient access provided by the Landlord through the Service Corridor to the Tenant's freight elevator, so as to permit said freight elevator to be used to the same extent as its present use, and any modification to the freight elevator required as a result of the Landlord's work shall also be to the expense of the Landlord. The Service Corridor shall form part of the New Store, it being for the exclusive use of the Tenant. The Tenant shall have the exclusive right to use the two truck standing areas identified on Schedule C-2 for its use, and such truck standing areas shall be of sufficient length and elevation so as to permit use by 54 foot long trailers, as well as their cabs. These two truck standing areas shall be surfaced by the Landlord in accordance with the Tenant's standard specifications, and shall be for the exclusive use of the Tenant. The Tenant shall also have the exclusive right to use for its compactor the area identified for that purpose on Schedule C-2 and the Landlord shall provide an appropriate location, for the Tenant's exclusive use, for the Tenant's garbage bin. The Landlord shall provide the Tenant with reasonable, continued access to its electrical and mechanical rooms which are adjacent to the Landlord's proposed CRU receiving area, and the Landlord shall be responsible for all modifications required in this area to accommodate such access.**
- (j) The Tenant's outdoor selling area shall not exceed 3,000 square feet in size, and shall be in a location which is appropriate for its use, as determined by the Tenant and agreed to by the

Landlord, each acting reasonably and in good faith. The location shall be determined by arbitration where the parties cannot agree.

- (k) The Tenant shall have no right to a licensed parking area, as referred to in Article 21 of the St. Albert Lease.
- (l) The Tenant shall have the obligation to operate from the New Store during the first ten (10) years following the Store Opening Date.
- (m) In the first line of subsection 2(b) of Article 11 of the St. Albert Lease, the words "or sublease" shall be added after the word "assignment".

7. TERMINATION OF EXISTING (ZELLERS) LEASE

On the 14th day following the Store Opening Date the Tenant shall surrender to the Landlord the Existing Store in its present condition, further reasonably wear and tear excepted. Payments to the Landlord under the Existing Lease on account of fixed annual rent, common area charges and merchants' association/promotion fund shall abate for the period from and after the Store Opening Date.

8. CONDITIONS PRECEDENT

Intentionally deleted

9. GOVERNING LAW

This Agreement shall be governed by the laws of the Province of Quebec and the laws of Canada applicable in said province.

10. SUCCESSORS AND ASSIGNS

This Agreement shall enure to the benefit of and be binding upon the parties hereto and respective successors and assigns.

11. ENGLISH LANGUAGE

Les parties aux presentes ont exige que le present Contrat soit redigee en anglais. The parties hereto have requested that this Agreement be prepared in the English language.

12. PREPARATION OF DOCUMENTATION

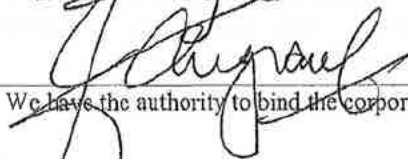
The first draft of the documentation for the termination of the Bay Lease (subject to what the Landlord elects to do in regard to the A & W Sublease) shall be prepared by the Landlord, and the first draft of the New Lease and any assignment of the A & W Sublease shall be prepared by the Tenant, as soon as reasonably possible following satisfaction of the aforementioned conditions.

13. ACCEPTANCE

This offer is open to acceptance by the Landlord on or before the 30th day of March, 2007, failing which this offer shall be null and void and of no further force or effect. Upon execution of this agreement by all parties, this Agreement shall constitute a binding agreement amongst the parties, subject to the aforementioned conditions being satisfied, notwithstanding that the execution of formal documentation is contemplated hereby. Until this Agreement has been executed by all parties, there shall be no legally enforceable contract amongst the parties, notwithstanding any negotiations or understandings.

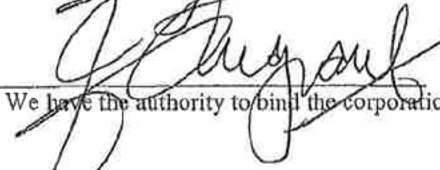
ZELLERS INC.

Per: 

Per: 
We have the authority to bind the corporation.

HBC LEASEHOLD PROPERTY LP
by its general partner, 6526527 CANADA INC.

Per: 

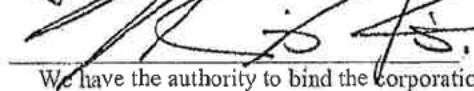
Per: 
We have the authority to bind the corporation.

Place Vertu S. E. N. C. hereby accepts the above offer and agrees to the terms and conditions thereof.

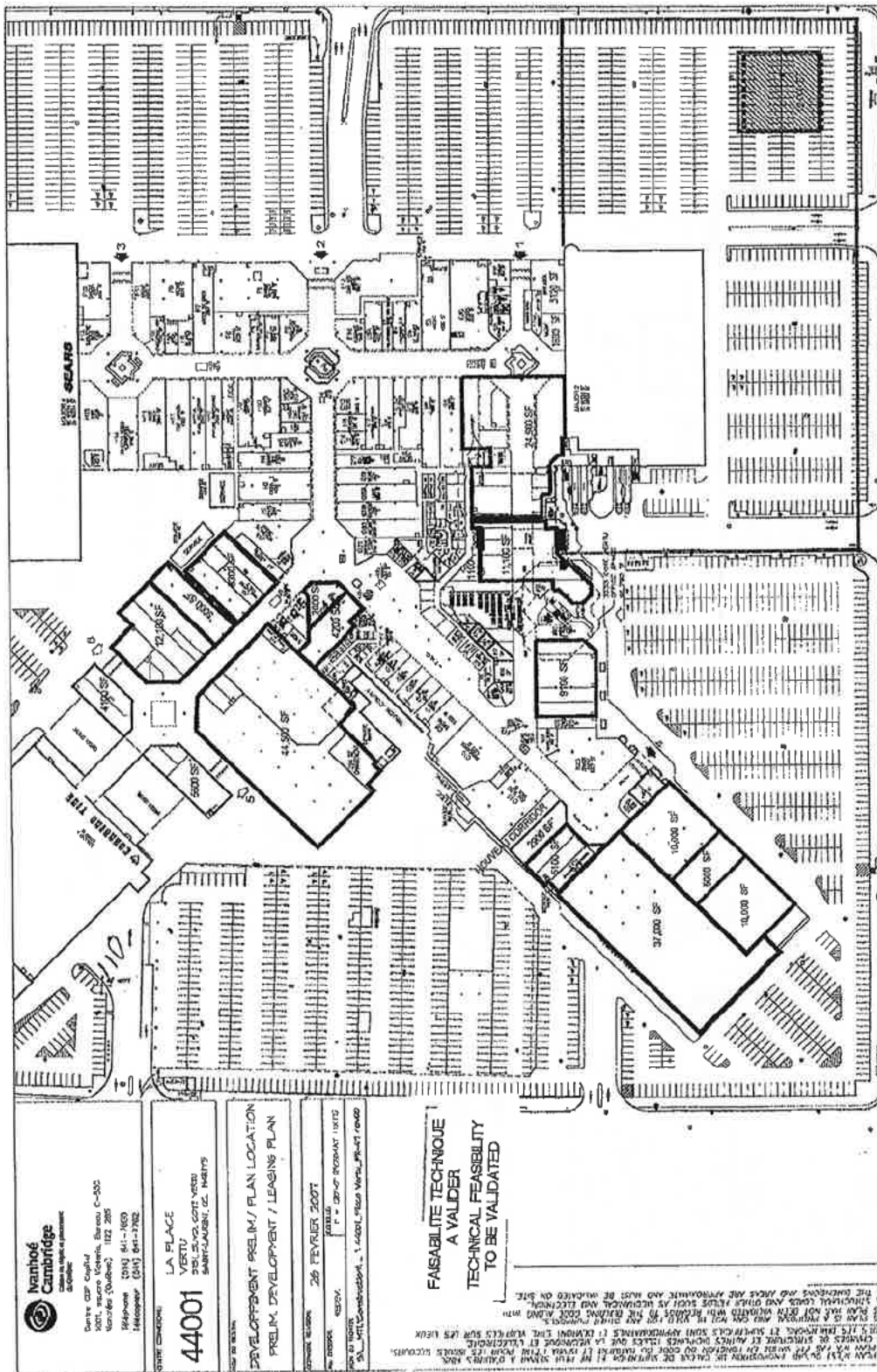
Dated at Montreal this 28th day of March 2007.

PLACE VERTU S. E. N. C., by its authorized agent
IVANHOE CAMBRIDGE INC.

Per: 

Per: 
We have the authority to bind the corporation.

SCHEDULE "C"



HANHÓI
Cambridge
CONSULTANTS INC.
2001, rue de la Gare, Bureau C-505
Montréal (Québec), H3Z 2G6
Téléphone (514) 841-1800
Télécopieur (514) 841-1792

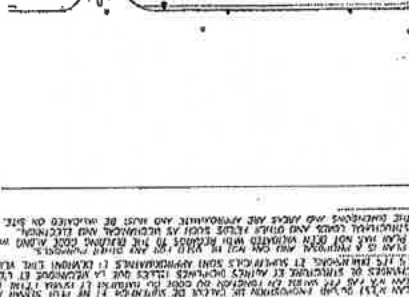
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SHERBOURNE, Q.C. M2R1Y5

DEVELOPMENT PRELIM / PLAN LOCATION
PRELIM. DEVELOPMENT / LEASING PLAN

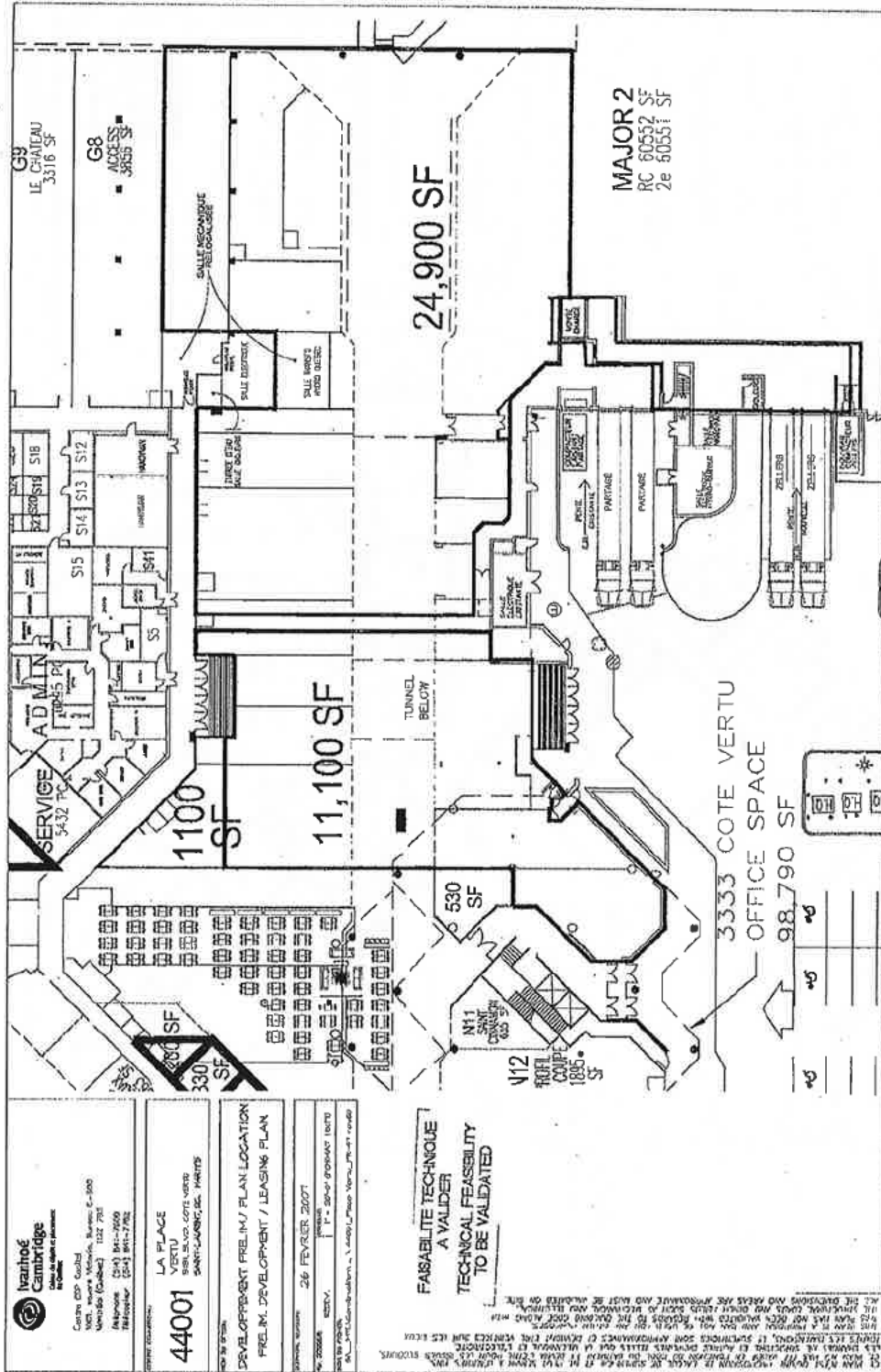
26 FEVRIER 2007
DATE DE RÉVISION
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FAISABILITE TECHNQUE
A VALIDER
TECHNICAL FEASIBILITY
TO BE VALIDATED

LES PLAN ET LA PRESENTATION DE FAISABILITE DE L'AMENAGEMENT DE LA PLACE DE VERTU EN UN PLAN GENERAL D'AMENAGEMENT...
LES CHANGES DE STRUCTURE ET AUTRES CHANGES TAIRES QUE LA REVISION ET LA VALIDATION...
LES PLAN ET LA PRESENTATION DE FAISABILITE DE L'AMENAGEMENT DE LA PLACE DE VERTU EN UN PLAN GENERAL D'AMENAGEMENT...
LES CHANGES DE STRUCTURE ET AUTRES CHANGES TAIRES QUE LA REVISION ET LA VALIDATION...



