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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

APPLICANTS

MOTION RECORD OF THE APPLICANTS

(Motion of Pharmacy Franchisee Association of Canada returnable February 11, 2015)

February 10, 2015

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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

APPLICANTS

AFFIDAVIT OF MARK J. WONG
(February 10, 2015)

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

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

Overview

2. I swear this Affidavit in response to the motion brought by Pharmacy Franchise Association of Canada ("**PFAC**") seeking an order appointing it as the representative of the pharmacist franchisees who operate Target-branded retail pharmacies in TCC stores in Canada. PFAC also seeks additional relief, including orders: (i) appointing Sutts, Strosberg LLP as representative counsel of PFAC; (ii) appointing BDO Canada as financial advisor of PFAC; (iii) directing the reasonable legal and other authorized professional expenses of PFAC to be paid from the estate of the Target Canada Entities, including funding for the involvement of a second law firm, Gardiner Roberts LLP; (iv) seeking an administrative charge in favour of the legal fees and other professional expenses of PFAC; and (v) setting aside the Notices by TCC Pharmacy to Disclaim or Resiliate an Agreement dated January 26, 2015 (the "**Notices of Disclaimer**"). In support of its motion, PFAC has delivered an affidavit sworn on February 3, 2015 by Mr. Stavros Gavrilidis (the "**Gavrilidis Affidavit**"), a pharmacist operating as a TCC Pharmacy franchisee through his corporation, T Pharmacy Ltd.

3. Before addressing the specific relief sought by PFAC in this motion, I wish to note that Mr. Gavrilidis has not been thorough in his evidence with this Court and that his interests may not, in my view, be necessarily representative of other pharmacist franchisees. First, Mr Gavrilidis, as pharmacist, together with T Pharmacy Ltd., the corporation of which he is a majority shareholder, has been party to a franchise agreement with TCC Health (as general partner for and on behalf of TCC Pharmacy) since October 2012. Mr. Gavrilidis fails to disclose the fact that T Pharmacy Ltd. purported to deliver a Notice of Rescission of its Franchise Agreement under the provisions of the *Arthur Wishart Act* to TCC Pharmacy in October 2014. Notwithstanding such notice, Mr. Gavrilidis continued to operate his pharmacy. Second, Mr.

Gavrilidis fails to mention in his affidavit that T Pharmacy Ltd. has been in arrears for royalty and other payments since at least November 2014 and, prior to the CCAA filing, indicated that he was not prepared to satisfy the arrears. Third, as Mr. Gavrilidis notes, at the time he joined the TCC Pharmacy franchise system, TCC Pharmacy purchased the prescription and patient files of his existing independent pharmacy operation at a price of over $235,000. It is my understanding, however, that he was the only franchisee outside of Quebec to join the TCC Pharmacy system in this manner. All other franchisees that he purports to represent were either (i) involved in the Zellers pharmacies that operated at the locations prior to Target's acquisition of the Zeller's leases, (ii) staff pharmacists or employees at other independent pharmacies, or (iii) operators of independent pharmacies who did not (or could not) transfer their patient files into the TCC Pharmacy system.

4. In describing the franchise arrangements between franchisees and TCC Pharmacy, Mr. Gavrilidis fails to note the significant benefits that were afforded to franchisees by virtue of their participation in the TCC Pharmacy franchise system. Most notably, the TCC Pharmacy franchise model was a relatively "low investment" model, which required only small upfront payments on the part of franchisees to establish their franchised business. Under the franchise agreement, TCC Pharmacy paid for all build-out costs in connection with the construction of the pharmacies, including the costs for furnishings, fixtures and related items. In addition, franchisees were not required to pay an initial franchise fee. The principal upfront costs that franchisees incurred were for drug inventory which franchisees will be able to recoup a portion of by reselling the inventory to other pharmacy operators at market value or back to McKesson, who charges a restocking fee. It is unclear why Mr. Gavrilidis chose to omit these significant facts.

5. Mr. Gavrilidis goes to great lengths in his affidavit to describe the financial hardship and uncertainty that pharmacist franchisees face as a result of the insolvency of the Target Canada Entities. That there are negative financial repercussions and hardships to stakeholders arising from the orderly wind down of the Target Canada Entities' business is without doubt and is regrettable. However, it is not the case that the Target Canada Entities have ignored the circumstances of pharmacist franchisees. To the contrary, the Target Canada Entities have gone to considerable efforts to effect the wind down in a responsible and controlled manner that treats all stakeholders, including the pharmacist franchisees, as fairly and equitably as the circumstances allow.

6. As described in greater detail below, the Target Canada Entities have made considerable efforts to keep franchisees informed of the wind down process and have devoted considerable time and effort to ensuring that franchisees have been provided ongoing guidance and assistance in helping them move as quickly as possible to wind down their own operations. In addition, the Target Canada Entities have at all times considered the interests of patients to be a central priority over the course of this process.

7. The principal complaint of PFAC and Mr. Gavrilidis on this motion relates to the timing of the Notices of Disclaimer sent to the pharmacist franchisees. As described in my affidavit sworn January 29, 2015, TCC Pharmacy delivered Notices of Disclaimer to all of the pharmacy franchisees outside of Quebec on January 26, 2015. The Notices of Disclaimer have the effect of terminating the franchise agreements between TCC Pharmacy (as franchisor) and each franchisee within 30 days, *i.e.*, by February 25, 2015.

8. In his affidavit, Mr. Gavrilidis suggests that it is "impossible" for pharmacists to fulfill their regulatory and practice obligations and wind down their businesses within the 30 days provided under the Notices of Disclaimer. I am advised by Mr. Jeffrey May, Director of Healthcare Operations and Assistant Secretary of Target Health, and believe that the franchisees can comply with all of their regulatory obligations within the 30 days' notice provided. Since the delivery of the Notices of Disclaimer and as of the date of this Affidavit, 10 franchisees have already closed and 15 franchisees have advised TCC Pharmacy that they intend to wind down their operations and leave the franchise system prior to February 25, 2015. In Quebec, the Target Canada Entities expect the orderly wind down of pharmacy operations to be completed by all franchisees on a cooperative basis by no later than February 11, 2015. Accordingly, it is clear that it is not "impossible" for pharmacists to wind down their businesses within the 30 days provided under the Notices of Disclaimer.

9. Moreover, and in any event, the delivery of the Notices of Disclaimer to pharmacist franchisees on January 26, 2015 was, in the reasonable judgment of the Target Canada Entities in considering the balance of interests in consultation with the Monitor, appropriate and necessary in the circumstances:

(a) First, from the outset, it has been the Target Canada Entities' view that the optimal way to effect an orderly wind down of its operations is through the liquidation of TCC's merchandise, the closure and sale of the TCC stores, and the disclaimer of agreements. In furtherance of this objective and out of recognition that time is of the essence in order to maximize recovery for the estate, TCC entered into and obtained Court approval of the Agency Agreement in order to, among other things, permit the Target Canada Entities to take immediate steps to maximize the value of their Merchandise and FF&E.

Under the terms of the Agency Agreement, it is the Agent, and not the Target Canada Entities, who determines when TCC retail stores will close, depending on the progress of the liquidation and may close and vacate stores with no more than 10 days' notice to the Target Canada Entities. My understanding is that the Agent has advised the Target Canada Entities that the operations at many TCC stores are likely to cease before the May 15, 2015 sale termination date and that operations of a significant number of stores could be completed as early as March 15, 2015 or sooner. Under the terms of the Agency Agreement, the Agent must leave these stores vacant and in "broom swept" condition. Recognizing this eventuality, it was decided that the Notices of Disclaimer needed to be issued to pharmacist franchisees before the commencement of such store closures. It is not commercially reasonable or practical for the pharmacist franchisees to continue operating within TCC retail stores that have been shut down or that will be vacated in uncertain timelines, where there will be no employees and related store-services.

(b) Second, until the franchise agreements are disclaimed, the Target Canada Entities are required to maintain the pharmacist operations network that has been established, including keeping in place at considerable cost agreements between TCC Pharmacy and third-party providers in order to support the pharmacist franchisees during this wind down process. The Target Canada Entities intend to deliver notices of disclaimer in respect of these third-party provider agreements as soon as the franchise agreements with the pharmacist franchisees have been terminated.

10. Simply put, the decision to disclaim the pharmacist franchise agreements on January 26, 2015 was designed to enhance financial recoveries for the benefit of all of the Target Canada Entities' stakeholders, while considering the interests of the pharmacists as set out herein, while at the same time minimizing, to the extent possible, ongoing operational costs. In order to accomplish this objective, it was imperative that there be certainty in timelines to allow the Target Canada Entities to execute on the overriding strategy of achieving the best results for all interested parties in difficult circumstances.

11. Following the delivery of the Notices of Disclaimer to the franchisees, it came to the attention of the Target Canada Entities that certain pharmacist franchisees had concerns that they did not have enough time to transfer patient files and drug inventory and to relocate their respective businesses within the 30 days provided by the Notices of Disclaimer. Counsel for the Target Canada Entities engaged in discussions with Sutts, Strosberg LLP, counsel for PFAC, in an effort to address these concerns. On February 9, 2015, the Target Canada Entities sent a with-prejudice email (attached as **Exhibit A**) to PFAC's counsel setting forth a plan to accommodate the franchisees' request for additional time, while at the same time taking in account the practical realities of the liquidation and store closure process. This plan was formulated in consultation with and is supported by the Monitor.

12. In particular, the accommodation that the Target Canada Entities are prepared to make contemplates that:

(a) To provide additional time to assist the pharmacists in the transfer or relocation of patient files and drug inventory and in the relocation of their respective pharmacy businesses, TCC will permit and facilitate the pharmacists to continue to operate, in compliance with their professional obligations and applicable law, at their respective existing Target locations, subject to any applicable landlord rights, while the pharmacists wind down their respective operations, until the earlier of: (i) March 30, 2015; and (ii) three (3) days following written notice by TCC to the pharmacist of anticipated store closure at such pharmacist's location (such earlier date being the "Accommodation Date"). TCC, in consultation with the liquidation agent under the Agency Agreement approved by the Court on February 4, 2015, will use commercially reasonable efforts to provide each pharmacist with as much advance notice of their anticipated store closure date as possible;

(b) The Notices of Disclaimer of the franchise agreements and all ancillary agreements delivered on January 26, 2015 will remain in full force and effect and the disclaimer of such agreements will take effect on February 25, 2015 in accordance therewith and with the CCAA, and, for greater certainty, without any further payment obligations on any party thereunder after February 25, 2015; and

(c) As per the Closing Checklist provided to the pharmacist franchisees, once the pharmacist has made arrangements to close and/or relocate its pharmacy operations, the pharmacist shall notify TCC at targetcanadarx@target.com immediately and advise of the pharmacist's last day at the Target Pharmacy, which in any event shall be on or before the Accommodation Date.

