



Report (the “**Monitor’s First Report**”) of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the “**Monitor**”) filed, and on hearing the submissions of respective counsel for the Applicants and the Partnerships listed on Schedule “A” hereto, the Monitor, Target Corporation, the Agent, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Robert Carson sworn January 30, 2015 filed:

### **SERVICE AND DEFINITIONS**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that any capitalized term used and not defined herein and/or in Schedule D appended hereto, shall have the meaning ascribed thereto in the Initial Order in these proceedings dated January 15, 2015, the Sales Guidelines and, with regard to paragraphs 10-26 of this Order, any capitalized term used and not defined therein shall have the meaning ascribed thereto in the Initial Order or in the Agency Agreement, as applicable.

### **APPROVAL OF THE AGENCY AGREEMENT**

#### **AGENCY AGREEMENT**

3. THIS COURT ORDERS that the Agency Agreement, including the Sales Guidelines attached hereto as Schedule “B” (the “**Sales Guidelines**”), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Agency Agreement by Target Canada is hereby approved, authorized, and ratified with such minor amendments as Target Canada (with the consent of the Monitor) and the Agent may agree to in writing. Subject to the provisions of this Order and the Initial Order, Target Canada is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Agency Agreement and each of the transactions contemplated therein. Without limiting the foregoing, Target Canada is authorized to execute any other agreement, contract, deed or any other document, or take any other action, which could be required or be useful to give full and complete effect to the Agency Agreement.

## THE SALE

4. THIS COURT ORDERS that subject to receipt of the Agent L/C by Target Canada, the Agent is authorized to conduct the Sale in accordance with this Order, the Agency Agreement and the Sales Guidelines and to advertise and promote the Sale within the Stores in accordance with the Sales Guidelines. If there is a conflict between this Order, the Agency Agreement and the Sales Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) the Order; (2) the Sales Guidelines; and (3) the Agency Agreement.

5. THIS COURT ORDERS that, the Agent, in its capacity as agent of Target Canada, is authorized to market and sell the Merchandise, Designated Company Consignment Goods and FF&E, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to the date of this Order or came into existence following the date of this Order, (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively “**Claims**”), including, without limitation the Administration Charge, the KERP Charge, the Directors’ Charge, the Financial Advisor Subordinated Charge, and the DIP Lender’s Charge, as such terms are defined in the Initial Order, and any other charges hereafter granted by this Court in these proceedings (collectively, the “**CCAA Charges**”), and (ii) all Claims, charges, security interests or liens evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal or removable property registration system (all of such Claims, charges (including the CCAA Charges), security interests and liens collectively referred to herein as “**Encumbrances**”), which Encumbrances, subject to this Order, will attach instead to the Guaranteed Amount and any other amounts received or to be received by Target Canada under the Agency Agreement, in the same order and priority as they existed on the Sale Commencement Date.

6. THIS COURT ORDERS that subject to the terms of this Order, the Initial Order and the Sales Guidelines, or any greater restrictions in the Agency Agreement, the Agent shall have the right to enter and use the Locations and all related store services and all facilities and all

furniture, trade fixtures and equipment, including the FF&E, located at the Locations, and other assets of Target Canada as designated under the Agency Agreement, for the purpose of conducting the Sale and for such purposes, the Agent shall be entitled to the benefit of the Target Canada Entities' stay of proceedings provided under the Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. THIS COURT ORDERS that until the applicable Vacate Date for each Store (which shall in no event be later than May 15, 2015), the Agent shall have access to the Locations in accordance with the applicable leases and the Sales Guidelines on the basis that the Agent is an agent of Target Canada and Target Canada has granted the right of access to the Location to the Agent. To the extent that the terms of the applicable leases are in conflict with any term of this Order or the Sales Guidelines, it is agreed that the terms of this Order and the Sales Guidelines shall govern.