SCHEDULE "C-2"



Ivanhoe Cambridge
 44001
 LA PLACE VERTU
 988, 910, 905 COTE VERTU
 SAINT-LAMBERT, QC, H3T 1R2

DEVELOPMENT PRELIM PLAN LOCATION
 PRELIM. DEVELOPMENT / LEASING PLAN

DATE: 26 FEVRIER 2007

PROJECT: LA PLACE VERTU

SCALE: 1/8" = 1'-0"

BY: [Signature]

DATE: 26 FEVRIER 2007

FABRILITE TECHNOLOGIE
 A VALIDER
 TECHNICAL FEASIBILITY
 TO BE VALIDATED

LES DIVERSES PARTIES CONCERNÉES SONT AVERTIES QUE LE PROJET DE CONSTRUCTION DE LA PLACE VERTU A ÉTÉ RÉVISÉ EN VUE DES ÉLÉMENTS DE LA CONCEPTION TECHNIQUE QUI NE SONT PAS EN CONFORMITÉ AVEC LES NORMES EN VIGUEUR. IL EST RECOMMANDÉ QUE LES PARTIES CONCERNÉES CONSULTENT LE BUREAU D'INGÉNIEUR EN CHARGE DE LA CONCEPTION TECHNIQUE POUR OBTENIR PLUS D'INFORMATIONS SUR LES ÉLÉMENTS DE LA CONCEPTION TECHNIQUE QUI NE SONT PAS EN CONFORMITÉ AVEC LES NORMES EN VIGUEUR.

THESE PARTIES CONCERNÉES SONT AVERTIES QUE LE PROJET DE CONSTRUCTION DE LA PLACE VERTU A ÉTÉ RÉVISÉ EN VUE DES ÉLÉMENTS DE LA CONCEPTION TECHNIQUE QUI NE SONT PAS EN CONFORMITÉ AVEC LES NORMES EN VIGUEUR. IL EST RECOMMANDÉ QUE LES PARTIES CONCERNÉES CONSULTENT LE BUREAU D'INGÉNIEUR EN CHARGE DE LA CONCEPTION TECHNIQUE POUR OBTENIR PLUS D'INFORMATIONS SUR LES ÉLÉMENTS DE LA CONCEPTION TECHNIQUE QUI NE SONT PAS EN CONFORMITÉ AVEC LES NORMES EN VIGUEUR.

ALL CONCERNED PARTIES ARE ADVISED THAT THE CONSTRUCTION PROJECT OF LA PLACE VERTU HAS BEEN REVISED IN VIEW OF TECHNICAL DESIGN ELEMENTS THAT DO NOT COMPLY WITH CURRENT STANDARDS. IT IS RECOMMENDED THAT CONCERNED PARTIES CONSULT THE ENGINEERING FIRM IN CHARGE OF TECHNICAL DESIGN FOR FURTHER INFORMATION ON TECHNICAL DESIGN ELEMENTS THAT DO NOT COMPLY WITH CURRENT STANDARDS.

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

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

Z0495/Place Vertu
Montréal (St-Laurent Borough), Québec

FIRST AMENDMENT TO OFFER TO LEASE

This First Amendment to Offer to Lease (this "Amendment") is entered into as of May 27, 2011 (the "Effective Date"), by and between Target Canada Co., a Nova Scotia unlimited liability company ("Target Canada"), and Place Vertu S.E.N.C. ("Landlord").

BACKGROUND

A. Zellers Inc. ("Zellers"), as tenant, and Landlord, as landlord, were parties to that certain Offer to Lease dated March 28, 2007, originally by and between Place Vertu S.E.N.C. and HBC Leasehold Property LP, notice of which has not been registered in the applicable land registry office (as amended, restated, supplemented or modified from time to time, referred to herein as the "Lease"), relating to certain premises occupied by Zellers as described in the Lease (the "Premises"), located in the Place Vertu Shopping Centre, located in the Borough of City of Montréal (St-Laurent Borough), Province of Québec (the "Shopping Centre").

B. Target Canada acquired the tenant's interest in the Lease (the "Lease Assignment") pursuant to the terms and conditions of an Assignment and Assumption of Lease Agreement in a form substantively identical to that attached hereto as Exhibit A entered into with Zellers.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Lease will be amended as follows as of the Effective Date:

1. Definitions. Unless specifically defined herein, all capitalized terms used in this Amendment have the same meaning as the capitalized terms in the Lease. The party holding the tenant's interest under the Lease from time to time (including Target Canada pursuant to the Lease Assignment referred to above) is referred to herein as "Tenant".

2. Landlord. Landlord represents and warrants to Tenant that Landlord owns the Shopping Centre (or is an affiliated company of the owners), is the landlord under the Lease and had full authority and capacity to enter into the Lease. Landlord further represents and warrants to Tenant that Landlord has not assigned, subleased, transferred or pledged its interests in the Lease, or any of Landlord's rights thereunder, to any entity save and except to any mortgagee or secured creditor or lender of the Shopping Centre, if any, whose consent to this Amendment has been obtained by Landlord.

3. Lease Documentation. Landlord represents and warrants to Tenant that the Lease consists only of the instruments listed on Exhibit B and has not been amended, modified or supplemented except as set forth thereon.

4. Status of Lease. Landlord confirms to Tenant that (i) the Lease is valid, binding, in full force and effect and constitutes the entire agreement between Landlord and Tenant with respect to the Premises, (ii) neither Tenant to the best of Landlord's knowledge nor Landlord is in default of any of their obligations under the Lease, and there are no facts or circumstances which, with the giving of notice or lapse of time, or both, would constitute a default by either Landlord or Tenant to the best of Landlord's knowledge under the Lease, (iii) Landlord has no claims, defenses, demands or set-offs related to the occupancy, use of the Premises and/or enforcement of the Lease by Tenant and (iv) Landlord has no right to purchase, option to purchase, right of first offer, right of first refusal or other similar right to acquire tenant's interest in the Premises.

5. Status of Operating Agreements. Landlord confirms to Tenant that neither Landlord, nor, to the best of Landlord's knowledge, Zellers, is in default of any of its obligations under any reciprocal operating agreement or other similar agreement governing the use and operation of the Shopping Centre, and there are no facts or circumstances which, with the giving of notice or lapse of time, or both, would constitute a default by either Landlord or, to the best of Landlord's knowledge, Zellers under any such agreement.

6. Status of Premises. To the best of Landlord's knowledge Landlord has not received any notice that (i) the Shopping Centre is in violation of any applicable laws, (ii) there are any hazardous materials on, in, under, or about the Shopping Centre in violation of applicable laws and/or (iii) there are expropriation or condemnation or similar proceedings pending or threatened against the Shopping Centre.

7. Consent; Recognition; Responsibility.

7.1 Consent to Assignment and Sublease. Landlord hereby (i) consents to the assignment of all of Zellers' right, title and interest in and to the Lease (inclusive of (a) the unexpired residue of the term of the Lease and (b) any and all options to renew, extend, take additional space or purchase contained therein) to Tenant, (ii) consents to the sublease to Zellers (including any license or the occupation by its affiliates, licenses, subtenants and concessionaires) of all of the Premises for operation of a Zellers store (the "Sublease") for a term beginning as of the Effective Date and terminating no later than June 30, 2013 and (iii) waives any right to terminate the Lease and/or increase Tenant's obligations under the Lease (including any increase in rent of any type due under the Lease) save for any scheduled rental increase coming into effect during the term of the Sublease (which increase shall be removed as of the Zellers Vacation Date [as defined below] so as to fulfill the provisions of Section 9.1 below) and save in the event of a material default under the Lease (it being understood that Zellers will be winding down its operations in the last 14 weeks of the Term).

The Sublease contains provisions relating to the conduct of Zellers operations in the Premises during the term of the Sublease. Where Zellers shall cease to operate as required pursuant to the Sublease, then upon written notice and request from Landlord, Tenant shall immediately exercise all rights and remedies available to Tenant pursuant to the Sublease as against Zellers and its affiliates to terminate the Sublease, or if Tenant is unable to obtain termination, use its best reasonable commercial efforts to exercise its other rights and recourses pursuant to other existing agreements to either terminate or force Zellers to operate, and will advise Landlord of the nature of such rights and remedies and will diligently pursue same at its entire cost and expense including all legal costs and fees. Tenant shall keep Landlord fully advised of the progress of such proceedings and Tenant shall not object to Landlord, to the extent that it has a right to do so pursuant to the terms of the Lease or at law, intervening in such proceedings at its discretion and or to pursue its own proceedings at its cost. Landlord agrees that the Lease will not be cancelled or terminated, and the rights and obligations of Tenant shall not be affected, so long as Tenant is complying with the provisions set forth above.

Except as otherwise provided in this Amendment, Tenant shall remain liable to Landlord pursuant hereto with respect to all of the terms and provisions of the Lease and the existence of the Sublease shall not release Tenant from its obligations under the Lease. If the Lease contains an obligation on the part of Tenant to operate continuously or grants the Landlord the right to terminate the Lease based upon Tenant's failure to operate, Landlord shall retain all such rights subject to and in accordance with the terms and provisions of the Lease; provided however, that Landlord agrees that the Lease will not be cancelled or terminated, and the rights and obligations of Tenant shall not be affected on account of such provisions during the (i) period that Tenant is pursuing Tenant's rights and remedies under the Sublease with all due diligence as described above and (ii) Redevelopment Period. In the event that Tenant is not, after the expiration of such periods, able to comply with any provisions of the Lease relating to the conduct of operations in the Premises and such noncompliance (were it to continue) would entitle Landlord to terminate the Lease, then Tenant may, in lieu of such compliance indemnify Landlord as the result of Zellers' failure to operate pursuant to the terms of the Lease for all losses of rent, additional rent and other amounts from tenants and occupants of the Shopping Centre pursuant to the terms and conditions of leasing agreements entered into between Landlord and such tenants and occupants as of the date hereof, in which event Landlord agrees that the Lease will not be cancelled or terminated, and the rights and obligations of Tenant shall not be affected during such period; provided however, that if Tenant elects such option it will comply with the Covenant to Open no later than October 2013.

7.2 Recognition and Attornment. Landlord and Tenant agree that Target Canada (i) is the Tenant under the Lease, (ii) has attorned to Landlord, (iii) has assumed, subject to the provisions of Section 7.3 below, all of the obligations and liability of Zellers under the Lease and (iv) is (and its successors and assigns will be) the beneficiary of all rights and privileges granted to the Tenant under the Lease, including those which are personal to Zellers or any prior Tenant under the Lease.

7.3 Responsibility under Lease. Target Canada is not liable for any obligations and liabilities relating to, incurred or accruing under the Lease prior to the Effective Date. Without limiting the generality of the foregoing, Target Canada has not assumed and will not be obligated to pay, perform or otherwise discharge any obligations or liabilities related to the Lease prior to the Effective Date which with the passage of time or the giving of notice or both would constitute a default or event of default under the Lease. Landlord agrees that Zellers is not liable for any obligations or liabilities accruing under the Lease on or after the Effective Date; but shall remain responsible for its liabilities and obligations pursuant to the Lease prior to the Effective Date; provided however, that nothing in this Section shall limit the obligations of Zellers as subtenant under the Sublease.

8. Lease Term. The commencement date of the Lease was December 1, 2007, and the original term of the Lease expires on November 30, 2022. The Lease provides for seventeen (17) options to extend the Lease Term for five (5) year(s) each.

9. Rent.

9.1 Fixed Rent. The current annual Fixed Rent under the Lease is Eight Hundred Sixty-seven Thousand Eight Hundred Twenty-five and no/100ths (\$867,825.00) (the "Fixed Rent") which figure excludes any applicable taxes. Zellers has paid all of the rent due under the Lease through the Effective Date. As and from the Effective Date Tenant will (including during the Redevelopment Period) pay Fixed Rent at the times and in the manner stipulated in the Lease. Notwithstanding anything to the contrary in the Lease, the Fixed Rent will not increase or decrease (except for any temporary increase pursuant to Section 7.1 above) during term of the Lease, including options to extend or renew the term of the Lease which exist as of the date hereof or are created by this Amendment.

9.2 Additional Rent. The common area expenses, taxes (whether or not such amount is payable monthly), insurance and all other charges and amounts (excluding Percentage Rent) payable by Tenant to Landlord pursuant to the Lease (as these may be increased from time to time in accordance with the Lease) included as additional rent under the Lease are approximately Forty-Three Thousand Three Hundred Ninety-Seven and no/100ths (\$43,397.00) per month (assuming such payments were made on a monthly basis whether or not such amounts are paid in such a time frame) which figure excludes any applicable taxes have been paid through the Effective Date. Tenant has not paid a security deposit to Landlord. Additional Rent shall be increased as provided for in the Lease and Tenant will pay Additional Rent (as well as yearend adjustments for the year 2010 and for each subsequent year of the Term and renewals thereof) at the times and in the manner stipulated in the Lease, including the Redevelopment Period.

9.3 No Percentage Rent. Tenant will, after the date that Zellers vacates the Premises (the "Zellers Vacation Date") which date shall not be later than June 30, 2013, not be obligated to pay any Percentage Rent or similar rental based upon the amount of

sales, profits, revenues or financial performance. In addition, Tenant will not, after the Zellers Vacation Date, be obligated to submit or provide any reports or other information with respect to the amount or nature of Tenant's sales, profits, revenues or financial performance.