13. As expressed to counsel for PFAC, the Target Canada Entities are constrained from offering the franchisees an opportunity to continue operating in their store locations beyond the Accommodation Date. In many cases, the store locations will be broom swept after the Accommodation Date and the doors will be locked. Moreover, in order to accommodate the continued operation of the pharmacies during the wind down process, TCC Pharmacy has not yet delivered notices of disclaimer to a number of third-party providers, which TCC Pharmacy has maintained at considerable cost. The March 30, 2015 outside date for the operation of all TCC pharmacies will allow TCC Pharmacy to deliver disclaimer notices to the third-party providers as part of the orderly wind down of the TCC Pharmacy operations.

14. With respect to the other heads of relief sought on this motion, namely representative status for PFAC, representative counsel status for PFAC's counsel, and funding and an administrative charge for PFAC and its counsel's and advisors' activities, the Target Canada Entities respectfully disagree that such status and funding is necessary. The existence of PFAC demonstrates that the pharmacist franchisees have been readily able to organize and pool their resources. In these circumstances, there is, in my view, no need for PFAC to be appointed as representative of the pharmacists and franchisees. Sutts, Strosberg LLP is free to advance the interests of these individuals in this proceeding.

15. Moreover, in circumstances where PFAC already received annual administrative dues from its members (as described below), there is no necessity for funding or an administrative charge. There is no compelling reason that funding ought to be advanced for this particular stakeholder group, especially with such a broad and ill-defined mandate.

CCAA Proceeding Background

16. The Target Canada Entities were granted protection from their creditors under the CCAA pursuant to an initial order of the Ontario Superior Court of Justice (Commercial List) dated January 15, 2015 (the "**Initial Order**"). Alvarez & Marsal Canada Inc. was appointed in the Initial Order to act as the Monitor in the CCAA proceeding.

17. The Initial Order granted, among other things, a stay of proceedings until February 13, 2015, or such later date as this Honourable Court may order.

18. Further details regarding the background to this proceeding are set out in my Affidavit sworn January 14, 2015 (the "**Initial Order Affidavit**"). Except where so stated, capitalized terms not otherwise defined herein have the meaning ascribed to them in the Initial Order Affidavit.

Stavros Gavrilidis and Target Pharmacy T3708

19. As Mr. Gavrilidis outlines in his affidavit, he is a pharmacist and an officer, director and majority shareholder of T Pharmacy Ltd. TCC Health as general partner for and on behalf of TCC Pharmacy (as franchisor) entered into a franchise agreement with T Pharmacy Ltd. (as franchisee) dated October 12, 2012. T Pharmacy Ltd. has operated the Target Pharmacy T3708 located at 3100 Howard Avenue, Devonshire Mall, Windsor, Ontario since it opened on March 18, 2013. For the reasons described below, in my view, Mr. Gavrilidis is not representative of the other franchisees who are members of PFAC.

20. At the time he joined the TCC Pharmacy franchise system, Mr. Gavrilidis received an initial payment in the amount of $235,565.00 as the purchase price for his former

pharmacy's prescription and patient files. I am advised by Mr. May and believe that T Pharmacy Ltd. was the only franchisee from whom TCC Pharmacy purchased the patient files associated with the pharmacist's pre-existing independent pharmacy operation for the franchisee's use at the TCC pharmacy.

21. The Gavrilidis Affidavit omits reference to two significant facts relating to the contractual relationship between TCC Pharmacy and T Pharmacy Ltd. These facts are as follows:

(a) By letter dated October 10, 2014 from Ben V. Hanuka of Law Works Professional Corporation, T Pharmacy Ltd. delivered a Notice of Rescission under the Arthur Wishart Act (Franchise Disclosure), 2000 (Ontario), pursuant to which T Pharmacy Ltd. purported to rescind its franchise agreement with TCC Pharmacy. However, following delivery of the Notice of Rescission, T Pharmacy Ltd. and Mr. Gavrilidis have continued to operate Pharmacy T3708. A copy of Mr. Hanuka's letter is attached as **Exhibit B**; and

(b) As at November 2014, T Pharmacy Ltd. was in arrears to TCC Pharmacy for royalty and other payments in the amount of $20,150.75. While TCC Pharmacy proposed a payment plan to satisfy the amounts in arrears, Mr. Gavrilidis advised TCC Pharmacy by email dated December 7, 2014 that he was not in a position to make a payment to TCC Pharmacy at any time in the future. A copy of this email exchange is attached as **Exhibit C**.

PFAC

22. PFAC was established in May 2014 and is an independent franchise association of certain TCC pharmacy franchisees. I am advised by Chistine Jackson of Osler, Hoskin & Harcourt LLP, legal counsel for the Target Canada Entities, and believe that PFAC's website indicated that its initial membership fee is $500 per member and its annual fee is $1,200 per member.

23. None of the Target Canada Entities, including TCC Pharmacy or TCC Health, has any contractual relationship with PFAC, and I am advised by Andraya Frith of Osler, Hoskin & Harcourt LLP and believe that none of the Target Canada Entities owes any statutory duties to PFAC. Rather, TCC Pharmacy's contractual relationships are with each individual franchisee. In addition, I am advised by Mr. May and believe that, prior to January 2015, at no time did TCC Pharmacy have any contact or dealings with PFAC.

The TCC Pharmacy Franchise System

24. As explained in my Initial Order Affidavit, a Target-branded retail pharmacy operates within most TCC stores across Canada, other than Quebec, where co-branded pharmacies were operated pursuant to an arrangement with McMahon (as franchisor). The arrangements in respect of pharmacies differ between Quebec and the rest of Canada. While the Quebec pharmacy arrangements are referred to briefly in this Affidavit, TCC Pharmacy and McMahon have consulted with each other and continue to work cooperatively on the orderly wind down of pharmacy operations, which the Target Canada Entities expect to be completed no later than February 11, 2015.

i. ***Canada (outside of Quebec)***

25. Outside of Quebec, as at the date of the Initial Order, there were 96 Target-branded retail pharmacies operating in TCC stores across Canada. Ninety-three of the pharmacies were operated by franchisees pursuant to separate agreements between each franchisee and TCC Pharmacy (as franchisor). These agreements grant to franchisees a specific license to operate the Target-branded pharmacy using certain Target Pharmacy trade-marks and according to the TCC Pharmacy operating system. TCC Pharmacy Ontario operated three corporate-owned pharmacies, which have been wound down.

26. The franchisees are independent corporations owned and operated by licensed pharmacists. These pharmacist franchisees are independent entrepreneurs who have each made decisions to take on the risks associated with running a business. A licensed pharmacist is a party to each franchise agreement and is required to be the majority shareholder in the franchisee corporation. A licensed pharmacist must be present on the premises to operate the pharmacies.

27. I am advised by Mr. May and believe that approximately one-third of the 93 franchisees operating pharmacies outside of Quebec are pharmacists with some previous experience as operators of, or pharmacists in, independent pharmacies. Approximately 15% of the franchisees operating pharmacies outside of Quebec were formerly involved in the Zellers pharmacies that operated at the locations prior to Target`s acquisition of the Zellers leases. The remaining franchisees were associates or pharmacists at Shoppers Drug Mart locations, staff pharmacists or pharmacy managers of corporately operated pharmacies such as Rexall, Canada Safeway, Loblaws and London Drugs, or pharmacists at independently run or banner organizations. As indicated above, out of all of the franchisees outside of Quebec, T Pharmacy

Ltd. (and Mr. Gavrilidis) was the only franchisee whose prescription and patient files were purchased by TCC Pharmacy upon entering the franchise system.

28. The franchise agreements provide that no landlord and tenant relationship exists between TCC Pharmacy (or any of its affiliates) and any franchisee. TCC or its affiliate is the tenant under each TCC store lease and, pursuant to a pharmacy franchising agreement between TCC and TCC Pharmacy effective as of March 8, 2012, TCC or its affiliate has granted TCC Pharmacy the right to sublicense to franchisees a temporary license to use space within TCC stores for the operation of a Target-branded retail pharmacy. As described in greater detail below, the franchise agreements provide that TCC Pharmacy may terminate the franchise agreement under various circumstances, including expiration or termination of the applicable retail store lease or at any time following the third anniversary of the opening date of the pharmacy upon sixty (60) days' notice.

29. The franchise agreements provide that each franchisee operates as an independent business. Each franchisee has its own employees, and the franchise agreements are clear that the franchisee has sole responsibility for all aspects of these employment relationships. The agreements explicitly provide that the franchisee's employees are not employees of TCC Pharmacy or TCC or its affiliates. My understanding is that most of the franchisees typically employ one additional pharmacist and up to two pharmacy technicians in addition to the franchisee pharmacist.

30. The franchise agreement requires franchisees to purchase and sell products that have been approved by TCC Pharmacy from suppliers designated by TCC Pharmacy. Pursuant to a wholesale distribution agreement between TCC and McKesson Canada Corporation

("**McKesson**") effective June 7, 2012, McKesson is the primary supplier of pharmaceutical, health and beauty products to the pharmacies. Each pharmacist franchisee has a direct contractual relationship with McKesson.

31. The cash registers that pharmacies use to process sales of Schedule I & II drugs – commonly known as "behind-the-counter" drugs – operate on a point-of-sale system ("**POS System**") that is segregated from the general POS Systems in TCC's stores. The pharmacists are responsible for maintaining all cash and credit receipts from the sale of Schedule I & II drugs. Schedule III drugs – commonly known as "over-the-counter" drugs – and unscheduled drugs are sold through the general POS Systems in TCC's stores.

32. Franchisees make monthly payments to TCC Pharmacy under the franchise agreements, including a franchise fee (based on sales), an operations fee (for, *e.g.*, the computer system, utilities, etc.), a licensed space fee (based on fair market value of the licensed space) and an advertising fee (based on sales). In addition, for certain "over-the-counter" products, TCC provides a non-traditional form of inventory financing to franchisees, under which TCC orders and pays for certain products to be stocked in the pharmacy. TCC retains title to these products until immediately before the retail sale, at which time title passes to the franchisee (known as "flash sale").

33. The inventory in pharmacies operated by franchisees is owned by either the franchisee or TCC, as set out in this table:

Inventory	Examples	Owner
Schedule I & II Drugs	Behind-the-counter drugs such as antibiotics	Franchisee
Schedule III Drugs	Over-the-counter drugs such as Tylenol or cough syrup	TCC
Unscheduled Drugs	Items such as vitamins or toothpaste	TCC

34. Any equipment installed in the pharmacy, including all fixtures, furnishings, signs and equipment, is owned by TCC Pharmacy (or its affiliates).

