

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

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*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 27<sup>th</sup> 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").

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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:

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

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*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

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

Montréal

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 15<sup>th</sup> 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 29<sup>th</sup> day of May, 2015, being 30 days after the day on which this notice has been given.

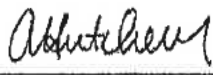
Dated at Mississauga, Ontario, on April 29, 2015.



Target Canada Co.

The Monitor approves the proposed disclaimer or resiliation.

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



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Monitor's representative  
responsible for the proceedings

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

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*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 12<sup>th</sup> 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**")

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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	
<b>\$11,205,586.77</b>										



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

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*Commissioner for Taking Affidavits (or as may be)*

**ANDREW WINTON**

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST  
THE TARGET CANADA ENTITIES<sup>1</sup>**

- 1. Name of Target Canada Entity or Entities (the "Debtor"):**  
Debtor: Target Canada Co. and Target Canada Entities named below <sup>2</sup>

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

Legal Name of Claimant Place Vertu Holdings Inc.

Address

c/o Bennett Jones LLP

3400, One First Canadian Place, P.O. Box 130

City Toronto Prov /State ON

Postal/Zip Code M5X 1A4

Name of Contact S. Richard Orzy

Title Partner

Phone # 416.777.5737

Fax # 416.863.1716

email orzyr@bennettjones.com

**2(b) Assignee, if claim has been assigned**

Legal Name of Assignee N/A

Address \_\_\_\_\_

City \_\_\_\_\_ Prov /State \_\_\_\_\_

Postal/Zip Code \_\_\_\_\_

Name of Contact \_\_\_\_\_

Phone # \_\_\_\_\_

Fax # \_\_\_\_\_

email: \_\_\_\_\_

<sup>1</sup> 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").

<sup>2</sup> 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"/>

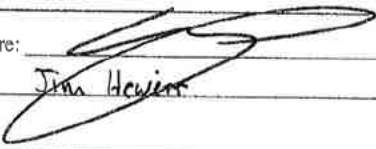
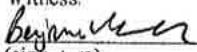
### 4. Documentation

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](mailto:targetcanadaclaims@alvarezandmarsal.com)  
 Fax No.: 416-847-5201

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

## SCHEDULE "A"

### I. OVERVIEW OF CLAIM

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

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

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

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

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

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

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

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

## II. BASIS FOR CLAIM

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

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

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

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

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

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

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

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

**B. Common area expenses**

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

**C. Realty tax**

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

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

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

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

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

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

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

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

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

**F. Loss of future rent**

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

**G. Impairment / diminution of value of Property**

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

**H. Additional interest, costs and expenses**

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

**I. Mitigation**

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

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

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

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

### **III. RESERVATION OF CLAIMS AND RIGHTS**

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

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

### **IV. FURTHER INFORMATION**

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

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

Telephone: 416.777.5737  
Email: orzyr@bennettjones.com



Place Vertu Target Store

Property	Accountable (SF)	Current Summary Equity Date	Current Term Equity Date	Years Permitted	Escrow Part (SF)	Additional Part (SF) Federal 3%	Gross Part (SF) Federal 3%	Equal Tax Is Federal 3% per Part (SF)	Total Occupancy Costs	Claim Amount
Place Vertu	121,108	5/26/2021	1/13/2022	7.51	\$7.00	\$1.11	\$8.11	\$471,680.63	\$1,492,686.32	
			5/26/2016		\$7.00	\$1.11	\$8.11	\$471,680.63	\$942,486.18	
			1/13/2015		\$7.00	\$1.14	\$8.14	\$464,630.95	\$1,471,594.35	
			1/13/2017		\$7.00	\$1.38	\$8.38	\$468,578.87	\$1,438,730.78	
			1/13/2018		\$7.00	\$1.21	\$8.21	\$462,836.54	\$1,477,651.87	
			1/13/2018		\$7.00	\$1.25	\$8.25	\$467,115.33	\$1,485,941.27	
			1/13/2020		\$7.00	\$1.28	\$8.28	\$512,028.79	\$1,575,387.86	
			1/13/2021		\$7.00	\$1.22	\$8.22	\$527,388.65	\$1,595,477.89	
			1/13/2022		\$7.00	\$1.36	\$8.36	\$543,211.94	\$1,588,048.78	
										\$11,422,010.28

Pilot	Claim	Tax	Total
432,337.71	\$8,458.04	\$471,680.63	\$479,888.38
397,721.00	138,282.43	\$494,800.95	1,490,984.38
397,721.00	142,493.90	\$468,578.87	1,489,793.78
397,721.00	146,709.83	\$462,836.54	1,477,081.87
397,721.00	151,104.94	\$467,115.33	1,465,941.27
397,721.00	155,690.08	\$512,028.79	1,510,387.86
397,721.00	160,397.94	\$527,388.65	1,558,617.89
397,721.00	165,115.45	\$543,211.94	1,598,048.78

6,366,396.71 1,128,063.83 \$,827,571.70 11,422,010.28

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

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*Commissioner for Taking Affidavits (or as may be)*

**ANDREW WINTON**

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**NOTICE OF REVISION OR DISALLOWANCE**

**For Persons that have asserted Claims against the Target Canada Entities<sup>1</sup>,  
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 Lissu 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:

---

<sup>1</sup> 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		\$	\$	
<b>E. Total Claim</b>	<b>CAD</b>	<b>\$26,422,010.24</b>	<b>\$4,724,205.99</b>	<b>Target Canada Co.</b>

### 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](mailto: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](http://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 <sup>1<sup>ST</sup></sup> 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](http://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 $\{[A] \times 4\}$
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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

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*Commissioner for Taking Affidavits (or as may be)*

**ANDREW WINTON**

C 15-11211-0002

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

PLACE VERTU HOLDINGS INC.

Plaintiff

- and -

TARGET CORPORATION

Defendant



**STATEMENT OF CLAIM**

TO THE DEFENDANT

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

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

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

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

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



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

Date December 7, 2015

Issued by \_\_\_\_\_

  
Local Registrar

A. Anissimova  
Registrar

Address of 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

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

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**RESPONDING MOTION RECORD**

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