9.4 Electronic Payment. Tenant may, in its sole discretion, elect to pay rent and other amounts due under the Lease via electronic payment. It is agreed and understood that where Tenant shall make payments by electronic payment to Landlord's designated account, Tenant shall be responsible for all charges of whatsoever nature charged by Tenant's financial institution as a result of such payment method and Tenant shall further advise its financial institution in writing to charge all such costs, fees and other amounts charged by Tenant's financial institution in relation to electronic payment to Tenant's own account. Tenant and Landlord shall cooperate to make reasonable arrangements as may be required to facilitate this process.

10. Tenant's Operations. Without limiting any of Tenant's existing rights under the Lease and in order to allow Tenant's operation of a department store within the Shopping Centre in accordance with the provisions of Section 10.1 below, Landlord agrees to the following terms and provisions:

10.1 Use of the Premises.

- (i) Tenant covenants that the Premises shall, when operated, be used as a retail department store similar to the majority of Tenant's other department stores being operated from time to time in Canada, under the name "Target" (or any variation thereof for particular stores, such as by example only, "City Target", and provided that the "Target" name appears therein) or such other name as is being used in a majority of Tenant's department stores in Canada; provided however, that Tenant shall not vary from such "Target" type name until after the end of the third year from the Opening Deadline (as defined in Section 11.1) unless Tenant shall sell the majority of its Target stores in Canada and the United States to an unrelated third party. The Premises may, but is not obligated to include, restaurant and prepared food operations, optical operations, pharmacy operations, and food sales operations without restriction as to product types or size of areas devoted to such items, as may be typically operated, from time to time, in Canada and the United States; provided that the use shall remain that of a department store (collectively, the "Permitted Use"). The use provisions of the Lease are amended so as to be consistent with the foregoing. To Landlord's knowledge, there are no restrictive covenants or other limitations affecting the use of the Premises except as specifically described in this paragraph or on Exhibit C attached hereto and Landlord hereby agrees that nothing will limit or prevent Tenant from operating the Premises as a Target

department store subject only to the restrictive covenants described in such exhibit and all applicable laws and regulations.

- (ii) Zellers may (a) conduct liquidation sales within the Premises for a period not exceeding twelve (12) weeks except to the extent a longer period is permitted under the Lease, (b) conduct winding-down and closure of Zellers' business and operations (including any action reasonably taken in connection therewith which actions shall not create inconvenience to customers and interference with the operations of tenants and occupants of the Shopping Centre nor create nuisance or noise or create any hazardous situation in the Shopping Centre) for a period not exceeding two (2) weeks and (c) remove all inventory, trade fixtures (including all store shelving, racks, display cases and stockroom shelving systems) and other leasehold improvements from the Premises (collectively, "Zellers' Wind Down Activities"). Landlord will not enforce any operating covenant or exercise any right to terminate the Lease due to Zellers' Wind Down Activities but may exercise its other rights and recourses pursuant to the Lease for other defaults under the Lease, Landlord acting reasonably taking into consideration that Tenant shall be winding down. Zellers shall not, except for signage described in (1) and (2) below, display any "going out of business" "end of Lease" signs or other similar signs within the Shopping Centre prejudicial to the image of the Shopping Centre and otherwise detrimental to the tenants and occupants of the Shopping Centre. At Landlord's reasonable discretion all such signs shall immediately be removed from the Shopping Centre, except for any signage (1) in accordance with the terms and provisions of the Lease and (2) on the interior or exterior of the Premises.
- (iii) Landlord will not enforce any operating covenant or exercise any right to terminate the Lease due to a reduction or cessation of business operations by Tenant during the nine (9) month period following the Zellers Vacation Date (the "**Redevelopment Period**") with (a) Tenant's redevelopment activities to begin no later than the Zellers Vacation Date and (b) such period to be extended by the duration of any Delays (as defined in Section 11.3 below) experienced by Tenant in remodeling and redeveloping the Premises and common areas as contemplated by this Amendment.

10.2 Redevelopment of Premises. On and after the Zellers Vacation Date:

- (i) Subject to the provisions of Section 11.3 below, Tenant shall fulfill its obligations under Section 11.1 below and in furtherance thereof, Tenant shall, at its sole cost and expense, remodel and make alterations to the interior of the Premises which Tenant determines are desirable, including the removal and relocation of vertical transportation and other structural elements.
- (ii) Tenant shall, at its sole cost and expense, remodel and make alterations to the exterior of the Premises (including signage, branding, architectural details and elevations) as generally depicted on Exhibit D attached hereto (the "**Approved Elevations**") and appurtenances thereto (e.g. sidewalks, branding, bollards, curbs, loading docks, etc.) which Tenant determines are desirable in connection with the operation of the Permitted Use.
- (iii) Tenant may, at its sole cost and expense, modify, close or relocate entrances from the Premises to the exterior common areas of the Shopping Centre; provided however, that Tenant will maintain at least one (1) entrance to the exterior common area.
- (iv) Tenant may, at its sole cost and expense, modify, close or relocate entrances from the Premises to the interior common areas, if any, of the Shopping Centre, including the use of sliding doors at any such entrances; provided however, that Tenant will maintain at least one (1) entrance to the common area of the interior mall of the Shopping Centre from the first (1st) level of the Premises, and if the second (2nd) level of Premises abuts interior common areas, then one (1) entrance on such second (2nd) level as well.
- (v) Tenant may at its sole cost and expense, subject to obtaining all necessary governmental approvals, expand the Premises, construct building improvements and or construct loading docks for Tenant's exclusive use (the "**Expansion**") within the area marked as the "**Permissible Building Area**" on the site plan attached hereto as Exhibit E (the "**Site Plan**"). Tenant shall not be liable for Fixed Rent for the expanded space but shall be liable for the payment of Additional Rent therefor. Tenant acknowledges that Landlord is required, pursuant to existing agreements with other tenants (and other parties with approval rights under the operating agreements) within the Shopping Centre and required government approvals ("**Third Party Approvals**"), to obtain consents for any rights of Expansion granted to Tenant by this clause. If Tenant has not yet exercised its right to Expand pursuant hereto, and subject to the expansion rights of existing tenants, Landlord desires to expand a

tenant in the exterior part of the Shopping Centre, Landlord shall so advise Tenant in writing and Tenant shall within ninety (90) days of the receipt of said written notice advise Landlord in writing whether it shall exercise its right to Expand. If Tenant does not respond within such period Landlord shall send to Tenant another sixty (60) day notice as above (each a "Landlord's Notice"). If Tenant fails to advise Landlord as to its election within sixty (60) day period after the receipt of the second of Landlord's Notices, Landlord shall have the right to expand the premises of another tenant; provided however, that Tenant shall retain its right to Expand the Premises. It is agreed and understood that Tenant shall not be required by Landlord to exercise its right of first refusal to Expand until the commencement of the Redevelopment Period; provided however, that if Landlord wishes to expand another tenant prior to the Redevelopment Period, Tenant shall consider Landlord's request but shall not be obliged to exercise its right of Expansion. The present right of first refusal shall not be applicable in the event of an expansion of the Shopping Centre where Landlord shall add additional gross leaseable area to the Shopping Centre so long as Landlord uses its best reasonable commercial efforts (in accordance with the terms of this clause (v)) to include Tenant's Expansion as part of such expansion of the Shopping Centre. If (i) Tenant shall have elected to Expand pursuant to Landlord's Notice above, (ii) where Tenant shall otherwise exercise its right to Expand pursuant hereto or (iii) where Landlord shall wish to expand the Shopping Centre, Landlord shall in relation to Tenant's Expansion, diligently and in a timely manner exercise its best reasonable commercial efforts to obtain all required Third Party Approvals permitting Tenant to Expand the Premises and otherwise exercise its best reasonable commercial efforts to facilitate such Expansion. If Tenant elects to Expand the Premises pursuant hereto, Tenant shall (subject to any Delays [as defined in Section 11.3 below] of the type set forth in Section 11.3 below) complete the Expansion within three (3) years from the exercise of its right to Expand; provided however, regardless of Tenant's election to Expand the Premises, Tenant shall open its Premises by the Opening Deadline pursuant to Section 11.1. If Landlord's consent, cooperation or approval is required in connection with any request from another tenant, then as a condition for taking such requested action, Landlord shall obtain such tenant's approval where necessary for the Expansion granted to Tenant under this clause. Tenant further acknowledges that, to the extent that Tenant has all received unconditional approvals necessary to Expand the Premises as contemplated by this clause, then all other pre-existing rights of Tenant to expand the Premises (except any existing rights in the Lease to expand within the

existing floor plate of the Premises) or to require Landlord to expand the Premises in the Lease shall lapse and be of no further effect. The roof of the Expansion shall be constructed by Tenant in accordance with the specifications and criteria of the existing roof of the Shopping Centre.

- (vi) Tenant may use the roof of any building within which the Premises are located to install, use and maintain on such roof (a) HVAC, refrigeration and other mechanical equipment serving the Premises and (b) satellites, microwave dishes and/or other telecommunications equipment serving the Premises. Tenant shall repair all damages to the roof caused thereby.
- (vii) Tenant shall substantially complete those redevelopment activities required by this Amendment on or before the Opening Deadline (as defined in Section 11 below). All redevelopment activities described herein shall be of type and quality typically found in Target stores in Canada and the United States.

Tenant may conduct the activities set forth in Section 10.2 without Landlord's approval so long as such remodelling, changes, alterations, modifications, closures, relocations, expansions or improvements are (a) not of a nature to endanger the structural integrity of the Premises or the Shopping Centre, (b) made in conformity with all statutes, regulations or by-laws of any federal, provincial or municipal authority applicable thereto and Tenant shall obtain all required consents and permits from all governmental authorities, (c) paid for in full solely by Tenant, (d) consistent with the Approved Elevations to the extent relating to the exterior of the Premises, (e) carried out by Tenant pursuant to full plans and drawings of the work provided to Landlord by Tenant in a timely manner for information purposes only so as to allow Landlord to remain fully informed, (f) executed, supervised and approved by professional contractors, architects and engineers in accordance with industry standards and practice and (g) not of a nature that will require any work or any approval from any governmental authority which would have the effect of requiring Landlord to incur material cost and expense to bring any part of the Shopping Centre up to code but such restriction shall only be applicable so long as Landlord has informed Tenant of such impact within ten (10) days after Landlord's receipt of the plans and drawings, (h) performed by contractors, architects, engineers and other professionals which are insured in accordance with industry standards and practice. Tenant will protect, indemnify and hold harmless Landlord and take up Landlord's defense from and against all costs, expenses and liabilities resulting from the bodily injury to or death of any person, or physical damage to property within the Shopping Centre (and other damages available at law where Tenant has not diligently pursued and completed its activities relating to such area of work once the work relating to such area shall have commenced) caused by Tenant its employees, agents, consultants or contractors in performing the work contemplated by Section 10.2 and any hypothecques asserted against the Premises and/or the Shopping Centre shall promptly be removed by Tenant at its sole cost (subject to Tenant's right to contest the validity thereof provided

Tenant bonds, secures or otherwise deposits the required amounts into the court of competent jurisdiction to have the hypothec removed) due to the conduct of Tenant, its employees, agents, consultants or contractors in performing the work contemplated by Section 10.2. If Landlord's approval shall be required (which shall not be unreasonably withheld, conditioned or delayed) pursuant to the above Tenant shall provide to Landlord all plans and drawings reasonably required by Landlord for its approval and the parties shall exercise their best efforts to approve plans within five (5) days of Landlord's review of the plans.

10.3 Site Branding Area, Merchandising Control and Signage. Landlord agrees that:

- (i) Those portions of the exterior common area depicted on the Site Plan as the "Site Branding Area" may (subject to government approvals) be used for the branding and other purposes set forth in this Amendment by Tenant; provided however, that to the extent that the Site Branding Area falls outside of Tenant's No-Build Area, then (y) Landlord may elect to use such areas located outside of the No Build Area for any purpose (so long as such purpose is otherwise permitted under the Lease) and Tenant's continued rights with respect to the use of such area shall be limited to those uses which are consistent with Landlord's use and (z) Tenant's right to use such areas shall be subject to Third Party Approvals for which Landlord shall diligently and in a timely manner exercise its best reasonable commercial efforts to obtain. For the purposes hereof site branding shall mean Tenant's alterations and improvements designed to identify Tenant and/or allow for the Permitted Use, such as bollards, branded sidewalks, landscaping, cart corrals and wayfinding signage.
- (ii) Those portions of the "Site Branding Area" within the No-Build Area will not (a) be changed, modified or altered without Tenant's approval, in its sole and absolute discretion or (b) be used by Landlord and/or any other party (other than Tenant to the extent permitted under the Lease) for the display, storage, sale or lease of merchandise, equipment or services, including kiosks, carts, vending machines and similar items.
- (iii) Tenant shall benefit from the existing No Build Area in the Lease.
- (iv) Pursuant to the provisions of Article 13 of the Lease entitled "Merchandising Controls" Tenant has certain approval rights, including approval rights within fifty (50) feet of the entrances to the Premises. Landlord hereby acknowledges that no tenant or occupant has any lease or any right to display, store, sale or lease of merchandise, equipment or services, including kiosks, carts, vending machines and similar items in that portion of the interior common

area within fifty (50) feet of the entrances to the Premises beyond March 2013. Landlord agrees that it will seek consent in writing for all future approvals pursuant to Article 13 of the Lease; provided however, that the 50 foot area subject to such Merchandising Control shall be limited to that area within forty (40) feet of the entrances to the Premises.