Benefits and Risks Associated with Joining the TCC Pharmacy System

35. The pharmacy franchisees receive a number of benefits by virtue of their participation in the TCC Pharmacy franchise system. In particular, I am advised by Ms. Frith and believe that, unlike many franchise systems, the TCC Pharmacy franchise model is a "low investment" model, which requires relatively small upfront payments on the part of franchisees to establish the franchised pharmacy. Under the franchise agreement, TCC Pharmacy was responsible for the build-out costs in connection with the construction of the individual pharmacy locations within TCC retail stores, including costs for furnishings, fixtures, leasehold improvements, signs, equipment and related items. In this regard, TCC Pharmacy provided the pharmacy space to franchisees on a turn-key basis. In addition, franchisees were not required to pay an initial franchise fee. The principal and most significant upfront cost that franchisees incurred was for initial drug inventory, which franchisees sourced from McKesson at a typical cost of $60,000-$80,000. I am advised by Mr. May and believe that to the extent that this inventory is not stale-dated, franchisees can recoup some of their inventory costs by reselling the inventory to other pharmacy operators at market value or back to McKesson, who charges a restocking fee.

36. In addition, pharmacist franchisees have benefitted from a financial support program made available by TCC Pharmacy, namely, the EBIT Top-Up Program. Under the EBIT Top-Up Program, which TCC Pharmacy introduced in February 2014, TCC Pharmacy provides a financial support package for eligible franchisees based on an annualized earnings before interest and tax calculation, through which eligible franchisees receive financial support of up to the total amount of their annualized EBIT Gap (*i.e.*, the franchisee's annualized EBIT less the EBIT Threshold). In June 2014, TCC Pharmacy revised the EBIT Top-Up Program to, among other things, increase the annual EBIT Threshold from $75,000 to $110,000, resulting in greater financial support being made available to eligible franchisees. More than half of pharmacist franchisees received financial support under the EBIT Top-Up Program in December 2014.

37. TCC Pharmacy also pays pharmacist franchisees a monthly royalty fee on the sale of certain "over-the-counter" products, which TCC Pharmacy refers to as the OTC Royalty Payment. For the majority of franchisees, the terms of the franchise agreement provide that the franchisee will be entitled to an OTC Royalty Payment of up to $3,500 per fiscal month based on net sales. In March 2014, TCC Pharmacy revised its template form of franchise agreement to covenant to pay new franchisees a monthly OTC Royalty Payment of $3,500, regardless of net sales. Also in March 2014, TCC Pharmacy started to provide existing franchisees with a monthly OTC Royalty Payment of $3,500, regardless of net sales.

38. All pharmacist franchisee candidates were advised of the business risks associated with entering into a franchise agreement and joining the TCC Pharmacy system. Every prospective franchisee was provided with TCC Pharmacy's Franchise Disclosure Document. The

Franchise Disclosure Document is an approximately 270-page prospectus-style document that explains in detail the nature of the franchised business and important information relating to the costs associated with establishing and operating a franchise, among other things. In particular, the Franchise Disclosure Document warns of the risks associated with entering the franchise system, indicates that there is no guarantee of success or profitability, and encourages franchise candidates to obtain independent legal and financial advice. The table of contents of the most recent form of the Franchise Disclosure Document, together with certain relevant excerpts, is attached as **Exhibit D**.

39. As summarized on page 35 of the Franchise Disclosure Document and set out in section 12.1 of the franchise agreements, at any time following the third anniversary of the opening date of the pharmacy, TCC Pharmacy may terminate the franchise agreement without cause upon sixty (60) days prior written notice. If TCC Pharmacy were to terminate a franchise agreement at this time, section 12.8(b) of the franchise agreement provides that TCC Pharmacy must pay to the franchisee an amount equal to 2% of the franchisee's Gross Sales (as defined in the franchise agreement) over the previous twelve fiscal month period, subject to certain conditions. I am advised by Mr. May and believe that such a payment would average approximately $14,000-$15,000.

40. Under section 12.11 of the franchise agreement, TCC Pharmacy is entitled to direct the franchisee to transfer the prescription files to TCC Pharmacy or its licensed pharmacy operator designee following the termination or expiration of the franchise agreement for any reason. However, because the franchise agreements are not being terminated in accordance with their terms but rather as a result of the CCAA proceeding, the Target Canada Entities have taken

the position that the franchisees should retain their prescription files, including the right to sell those prescription files should they so choose. As described in greater detail below, these assets decrease in value over time as patients unilaterally decide to move their prescriptions to another pharmacy of their choice. Since January 15, 2015, TCC Pharmacy has encouraged franchisees to transfer or sell these depreciating assets as quickly as possible in order to maximize their value.

Target Canada Entities' Support for the Pharmacy Franchisees

41. From the outset of this CCAA proceeding, the Target Canada Entities have devoted considerable time and effort to provide support to the pharmacist franchisees in these difficult circumstances. In my view, contrary to the statements made in the Gavrilidis Affidavit, the Target Canada Entities have been sensitive to the position of franchisees and have made significant efforts to keep franchisees informed of the wind down process and to provide ongoing guidance and assistance in connection with that process. In addition, from the date of the Initial Order, the Target Canada Entities have emphasized the importance of franchisees moving as quickly as possible to wind down their operations. These efforts include the following:

(a) On January 15, 2015, the date that this CCAA proceeding was commenced, TCC Pharmacy held a telephone call with franchisees. During that call, TCC Pharmacy advised franchisees that, as part of the wind down process, TCC and its subsidiaries would be terminating all of their contractual relationships, including the TCC Pharmacy franchise agreements. During the call, TCC Pharmacy recommended that each franchisee take steps to close or relocate its pharmacy as soon as possible. TCC Pharmacy also outlined several steps that the franchisees were required to take in relation to the wind down of pharmacy operations, including safeguarding their patient files and communicating with their patients. The call was recorded and replayed later that day for franchisees who could not attend the initial call. The text of the presentation that was made during the call is attached as **Exhibit E.**

(b) TCC Pharmacy also sent a courtesy notice to each of the applicable pharmacy colleges across Canada to advise that, as a result of the CCAA filing, TCC Pharmacy will be winding down its operations, which will result in the closure and/or relocation of all 96 Target-branded pharmacies in Canada (outside of Quebec) and 14 Target/Brunet co-branded pharmacies in Quebec. A copy of the courtesy notice is attached as **Exhibit F**.

(c) The Target Canada Entities established a dedicated email account to respond to questions from franchisees, which was maintained until January 23, 2015. The Target Canada Entities, in consultation with their legal advisors and in consultation with the Monitor where appropriate, prepared responses to the questions and sent the responses to all franchisees (unless the issue was unique to a particular franchisee, in which case the Target Canada Entities responded directly to that franchisee).

(d) The Target Canada Entities have taken active steps to ensure that franchisees' accounts with McKesson have remained open.

(e) The Target Canada Entities are seeking to make the transition for the pharmacy patients as convenient as possible in the circumstances. Accordingly, the Target

Canada Entities, with the assistance of the Monitor, have absorbed the cost to facilitate the transfer of the existing telephone and fax numbers to the franchisee pharmacists should they re-open at new locations or move the prescription files to another pharmacy. The Target Canada Entities hope that this will minimize disruption and help to ensure patients continue to receive care from the pharmacists with whom they have an existing relationship.

(f) By January 22, 2015, the Target Canada Entities had confirmed to pharmacist franchisees that the rights and obligations relating to patient files for a particular pharmacy belong to the franchisee operating that pharmacy. As an example, a copy of the letter that was sent to Mr. Gavrilidis is attached as **Exhibit G**. The Target Canada Entities have encouraged franchisees to transfer the patient files to a new pharmacy expeditiously, as the value of these files diminishes over time. Among other things, this will help patients move to a new pharmacy more quickly. The patient data is located on the computer systems used by the franchisees, all of which systems are provided by Kroll Computer Systems Inc. ("**Kroll**"). To facilitate the transfer of patient data to each individual franchisee, TCC entered into a statement of work with Kroll on February 4, 2015 to transfer the patient data as directed by the individual franchises. The Target Canada Entities are bearing the cost associated with such transfer.

(g) On February 3, 2015, the Target Canada Entities circulated closing checklists to each pharmacist franchisee (the "**Closing Checklists**"). The Closing Checklists were also distributed to store team leaders in TCC stores in which there is a pharmacy. These detailed checklists outline the steps to be taken in winding down the pharmacies, including by reminding the franchisees to comply with their pharmacy regulatory obligations and provide notice to the pharmacies' patients regarding the closure of the pharmacies and transfer of their patient files. A copy of the Target Canada Entities' email dated February 3, 2015 and the enclosed form of franchisee checklist is attached as **Exhibit H**.

(h) TCC Pharmacy will continue to pay the post-filing EBIT Top-Up Payment and the OTC Royalty Payment until the franchise agreements are terminated (*i.e.*, the February 25, 2015 effective date in the Notices of Disclaimer).

(i) In accordance with the terms of the Initial Order, TCC Pharmacy has not and will not disclaim its agreements with various suppliers to the pharmacy network until all franchise agreements have been terminated. These agreements are described in greater detail below.

TCC Pharmacy Website Notice

42. In his affidavit, Mr. Gavrilidis refers to a notice that briefly appeared on the Target.ca/pharmacy website during the early morning hours on January 30, 2015, which mistakenly indicated that patient files for his and other locations had been transferred to Wal-Mart stores.

43. I believe that the way Mr. Gavrilidis characterized his evidence in respect of this issue is incomplete. This issue arose as a result of changes that were made overnight on January 30, 2015 in order to facilitate notices to patients for three TCC pharmacy locations operated by

TCC Pharmacy (Ontario). For these three pharmacies, prescription files were transferred to Wal-Mart stores. During the course of the changes to the Target.ca/pharmacy website, a technical problem occurred. The result of this technical problem was that, on certain computer or mobile devices, this notice was visible on the "pharmacy details" webpage for other TCC pharmacy locations across Canada.

44. This technical issue was isolated and the notice was removed at approximately 8:30 am on January 30, 2015 from all "pharmacy details" webpages across all technology platforms. In other words, the erroneous notices were posted overnight for less than 8.5. I am advised by Mr. May and believe that TCC Pharmacy monitored the page access statistics in respect of these notices, and that a total of 20 unique users across the country accessed these notices before the problem was addressed and the notices removed.

Disclaimer Notices

i. *Quebec*

45. In Quebec, the Target Canada Entities and McMahon (the franchisor for the Quebec pharmacies) have consulted with each other and worked cooperatively to begin the orderly wind down of pharmacy operations, in consultation with the Monitor. McMahon has proposed a staggered closing schedule in which all pharmacies in TCC's Quebec stores will be closed by no later than February 11, 2015. On January 23, 2015, TCC gave McMahon 30 days' notice of the termination of all of the sublease agreements between TCC and McMahon. The termination was given on 30 days' notice to ensure that the pharmacies have sufficient time to wind down their pharmacy operations and comply with the regulatory requirements relating to the closure of pharmacies. TCC has advised McMahon that, if a franchisee vacates the premises

before the end of the 30 day period, TCC is willing to terminate the applicable sublease agreement with McMahon immediately. On January 28, 2015, with the consent of the Monitor, TCC and TCC Pharmacy sent McMahon a disclaimer notice disclaiming the McMahon Agreement. Twelve of the fourteen franchisees have already vacated the premises, and TCC, on McMahon's request, has terminated the corresponding sublease agreements.

ii. ***Rest of Canada***

46. On January 26, 2015, with the consent of the Monitor, TCC Pharmacy delivered the Notices of Disclaimer to all of the pharmacy franchisees outside Quebec in respect of the franchise agreements with the pharmacy franchisees and all other ancillary and related agreements. The Notices of Disclaimer have the effect of terminating the franchise agreements between TCC Pharmacy (as franchisor) and each franchisee within 30 days, i.e., by February 25, 2015.