8. THIS COURT ORDERS that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the leases for Target Canada's leased locations. Nothing contained in this Order or the Sales Guidelines shall be construed to create or impose upon Target Canada or the Agent any additional restrictions not contained in the applicable lease or other occupancy agreement.

9. THIS COURT ORDERS that except as provided for in Section 4 hereof in respect of the advertising and promotion of the Sale within the Stores, subject to, and in accordance with this Order, the Agency Agreement and the Sales Guidelines, the Agent, as agent for Target Canada, is authorized to advertise and promote the Sale, without further consent of any Person other than Target Canada and the Monitor as provided under the Agency Agreement or a Landlord as provided under the Sales Guidelines.

10. THIS COURT ORDERS that until the Sale Termination Date, the Agent shall have the right to use the Company's trademarks and logos relating to and used in connection with the operation of the Locations solely for the purpose of advertising and conducting the Sale in accordance with the terms of the Agency Agreement, the Sales Guidelines, and this Order.

11. THIS COURT ORDERS that upon delivery of a Monitor's certificate to the Agent substantially in the form attached as Schedule "C" hereto, (the "**Monitor's Certificate**") and

subject to payment in full by the Agent to Target Canada of the Guaranteed Amount, the Expenses, any Company Sharing Recovery Amount, and all other amounts due to Target Canada under the Agency Agreement, all of Target Canada's right, title and interest in and to any Remaining Merchandise and Remaining FF&E, shall vest absolutely in the Agent, free and clear of and from any and all Claims, including without limiting the generality of the foregoing, the Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Remaining Merchandise or the Remaining FF&E shall be expunged and discharged as against the Remaining Merchandise or the Remaining FF&E upon the delivery of the Monitor's Certificate to the Agent; provided however that nothing herein shall discharge the obligations of the Agent pursuant to the Agency Agreement, or the rights or claims of Target Canada in respect thereof, including without limitation, the obligations of the Agent to account for and remit the proceeds of sale of the Remaining Merchandise and the Remaining FF&E (less the FF&E Commission) to the Designated Deposit Accounts. The Agent shall comply with paragraph 14 of the Initial Order and the Sales Guidelines regarding the removal and/or sale of any FF&E or any Remaining FF&E.

12. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

#### **AGENT LIABILITY**

13. THIS COURT ORDERS that the Agent shall act solely as an agent to Target Canada and that it shall not be liable for any claims against Target Canada other than as expressly provided in the Agency Agreement (including the Agent's indemnity obligations thereunder) or the Sales Guidelines. More specifically:

- (a) the Agent shall not be deemed to be an owner or in possession, care, control or management of the Stores, of the assets located therein or associated therewith or of Target Canada's employees (including the Retained Employees) located at the Stores or any other property of Target Canada;
- (b) the Agent shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and

safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever;

- (c) Target Canada shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines, or awards) relating to claims of customers, employees and any other persons arising from events occurring at the Stores and at the Distribution Centers during and after the term of the Agency Agreement, or otherwise in connection with the Sale, except in accordance with the Agency Agreement. To the extent the Landlords (or any of them) have claims against Target Canada arising solely out of the conduct of the Agent in conducting the Sale for which Target Canada has claims against the Agent under the Agency Agreement, Target Canada hereby assigns free and clear such claims to the applicable Landlord (the “**Assigned Landlord Rights**”).

#### **AGENT AN UNAFFECTED CREDITOR**

14. THIS COURT ORDERS that the Agency Agreement shall not be repudiated, resiliated or disclaimed by Target Canada nor shall the claims of the Agent pursuant to the Agency Agreement and under the Agent’s Charge and Security Interest (as defined in this Order) be compromised or arranged pursuant to any plan of arrangement or compromise among Target Canada and their creditors (a “**Plan**”). The Agent shall be treated as an unaffected creditor in these proceedings and under any Plan.

15. THIS COURT ORDERS that Target Canada is hereby authorized and directed, in accordance with the Agency Agreement, to remit all amounts that become due to the Agent thereunder.