- (v) On and after the Zellers Vacation Date, Tenant shall replace all of Zellers' signage (including all pylon, monument and directional signage), sign fascia, logos, trademarks and other indicia of Zellers' corporate identity within the Shopping Centre with those depicting Tenant's corporate identity. Landlord shall exercise its best reasonable commercial efforts to obtain all required third party approvals to reconfigure (at Tenant's sole cost) any existing free standing signage in the Shopping Centre upon which Tenant has a right to display its Target name so as to allow for Target's prototype signage.
- (vi) On and after the Zellers Vacation Date, Tenant may, but is not obligated to, redevelop (including resurfacing, rebranding, restriping and changing the lighting) the Site Branding Area so long as such redevelopment will result in a design consistent with that depicted on the Site Plan and will not materially adversely impact access or parking of others within the Shopping Centre.
- (vii) On and after the Zellers Vacation Date, Tenant may, but is not obligated to, install cart corrals within the Site Branding Area and may also install an electronic shopping cart containment system at the store entrances to the interior mall, if any, and the Site Branding Area.
- (viii) Landlord hereby grants to Tenant a temporary license to use those portions of the exterior common area adjacent to the Premises determined by the parties acting reasonably (the "Staging Area") for the purposes of creating a construction staging area, installing temporary utility lines and storing, staging and transporting construction equipment and materials over and across the such areas in connection with the activities contemplated by this Section 10, all in accordance with good construction practice. Tenant shall restore the Staging Area to a condition which is equal to or better than the condition which existed prior to the commencement of Tenant's use of the Staging Area.
- (ix) Tenant, at its option and expense, hereby has the right to mount cameras and associated wiring and controls on light poles within the Site Branding Area, and Landlord hereby grants Tenant the right,

effective for the Term, to install, maintain, repair and operate Tenant's cameras on such light poles and all wiring associated therewith on and within such poles, and to install, maintain, repair and operate underground wiring across portions of the Shopping Centre to such poles. Such cameras and associated wiring will be Tenant's equipment and will be for the sole benefit of Tenant and Tenant's operations, and nothing contained herein will be construed or deemed as providing Landlord or any other occupant of the Shopping Centre with any rights or benefits in connection with such cameras or any electronic images captured thereon or transmitted and/or stored on any of Tenant's equipment. Tenant expressly disclaims any warranty or obligation to Landlord or any occupant, invitee or other person or entity in, on or about the Premises or the Shopping Centre in connection with such cameras. Tenant will be responsible for the repair and maintenance of such cameras and all wiring associated therewith at its cost, subject only to indemnification by Landlord in the event Landlord or its employee, agent or contractor negligently damages any such Tenant's equipment. Landlord and Tenant will cooperate in good faith in connection with Tenant's installation, maintenance, repair and operation of the cameras and associated wiring. In those portions of the Site Branding Areas located outside Tenant's No Build Areas, Tenant shall, upon Landlord's request where Landlord shall wishes to execute work thereon or otherwise use such areas for purposes other than common area (so long as such purpose is otherwise permitted under the Lease), remove said cameras and equipment at its cost and expense and repair all damages caused thereby and restore parking areas to a condition which is equal or better than the condition which existed prior to the removal of cameras and equipment. At the end of the Term or earlier termination thereof Tenant shall remove said cameras and equipment in all Site Branding Areas in the manner described above.

Tenant may conduct the activities set forth in clauses (v), (vi), (vii), (viii) and (ix) above without Landlord's approval so long as such remodelling, changes, alterations, modifications, closures, relocations, expansions or improvements are (a) not of a nature to endanger the structural integrity of the Premises or the Shopping Centre, (b) made in conformity with all statutes, regulations or by-laws of any federal, provincial or municipal authority applicable thereto and Tenant shall obtain all required consents and permits from all governmental authorities, (c) paid for in full solely by Tenant, (d) consistent with the Approved Elevations to the extent relating to the exterior of the Premises, (e) carried out by Tenant pursuant to full plans and drawings of the work provided to Landlord by Tenant in a timely manner for information purposes only so as to allow Landlord to remain fully informed, (f) executed, supervised and approved by professional contractors, architects and engineers in accordance with industry standards and practice and (g) not of a nature that will require any work or any approval from any governmental authority

which would have the effect of requiring Landlord to incur material cost and expense to bring any part of the Shopping Centre up to code but such restriction shall only be applicable so long as Landlord has informed Tenant of such impact within ten (10) days after Landlord's receipt of the plans and drawings, (h) performed by contractors, architects, engineers and other professionals which are insured in accordance with industry standards and practice and (i) diligently pursued and completed once commenced pursuant to the terms and conditions of this Amendment. Tenant will protect, indemnify and hold harmless Landlord and take up Landlord's defense from and against all costs, expenses and liabilities resulting from the bodily injury to or death of any person, or physical damage to property within the Shopping Centre (and other damages available at law where Tenant has not diligently pursued and completed its activities relating to such area of work once the work relating to such area shall have commenced) caused by Tenant or its employees, agents, consultants or contractors in performing the work contemplated by Section 10.3 and any hypothec asserted against the Premises and/or the Shopping Centre shall promptly be removed by Tenant at its sole cost (subject to Tenant's right to contest the validity thereof provided Tenant bonds, secures or otherwise deposits the required amounts into the court of competent jurisdiction to have the hypothec removed) due to the conduct of Tenant, its employees, agents, consultants or contractors in performing the work contemplated by Section 10.3. If Landlord's approval shall be required (which shall not be unreasonably withheld, conditioned or delayed) pursuant to the above Tenant shall provide to Landlord all plans and drawings reasonably required by Landlord for its approval and the parties shall exercise their best efforts to approve plans within five (5) days of Landlord's review of the plans.

In pursuing its activities in relation to Sections 10.2 and 10.3 Tenant and Landlord shall agree on the reasonable measures to be undertaken by Tenant in order to minimize unreasonably noise, dust, inconvenience and disruption to customers and Tenants of the Shopping Centre and to ensure safety and compliance with all applicable laws and regulations.

10.4 Approvals from Hudson's Bay Company. Landlord shall not have any responsibility for obtaining any approvals from Hudson's Bay Company ("HBC") to allow for the activities contemplated by Tenant under this Amendment; provided however, that nothing herein shall be interpreted as preventing or limiting Landlord in any manner from seeking approvals from the Bay or entering into any agreement or understanding with the Bay in relation thereto so long as such action does not limit any of Tenant's rights under the Lease.

- (i) Tenant shall obtain from HBC its approval to the assignment of the Lease from Zellers to Tenant and the operation of a Target store. HBC's approval shall not (i) request any charge or concession from Landlord in connection with the issuance of such approvals and (ii) entitle HBC to a reduction of rent, right to cease operations or right of termination based upon the cessation of operations within the Premises contemplated by this Amendment. Landlord

shall have the right at its discretion to waive any of the foregoing provisions which are for Landlord's benefit.

- (ii) If any approvals from HBC are necessary for Tenant to initially Expand the Premises and/or make changes in Site Branding Area as contemplated by this Amendment then Tenant shall obtain and deliver to Landlord written evidence (in a form reasonably acceptable to Landlord) from HBC of the issuance of such approvals before the commencement of construction for such expansion work. If any term or condition of such approval shall apply to Landlord or the Shopping Centre (apart from the Premises and Tenant's work permitted hereunder save where approvals are required pursuant to Sections 10.2 and 10.3) Landlord's consent thereto shall be required. HBC's approval shall not request any charge or concession from Landlord in connection with the issuance of such approvals; provided however, that Landlord shall, at no out-of-pocket cost to Landlord, work with Tenant to the extent of Landlord's best reasonable commercial efforts to avoid materially adversely affecting the use, operation, signage, parking, access to common areas, and full pedestrian and vehicular access to all existing internal and external roadways and walkways of any HBC store or the business conducted therein.

10.5 Joinder. Landlord will, at no out-of-pocket cost to Landlord, promptly upon request by Tenant, join in the application for all permits, variances, special uses, licenses or authorizations deemed necessary or desirable by Tenant in connection with the use, remodeling, alteration and redevelopment of the Premises and Site Branding Area for the Permitted Use.

11. Covenant to Open.

11.1 Covenant to Open. Tenant will open the entirety of the sales floor of the Premises to the public fully staffed, stocked and fixtured for operation as a "Target" store (or any variation thereof for particular stores, such as by example only "City Target", and provided that the "Target" name appears therein) in accordance with the provisions of Section 10.1 above for at least one day (the "Covenant to Open") prior to the date that is nine (9) months after Zeller's Vacation Date (the "Opening Deadline"). In addition, if the Lease contains an operating covenant then Tenant shall, after the Opening Deadline, operate in accordance with Sections 10.1 above and 11.1 for at least as long as the existing operating covenant shall remain in effect (without any reduction or extension of such period) as set forth in the Lease. Even if Tenant is unable to expand the Premises pursuant to Section 10.2(v) above, is unable to carry out its Site Branding in the those areas outside the No Build Area or is unable to carry out its Site Branding within the No Build Area in a manner that doesn't adversely impact Tenant's ability (in its reasonable determination) to operate and identify the Premises as a typical Target store, Tenant shall (unless such inability is a

results of a breach by Landlord hereunder) nevertheless open a Target store as herein provided in Sections 10.1 and 11.

11.2 Personal to Landlord. Landlord acknowledges and agrees that the Covenant to Open is personal to Landlord only, may not be assigned to any third party and is not for the benefit of any other third party save and except to any (i) mortgagee or secured lender or creditor of Landlord and or the owners of the Shopping Centre, (ii) party to which Landlord and or the owners of the Shopping Centre shall transfer by sale or otherwise (other than another tenant within the Shopping Centre) all or a part of their interest in the Shopping Centre, including without limitation any buyer or buyers of the Shopping Centre and or of Landlord's and or owners interests in the Shopping Centre and (iii) affiliated, associated or related companies and any partnership or joint venture of Landlord and or owners or of which Landlord and or owner forms a part. Except as set forth above, Landlord agrees that it will not covenant with any party to enforce the Covenant to Open; provided however, that the foregoing limitation on the right to enforce such right shall not limit Landlord's right to enforce the Covenant to Open or claim damages for Tenant's failure to comply with its obligations under this Section 11.

11.3 Delays. If either party is prevented at any time by reason of acts of God(s) or other deities, war, civil commotion, riots, strikes, picketing or other labor disputes, unavailability of labor or materials, damage to work in progress by reason of fire, or other casualty, delays resulting from governmental action or inaction such as issuance of permits and approvals, or any cause beyond the reasonable control of Tenant or Landlord from completing its obligation under this Section 11 (collectively, "Delays"), then the date for completion of this obligation will be postponed by the duration of the delay experienced by Tenant or Landlord. Notwithstanding anything to the contrary contained herein the present provisions will not relieve Tenant or Landlord from payment of Fixed Rent and Additional Rent or other amounts payable by Tenant or Landlord pursuant to the Lease and insolvency or lack of funds will not relieve any party to this Amendment from fulfillment of any obligation arising from any part of the Lease.

11.4 Investment in Premises. Tenant will invest in the interior and exterior of the Premises, on or before the Opening Deadline, in the aggregate, at least Seventy and No/100 Dollars (\$70.00) per square foot of enclosed building area within the Premises (but not including any costs and expenses of any Expansion of the Premises) in the repair, remodeling, replacement, reconstruction, construction and installation of new and existing building improvements, fixtures and building systems.

12. Roof Repair and Replacement. Landlord shall assess the roof, including joists, decking and membrane (collectively, the "Roof") serving the Premises. Based upon such inspection and assessment by Landlord, Landlord will prepare a reasonable schedule for Landlord, at its sole cost and expense, to replace the Roof; provided however, that Landlord agrees that, regardless of the schedule for Roof replacement, Landlord will (i) coordinate its repair schedule with Tenant such that said replacement will compliment and not conflict with Tenant's redevelopment of the Premises and (ii) take all action necessary to assure that the Roof is in good working order and

condition as of the Zellers Vacation Date and for the balance of the Term of the Lease. Where Landlord shall not maintain the Roof in good working order Tenant shall have the right to cure such failure (and set off such costs against any rental due under the Lease) along with any other remedies available to Tenant pursuant to the Lease. Unless otherwise stipulated in the Lease Tenant shall, except in the event of an emergency, give to Landlord thirty (30) days prior written notice during which period Landlord shall proceed to cure such failure to maintain the roof in good working order or to begin to do so and to diligently proceed to such cure where such cure cannot be completed within said thirty (30) day period. Where Landlord shall fail to cure pursuant hereto Tenant shall have the right to exercise its rights and recourses as above described.

13. Pharmacy. If a pharmacy is currently being operated by Zellers, subject to available space, Landlord will provide Tenant (or an affiliate, licensee, subtenant or concessionaire, including Zellers) with at least one thousand (1,000) square feet of space located outside of the Premises in a location to be reasonably determined by Landlord but within the Shopping Centre for the operation of a pharmacy (the "**Temporary Pharmacy Space**") for a period commencing one (1) month prior to the Redevelopment Period and expiring one (1) month after the Redevelopment Period. Landlord shall provide the Temporary Pharmacy Space to Tenant at no rental cost but Tenant shall be responsible for all costs necessary to configure such space for use as a pharmacy and in accordance with applicable laws.