The Target Canada Entities' Continuing Support for the Pharmacy Franchisees

47. Following delivery of the Notices of Disclaimer, TCC Pharmacy has continued in its efforts to support the franchisees throughout the disclaimer notice period, including by taking the following steps:

(a) Involving its Store Team Leaders in executing the Closing Checklists;

(b) Putting in place temporary call-forwarding to the telephone numbers associated with the franchisees new pharmacy locations (as applicable);

(c) Negotiating with Bell and other local service providers to attempt to find a permanent solution to transfer telephone numbers to the franchisees' new pharmacy locations (as applicable);

(d) Funding Kroll in the amount of approximately $200,000 per month to maintain the current technology and software infrastructure and an additional $140,000 one-time cost to transfer the franchisees' patient files, relation customer data and other information; and

(e) Maintaining pharmacy-related third party service contracts, as described in greater detail below.

The Significant Difficulties and Costs Associated with Continued Operation of the Pharmacies

48. The decision to deliver the Notices of Disclaimer to the pharmacist franchisees on January 26, 2015 was well-reasoned and was done with the support of the Monitor. First, given the Agent's ongoing liquidation of merchandise and FF&E in TCC stores, it is not commercially reasonable or practical for the pharmacist franchisees to continue operating within TCC retail stores that have been shut down or that will be vacated in uncertain timelines. Second, until the franchise agreements are disclaimed, the Target Canada Entities are required to maintain the pharmacist operations network that has been established. The Target Canada Entities intend to deliver notices of disclaimer in respect of these third-party provider agreements as soon as the franchise agreements with the pharmacist franchisees have been terminated in accordance with the Notices of Disclaimer.

49. TCC Pharmacy has at all times considered the interests of patients to be a key priority in the orderly wind down of the pharmacy operations. I am advised by Mr. May and believe that the 30-day period provided under the Notices of Disclaimer is sufficient time to transfer the patient files to another pharmacist and, in so doing, for the franchisee pharmacists to comply with applicable professional regulations and standards.

A. Practical Limitations Arising from the Wind Down Process

i. *Closure of TCC Retail Stores*

50. Pursuant to this Honourable Court's Approval Order of the Agency Agreement (the "**Approval Order – Agency Agreement**") regarding the liquidation of their inventory and a process (the "**Inventory Liquidation Process**") to liquidate TCC's Merchandise & FF&E, the appointed liquidator (the "**Agent**") has commenced the Inventory Liquidation Process in respect of all TCC stores.

51. The Agency Agreement and the procedures outlined therein were designed to enhance recoveries for the benefit of all stakeholders and the timing for initiating the liquidation process was a critical factor for maximizing the value of Merchandise & FF&E.

52. Among other things, under section 10.6 of the Agency Agreement, the Agent is entitled to surrender vacant possession of any TCC retail store with no more than ten days' notice to the Target Canada Entities. In other words, it is the Agent, and not the Target Canada Entities, who decides when a given TCC retail store will close. Section 10.6 of the Agency Agreement also requires that, on the date the Agent vacates the stores, it must remove all

remaining merchandise and FF&E (among other things) and leave the TCC store in "broom clean" condition.

53. As I described in my affidavit sworn January 29, 2015, notwithstanding that the sale termination date shall be no later than May 15, 2015 for TCC stores, the Target Canada Entities have been advised by the Agent that the operations at many stores may cease well before May 15, 2015. In particular, my understanding is that the Agent has advised the Target Canada Entities that operations at a significant number of stores could be completed as early as March 15, 2015 or sooner. As a result, these TCC stores may close in the short term. In addition, the Agent may determine to cease operations in the remaining TCC retail stores on dates that may be significantly in advance of the May 15, 2015 sale termination date.

54. Once the liquidation sale is completed in a particular store and the Agent "broom-sweeps" the store in accordance with its obligations, the store will be locked and "go dark". None of the TCC store pharmacies have independent entrances, and patients must access all pharmacies through the TCC store itself. Accordingly, it is not commercially practical to maintain pharmacy operations after such time.

ii. ***Franchise Errors and Omissions Insurance***

55. TCC has primary and excess franchisor professional liability insurance in the amount of $10 million. This insurance is claims made insurance that expires at 12:01 a.m. on March 8, 2015. TCC does not have a right to renew the insurance. The primary insurer has indicated that it will not renew or extend the insurance. TCC will continue to work with its insurance broker to try to obtain a renewal or extension of the insurance. However, it is unclear

whether such renewal or extension will be forthcoming and, if it is, whether it will be affordable. On expiry, TCC will exercise its right to purchase the one-year extended reporting period (run-off) for claims made after the insurance expires provided the alleged negligence occurred during the policy period or prior to the policy expiration; however, this extended reporting period does not provide insurance coverage on new events or negligence that occurs(ed) after the insurance policy expires.

B. Costs Associated with Pharmacy Operations

i. *Third Party Pharmacy-related Service Provider Agreements*

56. TCC and/or TCC Pharmacy is a party to a number of pharmacy-related agreements with third-party service providers that support the pharmacy network and that must be maintained until all franchise agreements have been terminated. These agreements include:

(a) Wholesale Distribution Agreement with McKesson;

(b) Master Services Agreement and related Agreements with Kroll Computer Systems Inc.;

(c) Professional Services Agreement and Generic Drug Procurement Agreement with Apotex Inc., Ranbaxy Pharmaceuticals Canada Inc., Teva Canada Limited, Sandoz Canada Inc., Pharmascience Inc., Taro Pharmaceutical Inc., and Mylan Pharmaceuticals U.L.C.;

(d) Master Services Agreement with Pharmacy Access Solutions Inc.; and

(e) Service Agreements for telephone and facsimile with Bell and a number of other local service providers.

57. As indicated above, the approximate monthly cost of maintaining arrangements with Kroll alone is $200,000.

ii. ***EBIT Top-Up Program***

58. As described above, in February 2014, TCC Pharmacy introduced the EBIT Top-Up Program, which provides financial support for eligible pharmacist franchisees based on an annualized earnings before interest and tax calculation. As described above, this program was revised in June 2014 to provide additional financial support to eligible franchisees. The total amount that TCC Pharmacy paid to eligible franchisees for each of the quarters that TCC Pharmacy has offered the EBIT Top-Up Program is set out in the chart below.

	Q1 2014	**Q2 2014**	**Q3 2014**	**Q4 2014**
EBIT Payments	$806,000	$1,578,000	$1,474,000	$630,000

59. TCC Pharmacy has agreed to continue making post-filing payments under the EBIT Top-Up Program to eligible franchisees while the franchise agreements remain in effect, i.e., until the effective date of the Notices of Disclaimer. I am advised by Mr. May and believe that the aggregate cost of continuing the EBIT Top-Up Program is $506,000 per month, based on forecasts from before January 15, 2015. The aggregate cost is likely to be greater than the forecast amount, given that total prescription sales will decrease over the course of the wind down process.

iii. ***OTC Royalty Payment***

60. As described above, TCC Pharmacy is required to pay franchisees the OTC Royalty Payment on a monthly basis in the amount of $3,500. The total amount that TCC Pharmacy paid to franchisees for each of the quarters that TCC Pharmacy has offered the OTC Royalty Payment is set out in the chart below.

	Q1 2013	**Q2 2013**	**Q3 2013**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**	**Q4 2014**
OTC Royalty Payments	$120,750	$483,000	$759,500	$967,750	$1,008,000	$1,008,000	$1,008,000	$1,008,000

61. TCC Pharmacy has agreed to continue making post-filing payments under the OTC Royalty Payment while the franchise agreements remain in effect, i.e., until the effective date of the Notices of Disclaimer. I am advised by Mr. May and believe that the aggregate cost of continuing the OTC Royalty Payment is $290,500 per month, based on the 83 pharmacist franchisees that continue to operate as of the date of this Affidavit. As additional franchisees wind down their operations, this amount will be reduced.

iv. ***Employee Resources***

62. In order to ensure the continued operation of the franchises and to implement the orderly wind down of the pharmacies, TCC will need to maintain the employment of certain members of its Healthcare Team throughout the liquidation process and until the last franchise agreement is terminated.

C. Maximizing the Monetization of Patient Files

63. As I have noted above, given that the franchise agreements are not being terminated in accordance with their terms but rather as a result of the CCAA proceeding, the Target Canada Entities are taking the position that the pharmacist franchisees retain the rights to these files, including the right to sell them. Given the highly competitive nature of the drug market sector, the value of these assets depreciates each day that franchisees continue to operate their current TCC pharmacies. The reason for this depreciation is that the longer the time until the patient is contact by the new pharmacy, the greater the assumed rate of attrition. Accordingly, TCC Pharmacy has encouraged franchisees to transfer or sell these patient files and close and/or relocate their pharmacy operations as quickly as possible in order to maximize the patient files' value.

TCC Pharmacy's Accommodation of Pharmacists

64. As outlined above, in consultation with and with the support of the Monitor, on February 9, 2015 the Target Canada Entities' legal advisors delivered an accommodation to PFAC's counsel intended to address the primary concern expressed by PFAC, namely that franchisees require additional time to transfer patient files and drug inventory and to relocate their respective pharmacy businesses. Under the terms of the accommodation, TCC will permit the pharmacists to continue to operate at their respective existing TCC locations until the earlier of March 30, 2015 and three days following written notice by TCC to the pharmacist of the anticipated store closure at such pharmacist's location. The accommodation provides that the Notices of Disclaimer will continue in effect and the franchise agreements will be disclaimed on February 25, 2015, but the pharmacists will be entitled to remain on the premises for an additional period of time.

65. Under the terms of the accommodation, pharmacists will be able to continue operating in TCC stores for longer than the 30-day period contemplated. Depending on the date the Agent decides to vacate certain TCC stores, many pharmacists may be able to continue operating for 60 days or more following delivery of the Notices of Disclaimer and approximately 75 days following the date of the Initial Order. As I described above, at any time after the third anniversary of the opening date of the pharmacy, TCC Pharmacy would have the right to terminate the franchise agreement for any reason on 60 days' notice.