16. THIS COURT ORDERS that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Agent pursuant to the Agency Agreement, including, without limitation, any amounts to be reimbursed by Target Canada to the Agent pursuant to the Agency Agreement, and Target Canada will pay such amounts to the Agent within two (2) Business Days after the Agent’s written request for such reimbursement, and at all times the Agent will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Agency Agreement.

## **DESIGNATED DEPOSIT ACCOUNTS**

17. THIS COURT ORDERS that no Person shall take any action, including any collection or enforcement steps, with respect to amounts deposited into the Designated Deposit Accounts pursuant to the Agency Agreement, including any collection or enforcement steps, in relation to any Proceeds or FF&E Proceeds, that are payable to the Agent or in relation to which the Agent has a right of reimbursement or payment under the Agency Agreement.

18. THIS COURT ORDERS that amounts deposited in the Designated Deposit Accounts by or on behalf of the Agent or Target Canada pursuant to the Agency Agreement including Proceeds and FF&E Proceeds shall be and be deemed to be held in trust for Target Canada and the Agent, as the case may be, and, for clarity, no Person shall have any claim, ownership interest or other entitlement in or against such amounts, including, without limitation, by reason of any claims, disputes, rights of offset, set-off, or claims for contribution or indemnity that it may have against or relating to Target Canada.

## **AGENT'S CHARGE AND SECURITY INTEREST**

19. THIS COURT ORDERS that subject to the receipt by Target Canada of the Agent L/C, the Agent be and is hereby granted a charge (the "**Agent's Charge and Security Interest**") on all of the Merchandise, Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and, if any, the proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to Agent with respect thereto) (and, for greater certainty, the Agent's Charge and Security Interest shall not extend to other Property of the Target Canada Entities as defined in paragraph 5 of the Initial Order) as security for all of the obligations of Target Canada to the Agent under the Agency Agreement, including, without limitation, all amounts owing or payable to the Agent from time to time under or in connection with the Agency Agreement, which charge shall rank in priority to all Encumbrances; provided, however, that the Agent's Charge and Security Interest shall be junior and subordinate to all Encumbrances, but solely to the extent of any unpaid portion of the Unpaid Company's Entitlements due to Target Canada under the Agency Agreement (the "**Subordinated Amount**").

## **PRIORITY OF CHARGES**

20. THIS COURT ORDERS that the priorities of the Agent's Charge and Security Interest, the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge and the DIP Lender's Charge, as among them, shall be as follows:

First - The Agent's Charge and Security Interest (but only in respect of the Merchandise, the Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and, if any, the proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to the Agent with respect thereto)) each as defined in the Agency Agreement, (but not in respect of any other Property as defined in paragraph 5 of the Initial Order); provided, however, that the Subordinated Amount, as defined in paragraph 19 hereof shall be subordinated in accordance with that paragraph;

Second – Administration Charge (to the maximum amount of \$6.75 million);

Third – KERP Charge (to the maximum amount of \$6.5 million);

Fourth – Directors' Charge (to the maximum amount of \$64 million);

Fifth – Financial Advisor Subordinated Charge (to the maximum amount of \$3 million); and

Sixth – DIP Lender's Charge.

21. THIS COURT ORDERS that the filing, registration, recording or perfection of the Agent's Charge and Security Interest shall not be required; and the Agent's Charge and Security Interest shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected prior or subsequent to the Agent's Charge and Security Interest coming into existence, notwithstanding any failure to file, register or perfect any such Agent's Charge and Security Interest. Absent the Agent's written consent or further Order of this Court (on notice to the Agent), Target Canada shall not grant or suffer to exist any Encumbrances over any Merchandise, Proceeds, FF&E Proceeds (to the extent of the FF&E Commission) and, if any, proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) that rank in priority to, or



*pari passu* with the Agent's Charge and Security Interest. For clarity, no Encumbrances shall attach to the Agent Additional Goods or proceeds relating thereto (net of the Additional Agent Goods Fee).