14. Planning Act/Subdivision Legislation. Where a consent under the Planning Act (Ontario) or a consent or approval under other applicable legislation restricting the subdivision of land (collectively, "Subdivision Legislation") was or is required for the granting of the Lease or this Amendment, until any such required consent or approval is obtained, the assignment of the Lease to Tenant hereunder will be deemed to create a new lease on the same terms and conditions as the Lease, as amended hereby, save and except that (i) the Commencement Date will be deemed to be the Effective Date and (ii) the term will not exceed twenty-one (21) years less one (1) day from the Effective Date in the case of Premises in Ontario and, in the case of Premises in any other province where the term of a lease may trigger a requirement for consent or approval under the Subdivision Legislation, the term will be shortened to the maximum period of term that will prevent the Lease or this Amendment from requiring such consent or approval and becoming void. Landlord covenants and agrees that, should consent or approval be required under the Subdivision Legislation in respect of the Lease or this Amendment, Landlord will forthwith, at its sole expense, make application for such consent or approval and will pursue diligently the obtaining of such consent or approval and Tenant will act reasonably and cooperate with Landlord in fulfilling any requirements of the relevant approving authority at Landlord's reasonable cost. Should Landlord be of the opinion that consent or approval under the Subdivision Legislation is not required as a result of the provisions of subsection 50 (9) of the Planning Act (Ontario) in the case of Premises in Ontario or, in the case of Premises in any other province, as a result of a provision of the Subdivision Legislation, it will provide Tenant with a written legal opinion from its independent legal counsel or in the case of Quebec, with a confirmation

from a Quebec Land Surveyor, in form and content acceptable to Tenant acting reasonably, to that effect.

15. Insurance Requirements. The insurance required by the Lease to be carried by the Tenant (including coverages required under the Lease and of the type, in a form, with limits and in amounts required under the Lease and containing those requirements that the Lease stipulates be contained in those policies), may be carried under a blanket policy and/or, so long as the Tenant continues to reasonably satisfy the Landlord from time to time that it (or Target Corporation, the Guarantor under the Limited Guaranty of the Lease, but only for so long as that Limited Guaranty of Lease is in full force and effect) has and maintains a net worth of at least Two Hundred Fifty Million and No/Dollars (\$250,000,000.00) (as evidenced yearly by the Tenant's [or, as the case may be, the Guarantor's] annual report that is audited by an independent certified public accountant which the Tenant agrees to provide to the Landlord within 180 days after each fiscal year of the Tenant [or such Guarantor, as the case may be] or, if an annual report is not available, by such other evidence satisfactory to the Landlord, acting reasonably) during any period in which the Tenant has elected to self-insure, pursuant to a self insurance program. The Tenant's right to self-insure is also subject to and conditioned upon the following:

- (i) the Tenant having provided the Landlord with prior written notice of its election to self-insure which shall contain reasonably sufficient particulars for the Landlord to determine the extent of the Tenant's self-insurance;
- (ii) if the Tenant (or the referred to above, as the case may be) at any time fails to have the minimum net worth set out above as evidenced in the manner set out above or there is unreasonable claims handling, as reasonably determined by reputable insurers, the Landlord, acting reasonably, may require a lower self-insurance limit or the elimination of the Tenant's right to self-insure;
- (iii) "self-insure" shall mean that the Tenant (or the Guarantor referred to above, as the case may be) is itself acting as though it were the insurance company providing the insurance required to be carried by the Tenant under the provisions of the Lease (including coverages not less than those set out in the Lease and of the type, in a form, with limits and in amounts required under the Lease and containing those requirements that the Lease stipulates be contained in those policies), and the Tenant (or the Guarantor referred to above, as the case may be) shall pay all amounts due in lieu of insurance proceeds that would have been payable if such insurance policies had been carried and were in full force and effect, in good standing and without any breach of a condition or

other provision of such policies, which amounts shall be treated as insurance proceeds for all purposes under the Lease;

- (iv) all amounts which the Tenant (or the Guarantor referred to above, as the case may be) pays or is required to pay and all loss or damage resulting from risks for which the Tenant has elected to self-insure shall be subject to the waiver of subrogation of the Lease and the Tenant hereby agrees, to release (and the Tenant's right to self-insure shall be conditional upon the Guarantor agreeing to release) the Landlord, the mortgagee(s) of the Lands or the Shopping Centre, the Landlord's property manager and their respective directors, officers, employees, agents and persons for whom they are in law responsible with respect to loss of, damage to, or loss of use of, the Tenant's real and/or personal property to the extent of insurance proceeds that would have been payable had the Tenant insured in accordance with the terms of the Lease and had such policies been in full force and effect, in good standing and without any breach of a condition or other provision of such policies, and shall not limit the Tenant's indemnification obligations set forth in the Lease;
- (v) if the Tenant elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available from the insurance company had insurance been purchased in accordance with the Lease, the Tenant (or the Guarantor referred to above, as the case may be) shall undertake the defence of any such claim, including a defence of the Landlord and others in whose favour an indemnity from the Tenant has been given under the Lease or this self-insurance clause, at the Tenant's (or, as the case may be, Guarantor's) sole cost and expense, and use its own funds to pay any claim or, to the extent permitted under the Lease, replace any property, or otherwise provide the funding which would have been available from insurance proceeds but for such election by the Tenant to self-insure (including, without limitation, all costs and expenses that the Tenant has agreed to pay under all indemnities that it has given under the Lease), and the Tenant (or the Guarantor referred to above, as the case may be) shall hold such monies in trust for the Landlord and the mortgagee(s) of the Lands or the Shopping Centre where the Lease requires that the Tenant's insurance proceeds be payable to them;
- (vi) the Tenant's self-insurance shall not limit or diminish the rights that the Landlord's insurance carriers would have had under "other insurance" or similar clauses in the Landlord's insurance policies had the Tenant not self-insured;

- (vii) insurance proceeds shall be deemed to include self-insured retention amounts and the waiver of subrogation and release referred to in (iv) above shall apply to what would have been the Tenant's self-insured retention amounts;
- (viii) the within right of the Tenant to self-insure shall be solely for the benefit of Target Canada Co. or its affiliate (within the meaning of the Canada Business Corporations Act);
- (ix) where the Tenant self-insures, it shall be deemed for all purposes of the Lease to have insured in accordance with the terms and requirements of the Lease; and
- (x) the Tenant shall provide the Landlord and the Landlord's mortgagee(s) with (or shall cause to be provided to the Landlord and its mortgagee(s)) certificates of insurance or memorandum(s) of insurance, or statement of self-insurance or the Web address where such insurance information is contained, from the primary, umbrella and excess carriers specifying the extent of insurance or self-insurance coverage hereunder.

16. No Consent Requirement Implied; Subsequent Consents. To the extent that Landlord consents, approves or agrees to any act, circumstance or event in this Amendment and such act, circumstance or event does not require the consent, approval or agreement of Landlord under the Lease (and does not give rise to a default or breach under the Lease), such consent, approval or agreement is provided by Landlord for greater certainty only, and does not imply that the consent, approval or agreement of Landlord is (or will hereafter be) required under the Lease as to any such act, circumstance or event. To the extent that Landlord's consent, approval or agreement to any such act, circumstance or event in this Amendment was required under the Lease, the issuance of such consent, approval or agreement will not operate as a waiver of Landlord's right to consent, approve or agree to any act, circumstance or event in the future to the extent such consent, approval or agreement is required pursuant to the terms of the Lease.

17. Authority: Approvals. Landlord and Tenant each warrant to the other that (i) it has the full capacity, right, power and authority to execute, deliver and perform this Amendment, (ii) no consents or approvals from third parties are required for it to execute, deliver and perform this Amendment and (iii) the undersigned representative of Landlord and Tenant, respectively, is duly authorized and fully qualified to execute this Amendment on behalf of such party.

18. Registration. At Tenant's election, the Lease, this Amendment or a memorandum, memorial, caveat, notice or short form of the Lease and/or this Amendment may be registered on title.

19. Notices. All notices given to Tenant pursuant to the Lease, including all notices regarding default, exercise of rights or remedies and approvals, will be given to the following addresses:

Target Canada Co. c/o Target Corporation Property Development TPN-12th Floor Attn: Real Estate - Existing Stores 1000 Nicolle Mall Minneapolis, MN 55403	Place Vertu S.E.N.C. c/o Ivanhoe Cambridge Inc. Centre CDP Capital 1001, Square Victoria, Bureau C-500 Montréal, Québec H2Z 2B5
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20. Further Assurances; No Strict Construction; Language. Landlord will cooperate reasonably with Tenant, at no out of pocket cost to Landlord, to carry out the terms, provisions and intent of this Amendment, including Tenant's entry into and operation of a Target department store within the Shopping Centre. This Amendment will not be construed strictly for or against either Landlord or Tenant. The words "including," "includes," and "include" are to be read as if they were followed by the phrase "without limitation."

21. Brokers. Tenant and Landlord represent and warrant to each other that neither has had any dealings or discussions with any broker or agent, licensed or otherwise in connection with this Amendment, other than Northwest Atlantic (Canada) Inc. (the "Tenant's Broker"). Tenant will (i) pay any and all fees due to Tenant's Broker in connection with this transaction and (ii) protect, defend, hold harmless and indemnify Landlord from and against any and all losses, liabilities, damages, costs and expenses (including reasonable legal fees) arising out of or in connection with any other claim by Tenant's Broker for brokerage commissions relating to this Amendment. Landlord and Tenant each covenant to protect, defend, hold harmless and indemnify the other from and against any and all losses, liabilities, damages, costs and expenses (including reasonable legal fees) arising out of or in connection with any other claim by any brokers (other than Tenant's Broker) or agents for brokerage commissions relating to this Amendment alleged to be due because of dealings or discussions with the indemnifying party.

22. Conflicts; Ratification; Binding Effect. This Amendment and Exhibits shall form an integral part of the Lease. If there is any conflict between the provisions of the Lease and this Amendment, the provisions of this Amendment will control. Except as amended and supplemented by this Amendment, the Lease is ratified and confirmed by the parties and remains in full force and effect. This Amendment is and will be binding on the parties hereto and their respective successors and assigns.

23. Guarantor. Tenant will provide Landlord with a guaranty from Target Corporation of Tenant's obligations under the Lease, as amended hereby, in the form attached as Exhibit F.

24. Governing Law. The present Amendment shall be governed by the laws of the Province in which the Premises are located.

25. Use of English. The parties confirm that it is their wish that this Amendment, as well as any other documents relating to this Amendment, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. Les signataires confirment leur volonté que la présente convention, de même que tous les documents s'y rattachant, y compris tout avis, annexe et autorisation, soient rédigés en anglais seulement.

26. Amendment and Restatement of Lease. Landlord and Target Canada agree to enter into a lease incorporating the terms of the Offer to Lease and all of the amendments thereto, including this Amendment, into a single document (the "Amended and Restated Lease") within six (6) months following the Effective Date. It is the intent of the parties to enter into a single simplified document without changing any of the parties' rights or obligations under the Lease. Neither party shall be in default of any of its obligations hereunder in the event the parties are unable to finalize the Amended and Restated Lease; provided however, that unless such inability is due to a substantive disagreement over such incorporation, the parties shall continue beyond such six (6) month period to finalize the Amended and Restated Lease Agreement.

27. Counterparts. This Amendment may be executed in counterparts, and any executed counterpart shall be deemed an executed original for all purposes.

[SIGNATURE PAGE(S) FOLLOW]

IN AGREEMENT, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

PLACE VERTU S.E.N.C.,

By: _____
Name: _____
Its: _____

Claude Dion, csm
Senior Vice President
and Chief Operating Officer

TARGET CANADA

TARGET CANADA CO.,
a Nova Scotia unlimited liability corporation

By: _____
Name: _____
Its: _____

By: Emilio Elisio

Name: _____
EMILIO ELISIO
Directeur, chef adjoint du
Conseil/Director, Assistant
General Counsel

Its: _____

IN AGREEMENT, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

PLACE VERTU S.E.N.C.,

By: _____

Name: _____

Its: _____

TARGET CANADA

TARGET CANADA CO.,
a Nova Scotia unlimited liability corporation

By: Scott Nelson

Name: Scott Nelson

Its: Authorized signatory
of Target Canada co.

EXHIBIT A

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASE



ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS AGREEMENT is made as of ●, 2011 (the "Effective Date").

BETWEEN:

ZELLERS INC.

(the "Assignor")

- and -

TARGET CANADA CO.

(the "Assignee")

RECITAL:

Pursuant to and subject to a Transaction Agreement dated ●, 2011 among the Assignee, as purchaser, the Assignor, as vendor and certain other entities (the "Transaction Agreement"), the Assignor has agreed to assign and transfer to the Assignee the lease described on Schedule "A" hereto (as amended, restated, supplemented or modified from time to time, the "Assigned Lease") and the Assignor's interest in the leasehold lands, premises, buildings and leasehold improvements (excluding, for certainty, any trade fixtures and personal property) pertaining to the Assigned Lease (the "Leased Property"), and the Assignee has agreed to assume the Assignor's covenants and obligations in respect of the Assigned Lease to the extent provided herein.

THEREFORE in accordance with the Transaction Agreement and in consideration of the premises and of the mutual covenants and agreements contained herein and therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor and the Assignee, intending to be legally bound, hereby agree as follows:

1. Assignment

The Assignor does hereby grant, assign and set over unto the Assignee, effective as of 12:01 a.m. (Toronto time) on the Effective Date (the "Effective Time"), all of Assignor's right, title and interest in and to (a) the Assigned Lease, inclusive of (i) the unexpired residue of the terms of the Assigned Lease, (ii) any and all options to renew or extend contained therein, and (iii) all its rights, privileges, benefits and advantages to be derived therefrom, (b) the Leased Property, and (c) any option to purchase, right of first refusal or other similar right to acquire the landlord's interest in the Leased Property, whether or not contained in the Assigned Lease.

- 2 -

2. Assumption by the Assignee

The Assignee hereby (a) accepts the assignment contained in Section 1 hereof, and (b) assumes all of the obligations and liabilities of the tenant incurred or accruing under the Assigned Lease, and covenants to pay, perform or otherwise discharge all covenants, obligations and liabilities of the tenant to be performed under the Assigned Lease, in each case from and after the Effective Time and during the residue of the term of the Assigned Lease (and any renewal, extension or overholding thereof), including, for greater certainty, the obligation to pay all rents and amounts owing by the tenant pursuant to the Assigned Lease with respect to such period.