66. The March 30, 2015 date indicated in the accommodation made by the Target Canada Entities is intended to be a reasonable compromise whereby pharmacist franchisees will get additional time to transfer patient files and inventory and relocate their businesses, while at the same time permitting the Target Canada Entities to undertake the orderly wind down of TCC pharmacy operations and the TCC retail stores as a whole. As I described above, in order to accommodate the continued operation of the pharmacies during the wind down process, TCC Pharmacy and TCC have not yet delivered notices of disclaimer to a number of third-party providers such as McKesson, Kroll and others, which TCC Pharmacy has maintained at considerable cost. The March 30, 2015 outside date for the operation of all TCC pharmacies will allow TCC Pharmacy to time the delivery of disclaimer notices to these third-party providers so as to avoid incurring additional unnecessary costs. The certainty provided by the firm outside date is also to the benefit of the pharmacists themselves, each of whom will be required to wind down their operations and make alternate arrangements in the very short term as a result of the imminent closure of TCC retail stores.

SWORN BEFORE ME at the City of Toronto, on the 10th day of February, 2015.

Commissioner for taking Affidavits

GEOFFREY GROW

Mark J. Wong

EXHIBIT "A"

THIS IS EXHIBIT "A" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

A Commissioner for taking Affidavits

Grove, Geoff

From: Dacks, Jeremy
Sent: Monday, February 9, 2015 12:11 PM
To: Harvey T. Strosberg Q.C.; Bill Sasso; Jacqueline A. Horvat; Debbie Tocco; Karen Peterson; Marg Woltz
Cc: Mr. Douglas R. McIntosh; Ferguson, Stephen (sferguson@alvarezandmarsal.com); Sandler, Tracy; MacDonald, John; Frith, Andraya; 'Mark, Alan'; Wagner, Melaney
Subject: Target
Attachments: 33725761_3.pdf

WITH PREJUDICE

Harvey.

Further to our discussion this morning, please find enclosed a document setting out an accommodation with respect to the pharmacist franchisees on behalf of the Target Canada Entities. This document is being provided to you on a with prejudice basis.

Regards,
Jeremy

Pharmacist Franchisee Proposal

1. To provide additional time to assist the pharmacists in the transfer or relocation of patient files and drug inventory and in the relocation of their respective pharmacy businesses, Target Canada Co. ("TCC") will permit and facilitate the pharmacists to continue to operate, in compliance with their professional obligations and applicable law, at their respective existing Target locations, subject to any applicable landlord rights, while the pharmacists wind down their respective operations, until the earlier of: (i) March 30, 2015; and (ii) three (3) days following written notice by TCC to the pharmacist of anticipated store closure at such pharmacist's location (such earlier date being the "Accommodation Date"). TCC, in consultation with the liquidation agent under the Agency Agreement approved by the Court on February 4, 2015, will use commercially reasonable efforts to provide each pharmacist with as much advance notice of their anticipated store closure date as possible.

2. The Notices of Disclaimer of the franchise agreements and all ancillary agreements delivered on January 26, 2015 shall remain in full force and effect and the disclaimer of such agreements will take effect on February 25, 2015 in accordance therewith and with the CCAA, and, for greater certainty, without any further payment obligations on any party thereunder after February 25, 2015.

3. As per the Closing Checklist, once the pharmacist has made arrangements to close and/or relocate its pharmacy operations, the pharmacist shall notify TCC at targetcanadarx@target.com immediately and advise of the pharmacist's last day at the Target Pharmacy, which in any event shall be on or before the Accommodation Date.

EXHIBIT "B"

THIS IS EXHIBIT "B" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

____

A Commissioner for taking Affidavits

Law
Professional Corporation
LAWYERS

Phone: 905-482-4674
Fax: 905-482-4675
www.lawworks.ca

Law Works P.C.
Deloitte Building
400 Applewood Crescent, Suite 100
Vaughan, Ontario L4K 0C3 Canada

October 10, 2014

File no. 1055-001

Delivered

Target Canada Pharmacy Franchising LP
Target Canada Health Co.,
general partner for and on behalf of
Target Canada Pharmacy Franchising LP
Target Canada Co.
5570 Explorer Drive
Mississauga, Ontario L4W OC4

Attention: Director of Franchise Operations

Re: Target Pharmacy Store Number T-3708, Devonshire Mall, 3100 Howard Avenue, Windsor, Ontario N8X 3Y8 | Rescission under Arthur Wishart Act (Franchise Disclosure), 2000

We represent the franchisees of this pharmacy, T Pharmacy Ltd. and Stavros Gavrilidis, in connection with their claim for rescission of the franchise agreements. Enclosed is a Notice of Rescission, served under the provisions of the *Arthur Wishart Act (Franchise Disclosure), 2000*, S.O, 2000, c. 3, as amended.

Yours very truly,

LAW WORKS P.C.

Ben V. Hanuka
Encl.

T Pharmacy Ltd.
Stavros Gavrilidis
10945 Mulberry Road
Windsor, Ontario N9R 2C6
Tel: (519) 739-9882

By Personal Delivery

Target Canada Pharmacy Franchising LP
5570 Explorer Drive
Mississauga, Ontario L4W OC4

Target Canada Health Co.,
general partner for and on behalf of
Target Canada Pharmacy Franchising LP
5570 Explorer Drive
Mississauga, Ontario L4W OC4

Target Canada Co.
5570 Explorer Drive
Mississauga, Ontario L4W OC4

(Referred to jointly or severally, as the case may be, as "Target")

Re: ***Notice of Rescission under subsection 6(2) of the Arthur Wishart Act (Franchise Disclosure), 2000, S.O, 2000, c. 3, as amended***

Target Pharmacy Store Number T-3708, Devonshire Mall, 3100 Howard Avenue, Windsor, Ontario N8X 3Y8

The undersigned serve this Notice of Rescission under subsection 6(2) of the *Arthur Wishart Act (Franchise Disclosure), 2000*, S.O, 2000, c. 3, as amended (the "*Wishart Act*"), with respect to all franchise and related agreements they entered with you or your associates in relation to the above franchised business, including but not limited to the following:

1. Pharmacy Franchise Agreement between Target Canada Pharmacy Franchising LP, on the one hand, and T Pharmacy Ltd. and Stavros Gavrilidis, on the other hand, dated October 12, 2012;

2. Amending Agreement between Target Canada Pharmacy Franchising LP, on the one hand, and T Pharmacy Ltd. and Stavros Gavrilidis, on the other hand, dated October 12, 2012;

3. Pharmacy Computer System Agreement between Target Canada Co., on the one hand, and T Pharmacy Ltd. and Stavros Gavrilidis, on the other hand, dated October 12, 2012, and

4. Indemnity Agreement between Target Canada Pharmacy Franchising LP, on the one hand, and T Pharmacy Ltd. and Stavros Gavrilidis, on the other hand, dated March 14, 2013.

THE GROUNDS for this Notice of Rescission are as follows, with reference to the *Wishart Act* and Ontario Regulation 581/00 (the "*Regulation to the Wishart Act*"):

PART I - FAILURE TO DISCLOSE ALL MATERIAL FACTS, OR PROVIDING MISLEADING INFORMATION, UNDER SUBSECTION 5(4)(A) OF THE WISHART ACT

1. *Target's Undisclosed Dealings with Suppliers of Generic Drugs*

    a. **Failure to disclose all financial consideration that Target had negotiated for itself with generic drug suppliers based on the undersigned's generic drug purchases, including professional allowances in the private sector and ordinary commercial terms.**

    b. Failure to disclose that Target had in effect reconstituted some or all of professional allowance payments as ordinary commercial terms.

    c. Failure to disclose the following with respect to the agreements which Target required the undersigned to enter with McKesson Canada Corporation ("McKesson Canada"), including the Inventory Security Agreement (the "McKesson Inventory Security Agreement"):

        i. the McKesson Inventory Security Agreement was an exclusive distribution agreement that had the effect of preventing the undersigned from sourcing and negotiating for the purchase of competing generic drug products from manufacturers and wholesalers with ordinary commercial terms through prompt payment discounts, volume discounts or distribution service fees;

        ii. the undersigned was granting security to McKesson Canada over its business, with extensive default provisions and termination consequences, and all material terms of these provisions;

iii. the financial and other arrangements between Target and McKesson Canada to the extent that they affected, directly or indirectly, the undersigned's operations.

d. Failure to disclose Target's secret dealings with suppliers, including financial incentives, which might have the effect of maintaining the undersigned's costs artificially higher than what they might have otherwise been.

e. Failure to disclose the numerous implications of the following legislation on Target's undisclosed dealings with those suppliers as they affected the undersigned operations, including but not limited to those described further below:

- *Drug Interchangeability and Dispensing Fee Act*, R.S.O. 1990, c P.23, as amended ("*DIDFA*"), and General Ontario Regulation, R.R.O. 1990, Reg 935, as amended, made under *DIDFA*;

- *Ontario Drug Benefit Act*, R.S.O. 1990, c O.10, as amended ("*ODBA*"), and General Ontario Regulation 201/96, as amended, made under *ODBA*.

i. Target's legal obligation to disclose to the undersigned in a fulsome and transparent manner all financial consideration that Target had negotiated for itself with generic drug suppliers based on the undersigned's generic drug purchases – given Ontario's legislative pursuit of transparent generic drug pricing in relation to the pricing of generic drugs supplied to the undersigned's pharmacy;

ii. by Target keeping this information confidential to itself and not disclosing it to the undersigned, Target breached this statutory objective of the public drug system, including the statutory principles set out in section 0.1 of the ODBA, which provide in part as follows:

1. The public drug system aims to meet the needs of Ontarians, as patients, consumers and taxpayers.

2. The public drug system aims to involve consumers and patients in a meaningful way.

3. The public drug system aims to operate transparently to the extent possible for all persons with an interest in the system, including, without being limited to, patients, health care *practitioners, consumers, manufacturers, wholesalers and pharmacies.*

4. The public drug system aims to consistently achieve value-for-money and ensure the best use of resources at every level of the system.

iii. without Target disclosing to the undersigned in a fulsome and transparent manner all financial consideration that Target had negotiated for itself with generic drug suppliers based on the undersigned's generic drug purchases, the undersigned would be unable to fully comply with the spirit and letter of *DIDFA* and *ODBA*, and, therefore, with their professional obligations as regulated pharmacists, including their obligations with respect to the public drug system to patients and generally to the public.

2. *Impact of the Target Pharmacy Franchise Model on the Undersigned in Light of Ontario Pharmacy Professional Regulations*

   a. Failure to disclose all manners in which the franchise and related agreements impacted the undersigned's professional obligations in the practice of a pharmacy under legislation governing pharmacists, including but not limited to the *Pharmacy Act, 1991*, S.O. 1991, c 36, as amended, the regulations made under it, the *Drug and Pharmacies Regulation Act*, R.S.O. 1990, c H.4, as amended, and the regulations made under it.

   b. With respect to the undersigned's professional obligations in the practice of a pharmacist, failure to provide a full description of every licence, registration, authorization or other permission that the undersigned was required to obtain, under any applicable federal or provincial law or municipal by-law to operate the franchise, including the above legislation, as required under subsection 5(4)(a) of the *Wishart Act* and subsection 6(10) of the *Regulation to the Wishart Act*.