22. THIS COURT ORDERS that the Agent's Charge and Security Interest shall constitute a mortgage, hypothec, security interest, assignment by way of security and charge over the Merchandise, the Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and the proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) and, if any, other than in relation to the Subordinated Amount, shall rank in priority to all other Encumbrances of or in favour of any Person.

23. THIS COURT ORDERS that notwithstanding (a) the pendency of these proceedings; (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("BIA") in respect of Target Canada or any of the Applicants, or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of Target Canada or any of the Applicants; (d) the provisions of any federal or provincial statute; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement (collectively "**Agreement**") which binds Target Canada:

(i) the Agency Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Agent thereunder and any transfer of Remaining Merchandise and Remaining FF&E,

(ii) the Agent's Charge and Security Interest, and

(iii) Assigned Landlord Rights,

shall be binding on any trustee in bankruptcy that may be appointed in respect to Target Canada or any of the Applicants and shall not be void or voidable by any Person, including any creditor of Target Canada or any of the Applicants, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction,

under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

**BULK SALES ACT AND OTHER LEGISLATION**

24. THIS COURT ORDERS AND DECLARES that the transactions contemplated under the Agency Agreement and any transfer of Remaining Merchandise or Remaining FF&E shall be exempt from the application of any applicable *Bulk Sales Act* and any other equivalent federal or provincial legislation.

25. THIS COURT ORDERS that Target Canada is authorized and permitted to transfer to the Agent personal information in Target Canada's custody and control, and Agent is permitted to use and disclose such personal information subject to and in accordance with the terms of the Agency Agreement.

**GENERAL**

26. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada.

27. THIS COURT HEREBY REQUESTS the aid and recognition of any Court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effects to this Order and to assist Target Canada, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Target Canada and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist Target Canada and the Monitor and their respective agents in carrying out the terms of this Order.

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

FEB 5 2015

  
Regional Senior Justice Morawetz

**SCHEDULE "A"**  
**PARTNERSHIPS**

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

**SCHEDULE "B"**  
**SALES GUIDELINES**

The following procedures shall apply to any Sales to be held at Target Canada's retail stores (the "Stores").

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 4, 2015 approving the Agency Agreement between a contractual joint venture composed of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada, ULC (collectively, the "Agent") and Target Canada Co., Target Canada Pharmacy Corp., and Target Canada Pharmacy (Ontario) Corp. ("Target Canada") dated January 29, 2015 ("Agency Agreement") and the transactions contemplated thereunder (the "Approval Order"); or (ii) any further Order of the Court; or (iii) any subsequent written agreement between Target Canada and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by Agent, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements for each of the affected Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon Target Canada or the Agent any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the respective Vacate Date of each Store. The Sale at the Stores shall end by no later than May 15, 2015. Rent payable under the respective Leases shall be paid as provided in the Initial Order of the Court dated January 15, 2015 (the "Initial Order").
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Agent may advertise the Sale at the Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "liquidation" or a "going out of business" sale, it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request, the Agent shall provide the proposed signage packages along with proposed dimensions by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Agent of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sales Guidelines and where the provisions of the Lease conflicts with these Sales Guidelines, these Sales Guidelines shall govern. The Agent shall not use neon or day-glo signs or handwritten signage other than "you pay" or "topper" signs. If a Landlord is concerned with "Store Closing" signs being placed in the front window of a Store or with the number or size of the signs in the front window, Target Canada, the Agent and the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of

the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless permitted by the applicable Lease. Nothing contained herein shall be construed to create or impose upon Target Canada or the Agent any additional restrictions not contained in the applicable Leases. In addition, the Agent shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that where such banners are not permitted by the applicable Lease and the Landlord requests in writing that the banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the façade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Agent.