3. Liabilities Not Assumed

The Assignee shall not assume or be obligated to pay, perform or otherwise discharge any obligations or liabilities related to any event existing prior to the Effective Time which with the passage of time or the giving of notice or both would constitute a default or event of default under the Assigned Lease.

4. "As-is"

The Assignee acknowledges and agrees that it accepts the Assigned Lease and the Leased Property in the condition in which they exist on the Effective Date in an "as is, where is" condition without any representations or warranties save and except and only to the extent as expressly set out in the Transaction Agreement.

5. Transaction Agreement

- (a) Notwithstanding the foregoing or anything else contained herein, the parties hereto acknowledge and agree that this Agreement is made pursuant to the Transaction Agreement and nothing contained herein shall alter, limit, restrict or derogate from any of the agreements, rights and/or obligations of the parties hereto contained in the Transaction Agreement.
- (b) No reference in this Agreement to the Transaction Agreement shall (i) confer or impose any right, privilege, duty or obligation on any third party (including, without limitation, the respective successors and assigns of Assignor and Assignee) relating to or arising under the Transaction Agreement, or (ii) limit or qualify the assignment contained in Section 1 hereof.

6. Enurement

The provisions of this Agreement shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

- 3 -

7. **Governing Law**

This Agreement shall be construed in accordance with and governed by the laws in accordance with the Applicable Laws of the Province in which the relevant Leased Property is located and the laws of Canada applicable therein.

8. **Further Assurances**

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, execute and deliver and make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement at the reasonable cost and expense of the requesting party.

9. **Severability**

If any provision of this Agreement shall be deemed to be invalid or void, the remaining provisions shall not be affected thereby and shall remain enforceable and in full force and effect to the fullest extent permitted by law.

10. **Counterparts**

This Agreement may be executed by facsimile (or otherwise) and in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement, and which shall become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile or otherwise) to the other parties.

[Add any provisions/acknowledgments that are required so that Agreement will be in acceptable form for registration.]

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IN WITNESS OF WHICH the parties have duly executed this Agreement with effect as of the Effective Date.

ZELLERS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TARGET CANADA CO.

By: _____
Name:
Title:

SCHEDULE "A"
LEASE

[Insert description of Assigned Lease, including all amendments.]

EXHIBIT B

LIST OF LEASE DOCUMENTS

- ✓ ▪ Lease dated November 18th, 1991 between Place Vertu Enrg., Cambridge Leaseholds Limited, Sears Canada Inc. and Markborough properties Inc. and Zellers Inc.;
- ✓ ▪ Assignment Agreement dated July 9th, 1996 (acquisition by Cambridge Leaseholds Limited of the interests in Markborough properties Inc.);
- ✓ ▪ Letter of Agreement dated May 4th, 1998 with Hudson's Bay Company, Zellers Inc. and 3009354 Nova Scotia Corp.;
- Letter dated February 16, 2000 from Cambridge Shopping Centres Limited and accepted by Hudson's Bay Company and Tenant on March 9, 2000 confirming ability to convert merchants association to promotion fund;
- Letter of Agreement dated June 10th, 2004 between Ivanhoe Cambridge II Inc. and Zellers Inc.;
- Letter of Agreement dated September 24th, 2004 between Ivanhoe Cambridge II and Hudson's Bay Company and Zellers Inc.;
- Letter of Agreement dated October 27th, 2004 between Hudson's Bay Company and Zellers Inc. and Ivanhoe II Inc.;
- ✓ ▪ Letter of Agreement dated March 28th, 2007 between Place Vertu s.e.n.c. by its manager Ivanhoe Cambridge Inc., Zellers Inc., HBC Leasehold Property LP by its manager 6526527 Canada Inc.
- Letter dated March 13th, 2008 regarding GLA

EXHIBIT C

LIST OF USE RESTRICTIONS, IF ANY

- (1) During the term of the Lease in favour of Winners, including any extensions or renewals thereof:

Landlord agrees that no portion of the Shopping Center shall be used for a massage parlor or for any establishment for the sale or display of pornographic materials.

Landlord agrees that as long as any retail sales activity shall be conducted in the Demised Premises the area within a one hundred (100) foot radius of the Demised Premises shall not be used for any non-retail purposes (repairs, alterations and offices incidental to retailing, and banks and small loan offices, not being deemed non-retail), or for any entertainment purposes such as a bowling alley, skating rink, cinema, bar, nightclub, discotheque, amusement gallery, poolroom, health club, massage parlor, sporting event, sports or game facility, off-track betting club or for any establishment for the sale or display of pornographic materials (the "Prohibited Uses").

- (2) During the term of the Lease in favour of CIBC, including any extensions or renewals thereof:

The Owner covenants with the Tenant that in consideration of the Leased Premises being used by the Canadian Imperial Bank of Commerce as a branch bank and so long as they shall be used for this purpose, the Owner will not during the term of this Lease or any renewal or extension thereof permit or suffer (by way of lease, sublease, assignment of lease, licence or otherwise) any part of the lands described in Part 1 of Schedule "A" hereto, or any space in any building or structure on such lands, to be used for the purpose of a bank, trust company or finance company accepting deposits from the public, other than the space leased to the Tenant and one (1) other bank, one (1) trust company and one (1) finance company accepting money on deposit from the public in that part of the Shopping Centre to be constructed on the Owner's Lands. The Owner covenants that if during the term or any renewal of the Lease it shall sell or part with possession of all or any part of the lands described in Part 1 of Schedule "A" hereto, the conveyance thereof shall contain a restriction enuring to the benefit of the Tenant and to the benefit of the Leased Premises prohibiting the use of the lands so conveyed for the purpose of a bank, trust company or finance company accepting deposits from the public during the term of this lease or any renewal thereof, except as above provided. Provided, however, that the above restriction shall cease to apply to any expansion of the Shopping Centre in excess of 50,000

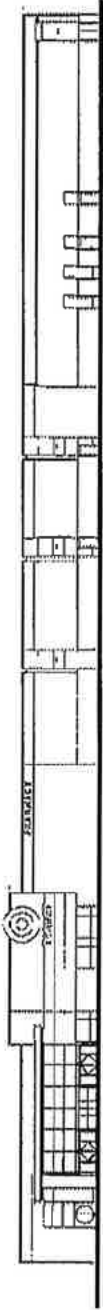
square feet of gross leaseable area but in computing such expansion space, there shall be excluded from such computation, space leased to a "major tenant" (a tenant that leases more than 20,000 square feet); and provided further that the above restriction shall not apply to the premises leased to any "major tenant(s)" as presently constituted, or as in future expanded; in addition, the above restriction shall not apply to future premises leased to any "major tenant(s)" to the extent of such "major tenant(s)" accepting deposits for goods and services, and of financing such goods and services.

The present restrictions shall remain in effect for as long as the lease agreement giving rise to such restrictions continues in effect as it may be renewed or extended from time to time.

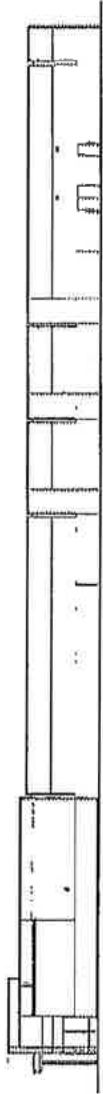
EXHIBIT D

EXTERIOR ELEVATIONS

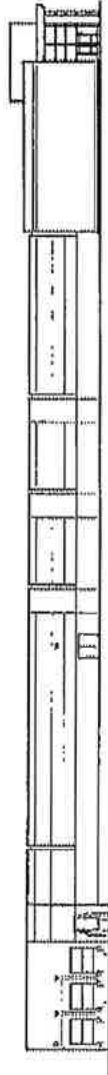




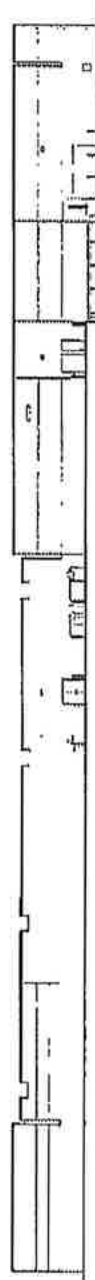
FRONT ELEVATION



RIGHT ELEVATION



LEFT ELEVATION



REAR ELEVATION



FOR ILLUSTRATION ONLY

EXHIBIT E

SITE PLAN

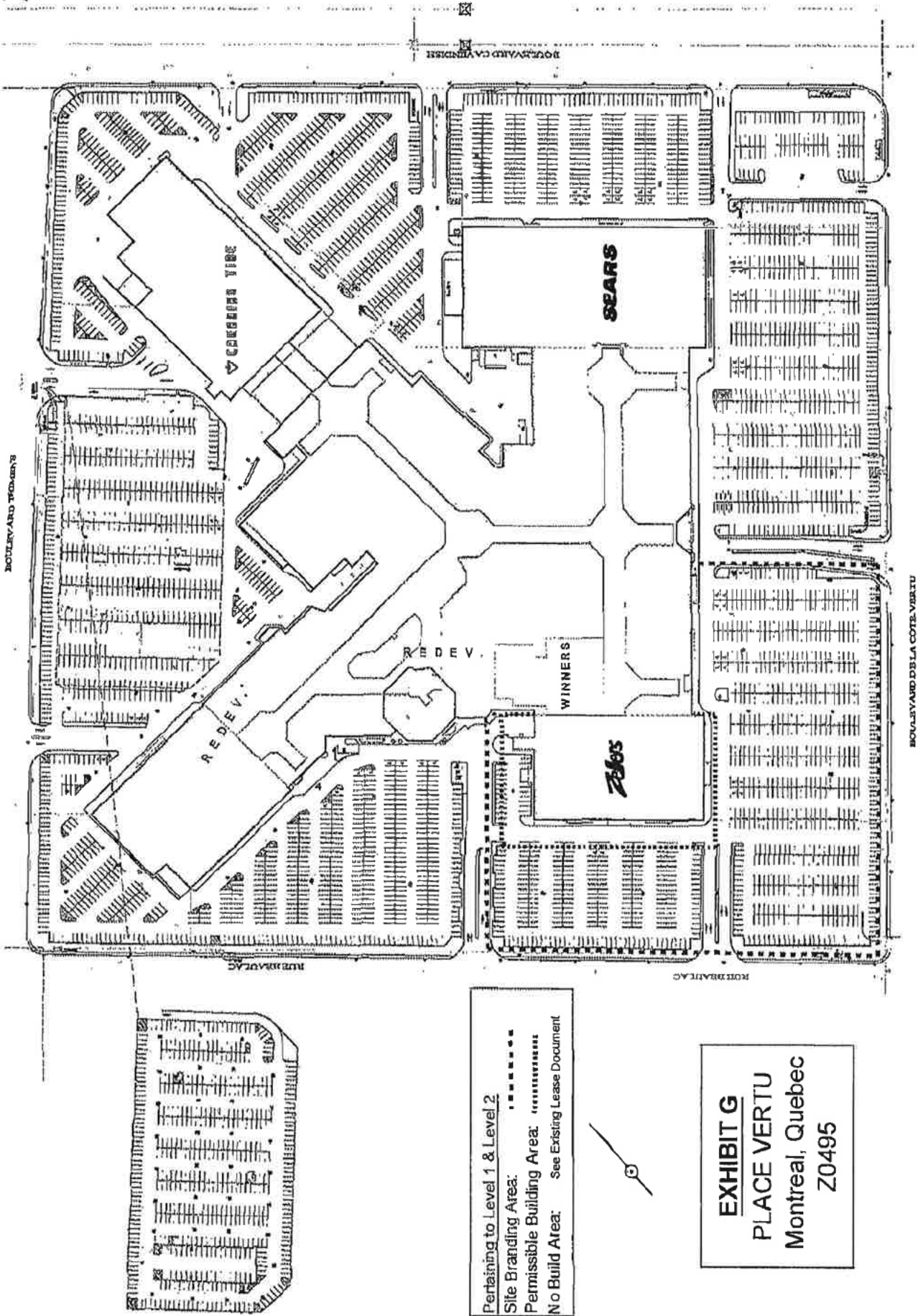


EXHIBIT F
FORM OF GUARANTY

Z0495/Place Vertu
Montréal (St-Laurent Borough), Québec

LIMITED GUARANTY OF LEASE

This Limited Guaranty of Lease (this "Guaranty") is made as of this ____ day of _____, 2011, by Target Corporation, a Minnesota corporation ("Guarantor") to and in favor of Place Vertu S.E.N.C. ("Landlord").

BACKGROUND

A. Zellers Inc. ("Zellers"), as tenant, and Landlord, as landlord, were parties to that certain Offer to Lease dated March 28, 2007, originally by and between Place Vertu S.E.N.C. and HBC Leasehold Property LP, notice of which has not been registered in the applicable land registry office (as amended, restated, supplemented or modified from time to time, referred to herein as the "Lease"), relating to certain premises occupied by Zellers as described in the Lease (the "Premises"), located in the Place Vertu Shopping Centre, located in the Borough of City of Montréal (St-Laurent Borough), Province of Québec (the "Shopping Centre").

B. Target Canada Co. (the "Tenant") wishes to acquire Zellers' interest in the Lease and Guarantor has agreed to provide this limited guaranty to the Landlord.

NOW THEREFORE, for and in consideration of \$10.00 and for other good and valuable consideration:

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 were Tenant named in the Lease.