3. *Earnings Projections*

   Providing misleading projections and failing to disclose all reasonable basis for, and all the assumptions underlying, the projections, as required under subsection 5(4)(a) of the *Wishart Act* and subsections 6(2) and (3) of the *Regulation to the Wishart Act*.

4. *Core Customer in the Target Franchise Model*

   a. Failure to disclose that Target's franchise business model would be focused on patients in the Ontario private drug sector.

   b. Failure to disclose how Target's franchise business model would impact the undersigned's operations, which, immediately preceding the franchise purchase, was an independent pharmacy with the majority of its patients from the Ontario public drug sector.

5. *Restricted Local Marketing*

   Failure to disclose all material facts relating to Target's restrictions on the undersigned's local marketing and advertising, including the following:

   a. that at least in the first several years of operation, Target's focus and attention to local advertising and marketing initiatives for the undersigned's pharmacy, as well as its ability to respond to local market trends, would be significantly limited;

   b. that Target would impose significant restrictions on the undersigned's use of Target's symbols and logos, and

   c. that Target would impose significant restrictions on the undersigned's advertisements of price discounts, such as the co-pay waiver.

6. *Setup and Operations*

   a. Failure to disclose the significant IT setup issues, including Kroll workflow software issues and other IT failures in the pharmacy store setup, all of which significantly hampered the normal day to day operations of the undersigned, and created potential patient health risks.

   b. Failure to disclose that Target's requirement of the undersigned to operate the pharmacy during extended business hours, even in the face of lacking market demand, might create material operating cost implications.

7. *Premises*

   a. With respect to the premises of the pharmacy, failure to disclose the fact and the reason for purporting to reconstitute as licensor-licensee relationship what is genuinely a landlord and tenant relationship.

   b. Failure to disclose the implications on this reconstituted artificial relationship of the following:

      i. section 1.20 of *Professional Misconduct* Ontario Regulation 681/93, as amended, a regulation to the *Pharmacy Act, 1991*, S.O. 1991, c 36, as amended, and

      ii. the *Commercial Tenancies Act*, R.S.O. 1990, c L.7, as amended, and the apparent attempt or result of taking away the undersigned's lease-related statutory and common law rights to which it might have otherwise been entitled under a lease arrangement common in the overall franchise marketplace.

PART II - FAILURE TO INCLUDE COPIES OF ALL AGREEMENTS

Failure to include the Indemnity Agreement dated March 14, 2013, with the purported disclosure document, in one document, delivered at one time, as required under subsections 5(3) and 5(4)(c) of the *Wishart Act*.

The undersigned demand the following from you under subsection 6(6) of the *Wishart Act*, plus Harmonized Sales Tax:

a) Refund all moneys received from or on behalf of the undersigned, other than money for inventory, supplies or equipment:

i)	Franchisee Fee	$25,212	
ii)	Operations Fee	$7,632	
iii)	License Space Fee	$31,250	
iv)	Advertising Fund contributions	$13,512	
		Total:	*$77,606*

b) Purchase from the undersigned any inventory that they had purchased pursuant to the franchise and related agreements and remaining at the effective date of rescission, at a price equal to the purchase price paid by the undersigned:

i)	Unsold Inventory, approximate	$100,000	
		Total:	*$100,000*

c) Purchase from the undersigned any supplies and equipment that they had purchased pursuant to the franchise or related agreements, at a price equal to the purchase price paid by the undersigned:

i)	Equipment	$1,120	
ii)	Signs	$1,755	
iii)	Delivery vehicle	$15,000	
		Total:	*$17,875*

d) Compensate the undersigned for any losses that they incurred in acquiring, setting up and operating the franchised business, other than the amounts in clauses (a) to (c), above:

i)	Value of retained patients database, net of acquisition cost paid	$610,000	
ii)	Remaining operating losses	$200,000	
iii)	Unpaid owner/operator wages	$250,000	
iv)	Replacement of pharmacy store	$150,000	
		Total:	*$1,210,000*
		Grand Total:	*$1,405,481*

Dated in Windsor, Ontario, this 10th day of October 2014.

T PHARMACY LTD.

Stavros Gavrilidis

Per: Stavros Gavrilidis

Stavros Gavrilidis

STAVROS GAVRILIDIS

EXHIBIT "C"

THIS IS EXHIBIT "C" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

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A Commissioner for taking Affidavits

Beale, Alexis

Subject: FW: Target Pharmacy T-3708: Past Due Account Balance

From: target pharmacy windsor <targetpharmacy@hotmail.ca>
Date: December 7, 2014 at 11:14:11 PM EST
To: Sam.Hamam <sam.hamam@target.com>
Cc: Jeffrey.May <jeffrey.may@target.com>, Smita.Patil <smita.patil@target.com>, Norman.Hertzman <norman.hertzman@target.com>, "Dan Dimovski" <danddimovski@yahoo.com>, target pharmacy windsor <targetpharmacy@hotmail.ca>, "stavros.gavrilidis@target.com" <stavros.gavrilidis@target.com>
Subject: RE: Target Pharmacy T-3708: Past Due Account Balance

Sam,

Thank you for your email. I've had a chance to sit down and reflect with my business partner regarding our current situation and how we can move forward.

For the record, it is important that I communicate to you that it is our intent to co-operate in a professional and collaborative manner with Target.

In terms of the Schedule III OTC issue, as a pharmacist, I need to make sure I comply with the regulations regarding Schedule III OTC's. I brought this issue to Target's attention last week after giving the store LOD a bin full of expired OTC products, most of them Schedule III, and provided him with a letter including a list of the items that I had removed from Target's shelves. I provided a copy of this to Smita. I hope we get your co-operation to resolve this ongoing matter.

Thank you for giving us the option of extended payment terms over 5 months.

Unfortunately, to date, our financial position is bleak and we are not in a position to make any payments to Target at this time.

With that being said, it is not our intent to break the Target agreement by not paying the Target fees , and I say this strictly in the interests of maintaining the status quo for both sides and without intending to impact in any way my legal claim for rescission (you may be aware of my notice of rescission dated Oct 10, 2014).

These are legal issues beyond the scope of this letter. Suffice it to say that subject to and without compromising my rescission claim, I would prefer to continue operating the pharmacy at least in the interim period while both sides deal with the legal rescission issues, if Target so prefers.

Again, at this time, our financial position does not allow us to offer to make any payment on account of the outstanding franchise payments on the basis I outlined above. The January 31, 2015 year end financials will give us the information that we need to determine what we can do in 2015. Once we have an opportunity to evaluate the year end financials, we hope to revisit our ability to make payments.

Regards,

Stavros

Stavros Gavrilidis
Target Pharmacy T 3708
3100 Howard Ave
Windsor, Ontario N8X 3Y8
P 519-972-5556
F 519-972-5558

From: Sam.Hamam@target.com
To: targetpharmacy@hotmail.ca; Stavros.Gavrilidis@target.com
CC: Jeffrey.May@target.com; Smita.Patil@target.com; Norman.Hertzman@target.com
Subject: Target Pharmacy T-3708: Past Due Account Balance
Date: Fri, 5 Dec 2014 18:24:12 +0000

Stavros,

Thank you for confirming your account balance as $20,150.75, per your email of November 28, 2014.

We appreciate your thoughts and suggestions on reducing your minimum operating hours as an option to reduce your expenses and thereby pay your outstanding balance. However, minimum operating hours are a key element of promoting consistent guest experiences across the Target Pharmacy system. In order to ensure that consistency, we expect all Franchisees to adhere to the current minimums. At this point in time we ask that you maintain the hours of operation per system standards.

With that said, the Franchisee Advisory Board provides a mechanism for addressing changes to the operating system that impact all Franchisees. I encourage you to raise your concerns and your recommendations through your FAB member, who can assist you in determining if these concerns are a shared priority of your Franchisee peers.

Please be aware that at this point in time your outstanding account balance places you in default of your obligations under the franchise agreement. We respectfully request that you make the necessary payment(s) to bring your account up to date within the next thirty (30) days. Unfortunately, if you fail to bring your account back into balance by January 5, 2015, we reserve our rights to enforce the franchise agreement, up to and including termination for cause under s. 12.2(o) of the franchise agreement. Please reach out to Smita, your FFOL, if you have any questions about your obligations under the franchise agreement and payment requirements.

As a potential solution to your current account balance, we are prepared to consider a deferred payment plan that will reduce your outstanding balance. The payment plan would consist of 5 equal monthly payments, with zero per cent interest. However, a key expectation of any such plan would be your commitment that all of your future franchise fees and other payables to Target are paid on time to prevent the account balance from growing.

Please let us know if this solution is acceptable to you and we can figure out the details of the payment plan.

Regards,

Sam

Sam Hamam | Senior Group Manager, Franchise Operations | ⊙Target | 5570 Explorer Drive, Mississauga, Ontario, Canada L4W 0C4 | office (289) 261.0155 | cell (416) 768.3047 | sam.hamam@target.com

EXHIBIT “D”

THIS IS EXHIBIT "D" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

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A Commissioner for taking Affidavits

FRANCHISE DISCLOSURE DOCUMENT FOR

PHARMACY

TARGET CANADA PHARMACY FRANCHISING LP

prepared in accordance with

the *Arthur Wishart Act (Franchise Disclosure), 2000* and Regulations of the Province of Ontario

and

the *Franchises Act* and Regulations of the Province of Alberta

and

the *Franchises Act* and Regulations of the Province of Prince Edward Island

and

the *Franchises Act* and Regulations of the Province of New Brunswick

and

***The Franchises Act* and Regulations of the Province of Manitoba**

5570 Explorer Drive
Mississauga, Ontario
L4W 0C4

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LIST OF EXHIBITS

STATEMENT TO PROSPECTIVE FRANCHISEES

If you reside in the provinces of Ontario, Alberta, Prince Edward Island, New Brunswick or Manitoba, this disclosure document has been provided to you pursuant to the Ontario *Arthur Wishart Act (Franchise Disclosure), 2000*, the Alberta *Franchises Act*, the Prince Edward Island *Franchises Act*, the New Brunswick *Franchises Act*, or Manitoba's *The Franchises Act*, respectively.