5. The Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are "final" and customers with any questions or complaints shall call Target Canada's hotline number.
7. The Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Agent may solicit customers in the Stores themselves. The Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease or agreed to by the Landlord.
8. At the conclusion of the Sale in each Store, the Agent and Target Canada shall arrange that the premises for each Store are in "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Approval Order. Nothing in this paragraph shall derogate from or expand upon the Agent's obligations under the Agency Agreement.
9. Subject to the terms of paragraph 8 above, the Agent may sell furniture, fixtures and equipment ("FF&E") owned by Target Canada and located in the Stores during the Sale. Target Canada and the Agent may advertise the sale of FF&E consistent with these Sales Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other

areas after a given Store has closed and, after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord and in accordance with the Initial Order and the Approval Order. The Agent shall repair any damage to the Stores resulting from the removal of any FF&E by Agent or by third party purchasers of FF&E from Agent. Notwithstanding section 5.1(h) of the Agency Agreement, Target Canada shall ensure that all Remaining FF&E will be removed from the Stores and that such removal will be in compliance with paragraph 14 of the Initial Order and the Agency Agreement.

10. The Agent shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage shall not constitute an alteration to a Store.
11. The Agent and its agents and representatives shall have the same access rights to the Stores as Target Canada under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
12. Target Canada and the Agent shall not conduct any auctions of Merchandise or FF&E at any of the Stores.
13. The Agent shall be entitled to include in the Sale the Additional Agent Goods provided that: (a) the value of the Additional Agent Goods will not exceed the lesser of (i) \$25 million; or (ii) 5% of the aggregate Cost Value of the Merchandise; (b) the Additional Agent Goods will be distributed amongst the Stores such that no Store receives more than 5% of the aggregate Cost Value of Merchandise sold at such Store during the Sale; (c) the Additional Agent Goods are purchased from Target Canada's existing suppliers; and (d) the Additional Agent Goods shall be of like kind and category and no lesser quality to the Merchandise.
14. The Agent shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Agent shall be Jane Dietrich who may be reached by phone at 416-860-5223 or email at [jdietrich@casselsbrock.com](mailto:jdietrich@casselsbrock.com). If the parties are unable to resolve the dispute between themselves, the Landlord or Target Canada shall have the right to schedule a "status hearing" before the Court on no less than **two (2) days** written notice to the other party or parties, during which time the Agent shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, if a banner has been hung and is the subject of a dispute, the Agent shall not be required to take any such banner down pending determination of any dispute.
15. Nothing herein or in the Agency Agreement is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
16. These Sales Guidelines may be amended by written agreement between the Agent, Target Canada and the applicable Landlord.

**SCHEDULE "C"**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF TARGET CANADA CO., TARGET  
CANADA HEALTH CO., TARGET CANADA MOBILE GP  
CO., TARGET CANADA PHARMACY (BC) CORP., TARGET  
CANADA PHARMACY (ONTARIO) CORP., TARGET  
CANADA PHARMACY CORP., TARGET CANADA  
PHARMACY (SK) CORP., and TARGET CANADA  
PROPERTY LLC (collectively the "**Applicants**")

**MONITOR'S CERTIFICATE**

**RECITALS**

All undefined terms in this Monitor's Certificate have the meanings ascribed to them in the Agency Agreement entered into between Target Canada Co., Target Canada Pharmacy Corp. and Target Canada Pharmacy (Ontario) Corp. (collectively, "**Target Canada**") and the contractual joint venture composed of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada, ULC (collectively, the "**Agent**") on January 29, 2015, a copy of which is attached as Exhibit D to the Affidavit of Mark Wong dated January 29, 2015.

Pursuant to an Order of the Court dated February 4<sup>th</sup>, 2015, the Court ordered that all of the Remaining Merchandise and the Remaining FF&E shall vest absolutely in the Agent, free and clear of and from any and all claims and encumbrances, upon the delivery by the Monitor to the Agent of a certificate certifying that (i) the Sale has ended, and (ii) the Guaranteed Amount, the

Expenses, any Company Sharing Recovery Amount, and all other amounts due to Target Canada under the Agency Agreement have been paid in full to the Company.