2. Waivers.

2.1 General Waivers. Landlord shall not be required to prosecute collection or to proceed against Tenant or to seek to enforce or resort to any remedies against Tenant or any other person liable to Landlord on account of Tenant's Liabilities. Guarantor's liabilities shall in no way be prejudiced, waived, discharged, mitigated, reduced or released by reason of (i) the failure or delay by Landlord to enforce any of the terms, covenants or conditions in the Lease or to do or take any of the actions or

things described in the Lease, (ii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets of Tenant (or its permitted assignees), the assignment or transfer of the Lease by Tenant or by any trustee, receiver, liquidator or other entity or any consent that Landlord gives to any such assignment or transfer, or the marshalling of assets and liabilities or the receivership, insolvency, bankruptcy, winding up, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings or any other inability to pay or perform affecting, Tenant (or its permitted assignees) or any of its respective assets, (iii) any allegation concerning, or contest of the legality or validity of the indemnification obligations under the Lease, (iv) any repossession of the Premises by Landlord provided that the net payments received by Landlord after deducting all costs and expenses of repossessing and reletting the Premises shall be credited from time to time by Landlord against the indebtedness of Guarantor under this Guaranty and Guarantor shall pay any balance owing to Landlord from time to time immediately upon demand, (v) any extension of time, indulgences or modifications which Landlord extends to or makes with Tenant under the Lease, or (vi) any waiver by Tenant of any of its rights under the Lease. Without limiting the above, but subject to Section 5 below, Landlord has the right to enforce this Guaranty regardless of any repudiation, disclaimer or assignment of the Lease pursuant to any receivership, bankruptcy winding-up or other creditors' proceedings, any release or discharge of the Tenant by the Landlord or by others, or any event that has the effect of terminating the Tenant's obligations under the Lease prior to what would have been its expiration. Notwithstanding the bankruptcy or insolvency of Tenant and notwithstanding any repudiation or disclaimer of the Lease, Guarantor's liability hereunder will continue. It is further provided that, if any trustee in bankruptcy of Tenant disclaims all interest in the Lease or if the Lease is repudiated, then, Guarantor will be deemed, upon thirty (30) days notice by Landlord, to have entered into a lease with Landlord, on the same terms and conditions as the Lease then prevailing (including without limitation, future rental increases), effective upon the effective date of such disclaimer, termination or repudiation.

- 2.2 Waiver of Suretyship Defenses. Guarantor hereby expressly waives the right to interpose all substantive and procedural defences of the law of guaranty and suretyship except the defences of prior payment or prior performance.
- 2.3 Waivers Relating to Lease. Without limiting the waivers set forth above, but subject to Sections 5 and 6 below, the liability of Guarantor under this Guaranty shall not be deemed to have been prejudiced, waived, discharged, mitigated, reduced or released by (i) the granting of any indulgence or extension of time to Tenant, (ii) the assignment of the

Lease, or the subletting or transfer of the Premises or Tenant's interest in the Lease in whole or in part by Tenant with or without Landlord's consent, (iii) the expiration of the term of the Lease, (iv) Tenant holding over beyond the term of the Lease, (v) the rejection, repudiation, disaffirmance or disclaimer of the Lease by any party in any action or proceeding, (vi) any defect or invalidity of the Lease, (vii) any amendment, supplement or replacement of the Lease by agreement between Tenant and Landlord, or (viii) the granting of extensions or renewals of the Lease and/or the granting of any release, compromise or settlement in connection with the Lease.

3. Tenant Default Notice. Landlord shall deliver to Guarantor notice of any default by Tenant under the Lease ("**Tenant Default Notice**") and afford Guarantor the same amount of time as such Tenant is provided under the Lease to cure such default but Landlord's failure to do so shall not prejudice, waive, discharge, mitigate, impair, affect, reduce or release Guarantor's obligations under this Guaranty; provided, however, in the event of such failure by Landlord, Landlord may not exercise its rights or remedies against Guarantor under this Guaranty until Landlord delivers such a copy of the applicable Tenant Default Notice to Guarantor, and Guarantor is afforded the same amount of time, commencing as of the date on which Landlord delivers such Tenant Default Notice to Guarantor, as Tenant is provided under the Lease to cure any such default or event of default or to cause the same to be cured. Landlord agrees to accept any such cure by or on behalf of Guarantor as though such cure has been effected directly by Tenant.

4. Governing Law and Amendments to this Guaranty. This Guaranty shall be governed by and construed in accordance with the laws of Canada and the Province in which the Shopping Centre is located. This Agreement is the sole agreement between Landlord and Guarantor and this Guaranty shall not be amended except in writing by Guarantor and Landlord.

5. Expiration of Guaranty. This Guaranty shall expire and be deemed automatically released by Landlord and of no further force and effect on the earlier to occur of: (1) the date (the "**Expiry Date**") that is ten (10) years next following the Execution Date (as defined below); (2) the date of expiration of the Term of the Lease (as the same may have been renewed or extended by Tenant from time to time) excluding any expiration that is deemed to occur as a result of default by Tenant under the Lease or the unenforceability of the Lease; (3) the date upon which the Lease is terminated or Tenant is otherwise released from its obligations under the Lease, as a result of default by Landlord; or (4) the date on which Tenant is released by Landlord from its obligations under the Lease other than the Lease being repudiated or disclaimed pursuant to bankruptcy or creditors' legislation. Notwithstanding the foregoing, this Guaranty shall continue with respect to any failure to pay or perform an obligation that pertained to any period up to and including the Expiry Date or any other default by Tenant relating to any period up to and including the Expiry Date; provided that notice of any claim under this Guaranty must be given within 2 years next following the Expiry Date.

6. Successors and Assigns.

- (a) This Guaranty shall be binding upon and enure to the benefit of Guarantor and Landlord and their respective successors and permitted assigns.
- (b) Any assignment by Landlord of any of its interests in the Lease (who has agreed in writing with Tenant to perform Landlord's obligations under the Lease and who is a transferee permitted by the terms of the Lease) operates automatically as an assignment to such assignee of the benefit of this Guaranty. Except as set forth above, neither this Guaranty nor any of the rights or obligations under this Guaranty are assignable or transferable by Landlord, without the prior written consent of Guarantor, acting reasonably.

7. Notices. Any notice, direction or other communication (a "Notice") given to Guarantor or Landlord pursuant to the Guaranty, including all notices regarding default, exercise of rights or remedies and approvals, must be in writing, sent by personal delivery, courier, facsimile (but not electronic mail) and addressed to:

to Guarantor at:	to Landlord at:
Target Corporation Property Development TPN-12th Floor Attn: Real Estate - Existing Stores 1000 Nicollet Mall Minneapolis, MN 55403	Place Vertu S.E.N.C. c/o Ivanhoe Cambridge Inc. Centre CDP Capital 1001, Square Victoria, Bureau C-500 Montréal, Québec H2Z 2B5

A Notice is deemed to be given and received (i) if sent by personal delivery or same-day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day when receipt thereof is confirmed. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed to be changed. "Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or Minneapolis, Minnesota.

8. Further Assurances. The parties will take such actions, including execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed this _____ day of _____, 2011 (the "Execution Date").

TARGET CORPORATION

By: _____

Name: _____

Title: _____

Landlord accept the terms hereof this _____ day of _____, 2011.

PLACE VERTU S.E.N.C.,

By: _____

Name: _____

Title: _____

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

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

70495/Place Vertu
 Montréal (St-Laurent Borough), Québec

LIMITED GUARANTY OF LEASE

This Limited Guaranty of Lease (this "Guaranty") is made as of this 27th day of May, 2011, by Target Corporation, a Minnesota corporation ("Guarantor") to and in favor of Place Vertu S.E.N.C. ("Landlord").

BACKGROUND

A. Zellers Inc. ("Zellers"), as tenant, and Landlord, as landlord, were parties to that certain Offer to Lease dated March 28, 2007, originally by and between Place Vertu S.E.N.C. and HBC Leasehold Property LP, notice of which has not been registered in the applicable land registry office (as amended, restated, supplemented or modified from time to time, referred to herein as the "Lease"), relating to certain premises occupied by Zellers as described in the Lease (the "Premises"), located in the Place Vertu Shopping Centre, located in the Borough of City of Montréal (St-Laurent Borough), Province of Québec (the "Shopping Centre").

B. Target Canada Co. (the "Tenant") wishes to acquire Zellers' interest in the Lease and Guarantor has agreed to provide this limited guaranty to the Landlord.

NOW THEREFORE, for and in consideration of \$10.00 and for other good and valuable consideration:

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 were Tenant named in the Lease.

2. Waivers.

2.1 General Waivers. Landlord shall not be required to prosecute collection or to proceed against Tenant or to seek to enforce or resort to any remedies against Tenant or any other person liable to Landlord on account of Tenant's Liabilities. Guarantor's liabilities shall in no way be prejudiced, waived, discharged, mitigated, reduced or released by reason of (i) the failure or delay by Landlord to enforce any of the terms, covenants or conditions in the Lease or to do or take any of the actions or

things described in the Lease, (ii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets of Tenant (or its permitted assignees), the assignment or transfer of the Lease by Tenant or by any trustee, receiver, liquidator or other entity or any consent that Landlord gives to any such assignment or transfer, or the marshalling of assets and liabilities or the receivership, insolvency, bankruptcy, winding up, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings or any other inability to pay or perform affecting, Tenant (or its permitted assignees) or any of its respective assets, (iii) any allegation concerning, or contest of the legality or validity of the indemnification obligations under the Lease, (iv) any repossession of the Premises by Landlord provided that the net payments received by Landlord after deducting all costs and expenses of repossessing and reletting the Premises shall be credited from time to time by Landlord against the indebtedness of Guarantor under this Guaranty and Guarantor shall pay any balance owing to Landlord from time to time immediately upon demand, (v) any extension of time, indulgences or modifications which Landlord extends to or makes with Tenant under the Lease, or (vi) any waiver by Tenant of any of its rights under the Lease. Without limiting the above, but subject to Section 5 below, Landlord has the right to enforce this Guaranty regardless of any repudiation, disclaimer or assignment of the Lease pursuant to any receivership, bankruptcy winding-up or other creditors' proceedings, any release or discharge of the Tenant by the Landlord or by others, or any event that has the effect of terminating the Tenant's obligations under the Lease prior to what would have been its expiration. Notwithstanding the bankruptcy or insolvency of Tenant and notwithstanding any repudiation or disclaimer of the Lease, Guarantor's liability hereunder will continue. It is further provided that, if any trustee in bankruptcy of Tenant disclaims all interest in the Lease or if the Lease is repudiated, then, Guarantor will be deemed, upon thirty (30) days notice by Landlord, to have entered into a lease with Landlord, on the same terms and conditions as the Lease then prevailing (including without limitation, future rental increases), effective upon the effective date of such disclaimer, termination or repudiation.

- 2.2 Waiver of Suretyship Defenses. Guarantor hereby expressly waives the right to interpose all substantive and procedural defences of the law of guaranty and suretyship except the defences of prior payment or prior performance.
- 2.3 Waivers Relating to Lease. Without limiting the waivers set forth above, but subject to Sections 5 and 6 below, the liability of Guarantor under this Guaranty shall not be deemed to have been prejudiced, waived, discharged, mitigated, reduced or released by (i) the granting of any indulgence or extension of time to Tenant, (ii) the assignment of the

Lease, or the subletting or transfer of the Premises or Tenant's interest in the Lease in whole or in part by Tenant with or without Landlord's consent, (iii) the expiration of the term of the Lease, (iv) Tenant holding over beyond the term of the Lease, (v) the rejection, repudiation, disaffirmance or disclaimer of the Lease by any party in any action or proceeding, (vi) any defect or invalidity of the Lease, (vii) any amendment, supplement or replacement of the Lease by agreement between Tenant and Landlord, or (viii) the granting of extensions or renewals of the Lease and/or the granting of any release, compromise or settlement in connection with the Lease.

3. Tenant Default Notice. Landlord shall deliver to Guarantor notice of any default by Tenant under the Lease ("**Tenant Default Notice**") and afford Guarantor the same amount of time as such Tenant is provided under the Lease to cure such default but Landlord's failure to do so shall not prejudice, waive, discharge, mitigate, impair, affect, reduce or release Guarantor's obligations under this Guaranty; provided, however, in the event of such failure by Landlord, Landlord may not exercise its rights or remedies against Guarantor under this Guaranty until Landlord delivers such a copy of the applicable Tenant Default Notice to Guarantor, and Guarantor is afforded the same amount of time, commencing as of the date on which Landlord delivers such Tenant Default Notice to Guarantor, as Tenant is provided under the Lease to cure any such default or event of default or to cause the same to be cured. Landlord agrees to accept any such cure by or on behalf of Guarantor as though such cure has been effected directly by Tenant.

4. Governing Law and Amendments to this Guaranty. This Guaranty shall be governed by and construed in accordance with the laws of Canada and the Province in which the Shopping Centre is located. This Agreement is the sole agreement between Landlord and Guarantor and this Guaranty shall not be amended except in writing by Guarantor and Landlord.

5. Expiration of Guaranty. This Guaranty shall expire and be deemed automatically released by Landlord and of no further force and effect on the earlier to occur of: (1) the date (the "**Expiry Date**") that is ten (10) years next following the Execution Date (as defined below); (2) the date of expiration of the Term of the Lease (as the same may have been renewed or extended by Tenant from time to time) excluding any expiration that is deemed to occur as a result of default by Tenant under the Lease or the unenforceability of the Lease; (3) the date upon which the Lease is terminated or Tenant is otherwise released from its obligations under the Lease, as a result of default by Landlord; or (4) the date on which Tenant is released by Landlord from its obligations under the Lease other than the Lease being repudiated or disclaimed pursuant to bankruptcy or creditors' legislation. Notwithstanding the foregoing, this Guaranty shall continue with respect to any failure to pay or perform an obligation that pertained to any period up to and including the Expiry Date or any other default by Tenant relating to any period up to and including the Expiry Date; provided that notice of any claim under this Guaranty must be given within 2 years next following the Expiry Date.