If you reside in a province other than Ontario, Alberta, Prince Edward Island, New Brunswick, or Manitoba, we have provided this disclosure document to you for informational purposes only, and on a voluntary basis. Please note that the information in the disclosure document has been prepared pursuant to the laws of the provinces of Ontario, Alberta, Prince Edward Island, New Brunswick, and Manitoba for distribution to prospective franchisees in those provinces. Accordingly, some of the information contained in the disclosure document is specific to prospective franchisees in Ontario, Alberta, Prince Edward Island, New Brunswick and/or Manitoba only and, as a result, may not apply to you or be applicable to the operation of a franchise in your area. There may also be additional material information that is applicable to you that is not included in this document; therefore you are encouraged to make your own investigations to ensure the accuracy of the information.

We are a member of the Canadian Franchise Association (the "CFA"). This disclosure document also includes the information required to be disclosed under the mandatory disclosure policy of the CFA, subject to applicable laws. A copy of the CFA's Code of Ethics is attached to this disclosure document as Exhibit R.

CANADIAN FRANCHISE DISCLOSURE DOCUMENT

1 Required Statements & Risk Warnings

(a) Ontario

The following paragraphs are required by the Ontario *Arthur Wishart Act (Franchise Disclosure), 2000*, to be included in this document:

1. A commercial credit report is a report which may include information on the Franchisor's business background, banking information, credit history and trade references. Such reports may be obtained from private credit reporting companies and may provide information useful in making an investment decision.
2. Independent legal and financial advice in relation to the franchise agreement should be sought prior to entering into the franchise agreement.
3. A prospective franchisee is strongly encouraged to contact any current or previous franchisees prior to entering into the franchise agreement.
4. The cost of goods and services acquired under the franchise agreement may not correspond to the lowest cost of the goods and services available in the marketplace.

(b) Alberta

If the prospective franchisee resides in or has a permanent establishment in Alberta, the following sections of the Alberta *Franchises Act*, apply to the franchisee and must be included in this document:

Notice of Rescission and Effect of Cancellation

Sec. 13. Failure to Give Disclosure Document.

If a franchisor fails to give a prospective franchisee the disclosure document by the time referred to in section 4[1] of the Alberta *Franchises Act*, the prospective franchisee may rescind all the franchise agreements by giving a notice of cancellation to the franchisor or its associate, as the case may be,

(a) no later than 60 days after receiving the disclosure document, or

(b) no later than 2 years after the franchisee is granted the franchise,

whichever occurs first.

Sec. 14. Effect of Cancellation.

(1) A notice of cancellation given under section 13 operates

(a) to cancel the franchise agreements, or

(b) in the case of an agreement that is an offer to purchase, to withdraw the offer to purchase.

(2) The franchisor, or its associate, as the case may be, must, within 30 days of receiving a notice of cancellation under section 13, compensate the franchisee for any net losses that the franchisee has incurred in acquiring, setting up and operating the franchised business.

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1 Section 4(1) of the Alberta *Franchises Act* provides: A franchisor must give every prospective franchisee a copy of the franchisor's disclosure document. Section 4(2) of the Alberta *Franchises Act* provides: The disclosure document must be received by the prospective franchisee at least fourteen (14) days before (a) the signing by the prospective franchisee of any agreement relating to the franchise, or (b) the payment of any consideration by the prospective franchisee relating to the franchise, whichever is earlier.

Right of Action for Damages

Sec. 9 Misrepresentation in Disclosure Document.

(1) If a franchisee suffers a loss because of a misrepresentation contained in a disclosure document, the franchisee has a right of action for damages against any or all of the following:

(a) the franchisor;

(b) every person who signed the disclosure document.

(2) If a disclosure document contains a misrepresentation, a franchisee who purchases a franchise to which the disclosure document relates is deemed to have relied on the misrepresentation.

(c) Prince Edward Island

The following paragraphs are required by the Prince Edward Island *Franchises Act*, to be included in this document:

1. A prospective franchisee should seek information on the franchisor and on the franchisor's business background, banking affairs, credit history and trade references.
2. A prospective franchisee should seek expert independent legal and financial advice in relation to franchising and the franchise agreement prior to entering into the franchise agreement.
3. A prospective franchisee should contact current and previous franchisees prior to entering into the franchise agreement.
4. Lists of current and previous franchisees and their contact information can be found in this disclosure document.

(d) New Brunswick

The following paragraphs are required by the New Brunswick *Franchises Act*, to be included in this document:

1. A prospective franchisee should seek information on the franchisor and on the franchisor's business background, banking affairs, credit history and trade references.
2. A prospective franchisee should seek expert independent legal and financial advice in relation to franchising and the franchise agreement before entering into the franchise agreement.
3. A prospective franchisee should contact current and previous franchisees before entering into the franchise agreement.
4. Lists of current and previous franchisees and their contact information can be found in this disclosure document.

(e) Manitoba

The following paragraphs are required by Manitoba's *The Franchises Act*, to be included in this document:

1. A prospective franchisee should seek information on the franchisor and on the franchisor's business background, banking affairs, credit history and trade references.
2. A prospective franchisee should seek expert independent legal and financial advice in relation to franchising and the franchise agreement before entering into the franchise agreement.
3. A prospective franchisee should contact current and previous franchisees before entering into the franchise agreement.
4. Lists of current and previous franchisees and their contact information can be found in this disclosure document.

2 Interpretation of this Disclosure Document

(a) Currency and Taxes

All dollar figures hereinafter set forth are in Canadian dollars and are exclusive of any sales taxes, goods and services tax and harmonized sales tax which may be payable.

(b) Capitalized Terms

In this Disclosure Document, "Franchisor", "we", "us" and/or "our" means or refers to Target Canada Pharmacy Franchising LP, and "Franchisee", "Pharmacist", "you" and "your" means the person who enters into the Franchise Agreement, and all principals of any corporation that enters into the Franchise Agreement. This Disclosure Document is not an offer to sell or solicitation of an offer to buy a franchise and the provision of this Disclosure Document to you is in no way to be construed as an agreement between the Franchisor and you or a commitment by us to enter into a Franchise Agreement with you.

Throughout this Disclosure Document, we capitalize terms and assign them special definitions. The definitions of some of these capitalized terms appear in the sentence in which we first use the term. Capitalized terms appearing in, but not defined in this Disclosure Document are more fully defined in the Franchise Agreement, attached as Exhibit A.

(c) Contractual Provisions

This Disclosure Document outlines and summarizes some contractual obligations of both the Franchisor, the Franchisee, and the Pharmacist that are found in the Franchise Agreement and other agreements. For ease of reference and understanding, these obligations may be paraphrased or described in general terms in this document. **Such outlines or summaries do not supercede, replace or modify the actual text of the obligation contained in the relevant agreement.**

3 Business Background of the Franchisor

(a) The Franchisor

The Franchisor, whose complete legal name is Target Canada Pharmacy Franchising LP, engages in or intends to engage in business under the name Target® Pharmacy.

The Franchisor's principal business address is 5570 Explorer Drive, Mississauga, Ontario, Canada, L4W 0C4.

The Franchisor is a limited partnership formed in Ontario on March 8, 2012. The general partner of the Franchisor is Target Canada Health Co. ("Target Health"). Target Health is an unlimited liability company that was incorporated in Nova Scotia on March 1, 2012. The limited partner of the Franchisor is Target Canada Co. ("Target Canada"). Target Canada is an unlimited liability company that was incorporated in Nova Scotia on December 6, 2010. Target Canada is the operator of the Target retail stores in which Target Pharmacy franchises will be located.

The Target retail stores that the Franchisor will offer Target Pharmacy franchises in have remaining lease terms and/or lease extension terms of at least twenty (20) years pursuant to the terms of the lease between Target Canada or its affiliate and the Target retail store landlord. If the Franchisor offers to grant you a Target Pharmacy franchise, information on the lease extension terms for the specific Target retail store in which your Target Pharmacy franchise will be located will be provided to you at a later time prior to entering into the Franchise Agreement. The Franchisor is not aware of any impediments or restrictions under the leases of the Target retail stores in which the Franchisor will offer Target Pharmacy franchises that prohibits the operation of a Target Pharmacy franchise.

The Franchisor's Fiscal Year end will fluctuate slightly each year since the Franchisor employs a retail accounting calendar structure. Each year, the Franchisor's Fiscal Year will end on the Saturday that falls closest to the last day of January. The Franchisor's next Fiscal Year will commence on the immediately following Sunday. For example, for the 2013 fiscal year, the fiscal year ended on Saturday, February 1, 2014. For the 2014 fiscal year, the fiscal year will end on Saturday January 31, 2015.

Target Brands, Inc. ("Target Brands"), an affiliate of the Franchisor, is the owner of the Target Pharmacy trade-mark and other marks relating to the System, as defined below in part (c) of this Item of the Disclosure Document. Target Brands has licensed Target Canada the right to use the Target Pharmacy Marks in connection with the operation of the System. Target Canada has sublicensed to the Franchisor the right to use and sublicense franchisees to use the Marks and other Intellectual Property in connection with the operation of a retail pharmacy utilizing the Franchisor's System.

Target Corporation ("Target Corp."), an affiliate of the Franchisor, is the ultimate parent company of the Franchisor. Target Corp. is a corporation incorporated in the State of Minnesota on February 11, 1902. Target Corp. is a publicly-traded U.S. retailer headquartered in Minneapolis, Minnesota and operates by way of large-format general merchandise and food discount stores across the United States and a fully integrated online business. The Form 10-K annual reports of Target Corp. are available to the public at: http://investors.target.com/phoenix.zhtml?c=65828&p=irol-reportsannual. The 2013 Form 10-K annual report reveals that Target Corp.'s Canadian-segment fiscal 2013 revenues were significantly below Target Corp.'s 2013 forecast. Contrary to press speculation, Target Corp. remains committed to the Canadian market. In May 2014, Target Canada announced plans to open nine Target retail stores in Canada by the end of 2014, as well as a new store in downtown Toronto in 2016. Target Canada continues to focus on improving business operations and has made incremental progress including consecutive weeks of improved in-stocks and a statistically significant increase in guest survey responses to overall affinity, in-stock position and pricing. While incremental progress has been made, Target Canada is committed to continuing this important work to enhance the guest experience and drive sales.

Target Enterprise, Inc. and Target Corporate Services, Inc. are affiliates of the Franchisor incorporated in the State of Minnesota on May 24, 2010. Employees of these two U.S. affiliates may be involved in the Canadian Target Pharmacy franchise operations from time to time.

The name and address of the person or organization authorized by the Franchisor to accept service in Ontario is Osler, Hoskin & Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 6100, P.O. Box 50, Toronto, Ontario M5X 1B8, Attention: Andraya Frith. The name and address of the person or organization authorized by the Franchisor to accept service in Alberta is Osler, Hoskin & Harcourt LLP, Suite 2500, TransCanada Tower, 450 - 1st St. S.W., Calgary, Alberta T2P 5H1 Attention: Colin Feasby. The name and address of the person or organization authorized by the Franchisor to accept service in Manitoba is Aikins, MacAulay & Thorvaldson LLP, 30th Floor, Commodity Exchange Tower, 360 Main Street, Winnipeg, Manitoba R3C 4G1 Attention: Nigel J. Thompson. The Franchisor does not have an attorney for service in Prince Edward Island or New Brunswick.