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of Target Canada Co., *et al* certifies that it has been informed by the Agent and Target Canada that:

The Sale has ended.

The Guaranteed Amount, the Expenses, any Company Sharing Recovery Amount, and all other amounts due to Target Canada under the Agency Agreement have been paid in full to the Company.

The Remaining Merchandise includes the Merchandise listed on Appendix "A" hereto.

The Remaining FF&E includes the FF&E listed on Appendix "B" hereto.

DATED as of this • day of •, 2015.

**ALVAREZ & MARSAL CANADA INC.**,  
In its capacity as Court-appointed Monitor  
of Target Canada Co., *et al.* and not in its  
personal capacity

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**APPENDIX "A"**

**LIST OF REMAINING MERCHANDISE**

**APPENDIX "B"**

**LIST OF REMAINING FF&E**

**SCHEDULE "D"**  
**GLOSSARY**

**"Additional Agent Goods"** means the additional goods procured by Agent which supplement the Merchandise in the Sale, which additional goods are of like kind, and no lesser quality to the Merchandise in the Sale;

**"Designated Company Consignment Goods"** means if the Company elects at the beginning of the Sale Term to have the Agent sell some or all of the Excluded Goods, such Excluded Goods which shall be accepted by the Agent (including Company Consignment Goods for which the Company has obtained all necessary approvals from third parties, or authorizations as may be required), as may be designated by the Company to be sold as part of the Sale at prices and through sales channels mutually acceptable to the Company and Agent;

**"FF&E"** means all (i) furnishings, and (ii) removable trade fixtures, equipment and improvements to real immovable property which are located in the Locations and owned by the Company, including all artwork located at the Corporate Office, but excluding the Excluded FF&E;

**"Guaranteed Amount"** means as a guaranty of Agent's performance under the Agency Agreement, the seventy four percent (74%) of the aggregate Cost Value of the Merchandise that the Agent guarantees the Company shall receive;

**"Locations"** means collectively, the Stores, the Corporate Office and the Distribution Centers;

**"Merchandise"** means all finished goods inventory, saleable in the ordinary course of business, that are owned by the Company, and located at the Locations, on the Sale Commencement Date including Unscheduled Drugs, merchandise subject to Gross Rings and On Order Merchandise, Distribution Center Merchandise and Defective Merchandise, but, in each case, expressly excluding Excluded Goods;

**"Remaining FF&E"** means any FF&E that is not sold by the Agent prior to the FF&E Removal Deadline;

**"Sale"** means the sale by the Agent of the Merchandise, the FF&E (including if the Company so elects pursuant to Section 5.1(i) of the Agency Agreement, the DC FF&E), the Designated Company Consignment Goods (if the Company so elects pursuant to Section 4.4 of the Agency Agreement) and, if procured by Agent, Additional Agent Goods during the Sale Term in accordance with the Agency Agreement;

**"Sale Commencement Date"** means the date that is one (1) calendar day after the making of the Approval Order or such other date as the parties may mutually agree in writing;

**"Stores"** means all of the Company's retail store locations as described in Schedule "B" of the Agency Agreement; and

**“Vacate Date”** means the date that the Agent shall be entitled to surrender vacant possession of each such Location, as applicable.

Capitalized terms not otherwise defined in this Glossary have the meaning ascribed to them in the Agency Agreement.

**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-15-10832-00C

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

PROCEEDING COMMENCED AT  
TORONTO

**APPROVAL ORDER –  
AGENCY AGREEMENT**

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

Tracy Sandler (LSUC #: 32443N)  
Jeremy Dacks (LSUC #: 41851R)  
Shawn Irving (LSUC #: 50035U)  
Robert Carson (LSUC #: 57364H)

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

Lawyers for the Applicants

Matter No: 1159785