6. Successors and Assigns.

- (a) This Guaranty shall be binding upon and enure to the benefit of Guarantor and Landlord and their respective successors and permitted assigns.
- (b) Any assignment by Landlord of any of its interests in the Lease (who has agreed in writing with Tenant to perform Landlord's obligations under the Lease and who is a transferee permitted by the terms of the Lease) operates automatically as an assignment to such assignee of the benefit of this Guaranty. Except as set forth above, neither this Guaranty nor any of the rights or obligations under this Guaranty are assignable or transferable by Landlord, without the prior written consent of Guarantor, acting reasonably.

7. Notices. Any notice, direction or other communication (a "Notice") given to Guarantor or Landlord pursuant to the Guaranty, including all notices regarding default, exercise of rights or remedies and approvals, must be in writing, sent by personal delivery, courier, facsimile (but not electronic mail) and addressed to:

to Guarantor at:	to Landlord at:
Target Corporation Property Development TPN-12th Floor Attn: Real Estate - Existing Stores 1000 Nicollet Mall Minneapolis, MN 55403	Place Vertu S.E.N.C. c/o Ivanhoe Cambridge Inc. Centre CDP Capital 1001, Square Victoria, Bureau C-500 Montréal, Québec H2Z 2B5

A Notice is deemed to be given and received (i) if sent by personal delivery or same-day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day when receipt thereof is confirmed. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed to be changed. "Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or Minneapolis, Minnesota.

8. Further Assurances. The parties will take such actions, including execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed this _____ day of _____, 2011 (the "Execution Date").

TARGET CORPORATION

By: John Mulligan

Name: John Mulligan

Title: SVP Treasury and Accounting

Landlord accept the terms hereof this _____ day of _____, 2011.

PLACE VERTU S.E.N.C.,

By: _____

Name: _____

Title: _____

8. Further Assurances. The parties will take such actions, including execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Guaranty.

IN WITNESS WHEREOF, this Guaranty has been duly executed this _____ day of _____, 2011 (the "Execution Date").

TARGET CORPORATION

By: _____

Name: _____

Title: _____

Landlord accept the terms hereof this _____ day of _____, 2011.

PLACE VERTU S.E.N.C.

By: _____

Name: Claude Dibn, csm
Senior Vice President
and Chief Operating Officer

Title: _____

By: Emilio Elisio

Name: EMILIO ELISIO
Directeur, chef adjoint du
Contentieux/Director, Assistant
General Counsel

Title: _____

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

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

Box 50, 1 First Canadian Place
 Toronto, Ontario, Canada M5X 1B8
 416.862.2111 MAIN

416.862.6666 FACSIMILE

OSLER

Toronto

April 29, 2015

Montréal

Joshua Hurwitz
 Direct Dial: 416.862.6845
 jhurwitz@osler.com
 Our Matter Number: 1159785

Calgary

By Courier

Ottawa

PLACE VERTU HOLDINGS INC.
 c/o 20 VIC Management Inc.
 One Queen Street East, Suite 300
 Toronto, Ontario
 M5C 2W5

New York

Attention: Managing Director

Dear Sir/Madam:

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

As you may be aware, Target Canada Co. and certain of its subsidiaries and affiliates (collectively, the "Target Canada Entities") filed for and were granted protection from their creditors under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") pursuant to an Initial Order issued by Regional Senior Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) on January 15, 2015 as amended and restated on February 11, 2015. We act for the Target Canada Entities in connection with these CCAA proceedings (the "CCAA Proceedings").

Please find enclosed a Notice by Debtor Company to Disclaim or Resiliate an Agreement which is being delivered to you in connection with the CCAA Proceedings pursuant to section 32 of the CCAA.

Yours very truly,



Joshua Hurwitz
 JH:

Enclosure

c: Scott Nelson and Mark Wong, *Target Canada Co.*
 Caroline Descours, *Goodmans LLP*
 Alan Hutchens, *Alvarez & Marsal Canada Inc.*
 Walter Stevenson, *McLean & Kerr LLP*

T3769

FORM 4

NOTICE BY DEBTOR COMPANY TO DISCLAIM OR RESILIAE AN AGREEMENT

To: **Alvarez & Marsal Canada Inc.**, in its capacity as court-appointed Monitor, and **Place Vertu Holdings Inc.**

Take notice that

1. Proceedings under the *Companies' Creditors Arrangement Act* ("the Act") in respect 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., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP and Target Canada Property LP** (the "Target Canada Entities") were commenced on the 15th day of January, 2015.
2. In accordance with subsection 32(1) of the Act, the debtor company gives you notice of its intention to disclaim or resiliate the following agreement(s):

Title of Agreement	Company	Vendor Name/Counter Party	Dated
Offer to Lease	Target Canada Co.	Place Vertu Holdings Inc.	3/28/2007

(as assigned, amended, renewed, extended, restated, modified and/or supplemented from time to time, together with all other agreements and instruments, whether written or oral, between any of the Target Canada Entities and Place Vertu Holdings Inc. arising out of or relating to the premises leased by Target Canada Co. at Place Vertu, in each case as assigned, amended, renewed, extended, restated, modified and/or supplemented from time to time, the "Agreement").

3. In accordance with subsection 32(2) of the Act, any party to the Agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to the Monitor, apply to court for an order that the Agreement is not to be disclaimed or resiliated.
4. In accordance with paragraph 32(5)(a) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the Agreement is disclaimed or resiliated on the 29th day of May, 2015, being 30 days after the day on which this notice has been given.

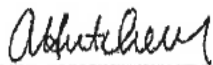
Dated at Mississauga, Ontario, on April 29, 2015.



Target Canada Co.

The Monitor approves the proposed disclaimer or resiliation.

Dated at Toronto, Ontario, on April 29, 2015.



Monitor's representative
responsible for the proceedings

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

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

PLACE VERTU HOLDINGS INC.

June 2, 2015

VIA REGISTERED MAIL

Target Corporation
Property Development
1000 Nicollet Mall, TPN 12th Floor
Minneapolis, MN 55403

Attention: Real Estate Existing Stores

Dear Sir/Madam:

Re: Offer to Lease (the "**Original Lease**") between Zellers Inc. and Place Vertu S.E.N.C. and HBC Leasehold Property LP dated March 28, 2007 in respect of the property commonly known as Place Vertu Shopping Centre, located in the Borough of City of Montreal (St-Laurent Borough), Province of Quebec (the "**Premises**"), as amended, restated, modified, supplemented, renewed and extended from time to time, including as amended by the First Amendment to Offer to Lease (the "**Target Amendment**") between Place Vertu S.E.N.C., predecessor to Place Vertu Holdings Inc. (the "**Landlord**") and Target Canada Co. (the "**Tenant**") dated as of May 27, 2011 (collectively, the "**Lease**")

And Re: Limited Guaranty of Lease dated May 27, 2011, issued by Target Corporation to and in favour of Place Vertu S.E.N.C. (the "**Guaranty**")

And Re: Disclaimer notice in respect of the Lease dated April 29, 2015, issued by the Tenant to the Landlord (the "**Disclaimer Notice**")

The Landlord has received the Disclaimer Notice, pursuant to which the Tenant has disclaimed its interest in the Lease. As a consequence of the disclaimer the Tenant has failed and/or has made it clear that it shall fail to pay and perform its obligations and liabilities under the Lease, including but not limited to the payment of rent and other amounts payable and to become payable under the Lease. To the extent required by the terms of the Guaranty, you are extended the same amount of time as the Tenant is afforded under the Lease to cure any past, present or future non-performance by the Tenant of its obligations under the Lease (to the extent same is curable) or non-payment of rent and other amounts payable thereunder.

Pursuant to the Guaranty you agreed, *inter alia*, to:

- (a) unconditionally, absolutely, continuingly and irrevocably guarantee to the Landlord 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, the "Tenant's Liabilities"); and
- (b) pay all costs and expenses incurred by Landlord in enforcing the Guaranty, including, without limitation, all legal fees and disbursements.

Accordingly, and without limiting its rights to make additional and further demands pursuant to the Guaranty from time to time, the Landlord hereby demands, that you make immediate payment to the Landlord of all rent and other amounts payable under the Lease by the Tenant, including, without limitation, accelerated rent payable in accordance with the terms of the Lease, and payment of all other amounts due or to become due as rent and other amounts payable under the Lease by the Tenant. To date (and without limiting the Landlord's right to make additional claims), the Landlord calculates that its claims on account of the foregoing total \$11,205,586.77 (please see attached Schedule "A").

In addition, the Landlord confirms that it has incurred, and will continue to incur, losses, costs, damages and expenses, including, without limitation, legal fees and disbursements as a result of the Tenant's decision to discontinue its operations, its disclaimer of the Lease and the process leading up to it, the Tenant's prior defaults under the Lease, and/or the future and ongoing failure of the Tenant to fulfill, observe and perform its obligations and liabilities under the Lease. In light of the fact that many of the costs, losses, etc. referred to in this paragraph have not yet been incurred or have not as yet been determined or quantified, at this point the Landlord is notifying you of the indemnification obligation with respect to those and the Landlord will provide further details in the near future and from time to time thereafter as appropriate.

Without limiting any of its rights to make additional and further demands pursuant to the Guaranty from time to time, the Landlord hereby demands that you make immediate payment of the amounts set out herein.

If you do not make immediate payment of all amounts owing under the Guaranty, the Landlord will take legal steps to enforce payment.

In addition, the Guaranty provides that "if any trustee in bankruptcy of Tenant disclaims all interest in the Lease or if the Lease is repudiated, then, Guarantor will be deemed, upon thirty (30) days notice by Landlord, to have entered into a lease with Landlord, on the same terms and conditions as the Lease then prevailing (including without limitation, future rental increases), effective upon the effective date of such disclaimer, termination or repudiation." Although this letter does not constitute the notice contemplated by such provision, the Landlord wishes to advise you that it reserves the right to give you such notice, and thereby cause such new lease of the Premises to be created with you as tenant, as contemplated by the Guaranty.

A copy of this letter is being provided concurrently to the Tenant and its counsel and serves as the Tenant Default Notice (as such term is defined in section 3 of the Guaranty).

PLACE VERTU HOLDINGS INC.



Jim Hewitt
Vice President

cc: S. R. Orzy and S. Crawford, Bennett Jones LLP (by email)
J. Swartz, Davies Ward Phillips & Vineberg LLP (by email)
S. Nelson and M. Wong, Target Canada Co. (by registered mail)
J. Hurwitz, Osler, Hoskin & Harcourt LLP (by email)

SCHEDULE "A"

Place Vertu Target Store

Property	Rentable (SF)	Current Guaranty Expiry Date	Current Term Expiry Date	Years Remaining	Base Rent (SF)	Additional Rent (SF)	Gross Rent (SF)	Realty Tax	Total Occupancy Costs	Claim Amount
Place Vertu	121,103	5/26/2021	11/30/2022	7.51	\$7.00	\$1.11	\$8.11	\$441,680.53	\$1,423,656.32	
			5/29/2015							
			11/30/2015		\$7.00	\$1.11	\$8.11	\$441,680.53	\$726,064.72	
			11/30/2016		\$7.00	\$1.14	\$8.14	\$454,930.95	\$1,440,934.38	
			11/30/2017		\$7.00	\$1.18	\$8.18	\$468,578.87	\$1,458,730.78	
			11/30/2018		\$7.00	\$1.21	\$8.21	\$482,636.24	\$1,477,061.07	
			11/30/2019		\$7.00	\$1.25	\$8.25	\$497,115.33	\$1,495,941.27	
			11/30/2020		\$7.00	\$1.29	\$8.29	\$512,028.79	\$1,515,387.88	
			11/30/2021		\$7.00	\$1.32	\$8.32	\$527,389.65	\$1,535,417.89	
			11/30/2022		\$7.00	\$1.36	\$8.36	\$543,211.34	\$1,556,048.79	
\$11,205,586.77										

This is Exhibit "F" referred to in the Affidavit of Theresa Warnaar
sworn December, 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	<u>Place Vertu Holdings Inc.</u>	Name of Contact	<u>S. Richard Orzy</u>
Address		Title	<u>Partner</u>
<u>c/o Bennett Jones LLP</u>		Phone #	<u>416.777.5737</u>
<u>3400, One First Canadian Place, P.O. Box 130</u>		Fax #	<u>416.863.1716</u>
City <u>Toronto</u>	Prov /State <u>ON</u>	email	<u>orzyr@bennettjones.com</u>
Postal/Zip Code	<u>M5X 1A4</u>		

2(b) Assignee, if claim has been assigned

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

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

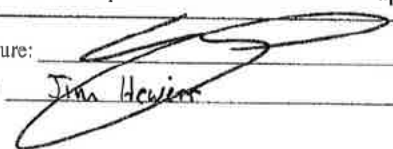
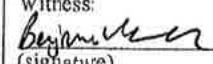
4. Documentation

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

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

- 3 -

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: *Abatchew*

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

6515239

Schedule "A"

Claimant	Place Vertu Holdings Inc.
Property Name	Place Vertu
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
<u>1,454,263</u>	[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
<u>4,108,899</u>	(a)

or,

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

plus,

GST/HST applicable to such amounts;

615,308	(c)
<u>4,724,206</u>	Total Landlord Restructuring Period Claim

This is Exhibit “H” referred to in the Affidavit of Theresa Warnaar
sworn December, 2015

Commissioner for Taking Affidavits (or as may be)

ANDREW WINTON

**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 court office: 330 University Avenue, 7th Floor
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

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Lawyers for the Plaintiff

PLACE VERTU HOLDINGS INC.
Plaintiff

- and -

TARGET CORPORATION
Defendant

215-11211-0000

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

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Lawyers for the Plaintiff

**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

RESPONDING MOTION RECORD

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