(b) **History of the Franchisor**

The Franchisor began offering franchises to operate a Target Pharmacy pharmacy within Target retail stores in Canada (excluding Québec) in March 2012.

In January 2011, the Franchisor's affiliate, Target Corp., entered into an agreement with Zellers Inc. and The Hudson's Bay Company pursuant to which Zellers assigned to Target Corp. its leasehold interests in up to 220 Zellers department stores in Canada. Target Corp. accepted the assignment of 189 of the leases in two tranches in May and September of 2011. Of these 189 locations, Target Canada expects to open 125 to 135 Target retail stores throughout Canada. As the Zellers stores at these locations have closed, Target Canada has renovated the stores and reopened them under the Target banner. Target Canada's first Target retail stores were opened in March 2013.

The Franchisor anticipates that it will offer to grant approximately one hundred (100) Target Pharmacy franchises throughout Canada, excluding Québec. This estimate is subject to change based on a variety of local, economic and other factors.

(c) **Nature of the Franchised Business**

The Franchisor has developed a system relating to the establishment, development, and operation of retail pharmacies under the Marks. The Target Pharmacy franchise model will allow you to operate a Target Pharmacy franchise within a Target retail store in Canada. The Franchisor will grant to you the right to operate a retail pharmacy utilizing the Franchisor's System, and sublicense to you the use of the Marks in connection with the operation of the Target Pharmacy System.

The Franchisor will license to you a Licensed Space designated within the Target retail store for the operation of a Target Pharmacy retail pharmacy in accordance with the Operating Standards as set out in the Manual.

If the Licensed Space location is known at the time of disclosure, a description of the Licensed Space and a map identifying the Licensed Space location within the specific Target retail store is attached as Exhibit I. Otherwise, a map identifying the Licensed Space location will be provided to you at a later time prior to entering into the Franchise Agreement. However, if the Licensed Space location within the specific Target retail store that we may offer to you is unknown at the time the Franchise Agreement is entered into, a prototype of the Franchisor's typical pharmacy layout will be provided to you prior to entering into the Franchise Agreement.

If the Franchisor offers to grant you a Target Pharmacy franchise, the Franchisor will determine the specific Target retail store in which your Target Pharmacy franchise will be located.

Target Canada or its affiliate is the tenant under each Target retail store lease, and Target Canada or its affiliate has granted the Franchisor the right to sublicence the Licensed Space to Target Pharmacy franchisees. This grant of a license is not a lease or sublease, and the Franchisee will have no interest of any kind in or to the Licensed Space, other than a mere license to temporarily use the Licensed Space for the permitted use during the Term. No landlord and tenant relationship will exist between the Franchisor or the Franchisor's affiliates and the Franchisee. The Franchisor reserves the right to move the Licensed Space within the Target retail store at the Franchisor's sole expense upon reasonable notice to the Franchisee.

You may only offer and sell Approved Products for retail purposes only within the area of your Licensed Space, and you may only use authorized equipment, inventory, forms, supplies and other items required to operate the Pharmacy. The Pharmacy may only be operated during such days and times as the Target retail store is kept open for business by Target Canada. Your Pharmacy will remain an independent business, and you will have sole authority and control over your employees. You are solely responsible for all aspects of the employment relationship with your employees, including all decisions related to hiring, dismissal, promotion, demotion, transfer and lay-off of your employees.

The Pharmacy will be constructed by the Franchisor and the Franchisor will install all fixtures, furnishings, leasehold improvements, signs and equipment. The Licensed Space and Equipment will be maintained in good working condition and repair, according to the standards that the Franchisor has established for its Target Pharmacy pharmacies. Any Equipment installed in the Licensed Space is the exclusive property of the Franchisor or its affiliates and you may not modify or make any material changes to the Pharmacy or any Equipment without the Franchisor's prior written approval. The Franchisor will also provide you with initial training and make available ongoing operating assistance and training available to you.

To be eligible to become a Target Pharmacy franchisee, the current requirement is that the Franchisee and/or Pharmacist must have access to working capital totalling a minimum of one hundred and fifty thousand dollars ($150,000.00) at or prior to the time of signing the Franchise Agreement. At or prior to the time the Franchisee signs the Franchise Agreement, and as required by the Franchisor thereafter, including at all times during the Term, the Franchisee must complete the Franchisee Proof of Working Capital Form, attached to this Disclosure Document as Exhibit N, and detail the source(s) of its working capital including supporting documentation. This franchisee eligibility requirement is subject to change from time to time at the Franchisor's discretion. The Franchisor estimates that this working capital requirement will cover the cost of the Franchisee's Deposit, basic and essential living expenses during the initial training program and the subsequent period prior to the commencement of Pharmacy operations, initial inventory costs, initial labour costs, and other miscellaneous initial expenses.

4 KEY PERSONNEL

The Franchisor has no officers or directors. Rather, all actions by the Franchisor are taken exclusively by its corporate general partner, Target Health, which has officers and directors. Accordingly, information on the officers and directors of Target Health are provided within this Item of the Disclosure Document.

The following list summarizes the business background of the general partner, Target Health, and its directors and officers, some of whom may have day to day management responsibilities relating to the franchise.

(a) Target Canada Health Co.

Target Canada Health Co., the general partner of the Franchisor, is an unlimited liability company that was incorporated in Nova Scotia on March 1, 2012. As the general partner has only recently been formed, there is no additional business background to disclose.

(b) Mark Wong, Director & Vice President and Secretary

Mr. Wong is currently a Director and Vice President and Secretary of Target Health. Mr. Wong is General Counsel for Target Canada and has held this position since February 2012. He was Vice President General Counsel and Secretary of InterTAN Canada Ltd. ("InterTAN") from April 2005 to July 2009, and Vice President and General Counsel for The Source (Bell) Electronics Inc. ("The Source") from July 2009 to February 2012. Mr. Wong has no previous experience in pharmacy franchising, however he does have general experience in franchising from his previous positions at InterTAN and The Source. Mr. Wong obtained his LLB from Osgoode Hall in 2000.

(c) Jeff May, Director of Healthcare Operations and Assistant Secretary

Mr. May is currently the Director, Healthcare Operations and Assistant Secretary of Target Health. Mr. May is also Director, Healthcare Operations for Target Canada and has held this position since February 2012. He was Senior Vice President, Professional Affairs and Pharmacy Business Intelligence at Shoppers Drug Mart Inc. from July 2009 to February 2012, and Vice President, Pharmacy Professional Affairs at Shoppers Drug Mart Inc. from October 2004 to July 2009. Mr. May has been a licensed pharmacist since 1985 and has been a practising pharmacist or corporate resource to pharmacies for over 25 years. Throughout his career, Mr. May has been a member of the Board of Directors or Council for many organizations including Smart Systems for Health Agency, Ontario, RxCanada, Canadian Association of Chain Drug Stores, Ontario Pharmacists Association, National Association of Pharmacy Regulatory Authorities, and the Alberta Pharmaceutical Association.

5 CONVICTIONS, CHARGES, JUDGMENTS AND ORDERS

Apart from the convictions and pending charges described in Exhibit B-1, in the 10 year period immediately preceding the date of this Disclosure Document, neither the Franchisor, the Franchisor's associate nor a director, general partner or officer of the Franchisor identified in Item 4 of this Disclosure Document has been convicted for the commission of any indictable offence (or equivalent in other jurisdictions, including pleading no contest to any offence) involving franchises or other businesses, or convicted of fraud, embezzlement, unfair or deceptive acts or business practices or a violation of a law that regulates franchises or business, or any other comparable offences, nor is there currently any such charge pending against any of such persons.

Apart from the injunctive, restrictive, or administrative orders or penalties described in Exhibit B-2, neither the Franchisor, the Franchisor's associate nor a director, general partner or officer of the Franchisor have been subject to an administrative order or penalty imposed under a law of any jurisdiction regulating franchises or business nor is such administrative action pending against any of such persons.

Apart from the civil actions described in Exhibit B-3, neither the Franchisor, the Franchisor's associate, nor a director, general partner or officer of the Franchisor have been found liable in a civil action of misrepresentation, unfair or deceptive acts or business practices, or other comparable actions, or violating a law that regulates franchises or businesses, including a failure to provide proper disclosure to a franchisee, nor is there any such action pending against any of such persons.

6 BANKRUPTCY

Apart from the proceedings described in the following paragraph, in the six years immediately preceding the date of this Disclosure Document, there have been no bankruptcy or insolvency proceedings, whether voluntary or otherwise against the Franchisor or the Franchisor's associate or against a corporation whose directors or officers include a current director, officer or general partner of the Franchisor, or included such person at a time when the bankruptcy or insolvency proceeding was taking place, or against a partnership whose general partners include a current director, officer or general partner of the Franchisor, or included such person at a time when the bankruptcy or insolvency proceeding was taking place, or against a director, general partner or officer of the Franchisor in their personal capacity.

Mark Wong, who is currently a Director of the general partner, Target Health, and officer of the limited partner, Target Canada, was formerly a director and officer of InterTAN while it was operating under creditor protection under the Companies' Creditors Arrangement Act. On November 10, 2008, Circuit City Stores, Inc. (the parent of InterTAN) and its U.S. affiliates filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. As a result, InterTAN sought and was granted creditor protection under the Companies' Creditors Arrangement Act. On January 16, 2009, Circuit City Stores, Inc. announced that its efforts at refinancing or arranging a sale of its assets had not been successful and that it would be liquidating its assets. The business in Canada operated by InterTAN continued to operate. The Source (formerly 4458729 Canada Inc.) purchased substantially all of InterTAN's assets.

7 FINANCIAL STATEMENTS

The Franchisor's financial statements for its most recently completed fiscal year, reviewed in accordance with generally accepted accounting principles and which comply with the review and reporting standards applicable to review engagements as set out in the *Canadian Institute of Chartered Accountant's Handbook* or standards that are at least equivalent to those set out in the *Canadian Institute of Chartered Accountant's Handbook* are attached to this disclosure document as Exhibit C. Alternatively, if 180 days have not yet passed since the end of the Franchisor's most recently completed fiscal year and financial statements have not been prepared and reported or reviewed for that year, Exhibit C provides financial statements for the Franchisor's previous fiscal year, reviewed in accordance with generally accepted accounting principles and which comply with the review and reporting standards applicable to review engagements as set out in the *Canadian Institute of Chartered Accountant's Handbook* or standards that are at least equivalent to those set out in the *Canadian Institute of Chartered Accountant's Handbook.*

8 INITIAL FRANCHISE DEPOSITS AND FRANCHISE FEES

(a) No Initial Franchise Fee

You are not required to pay an initial franchise fee.

(b) Monthly Franchisee Fee

You are required to pay to the Franchisor a monthly Franchisee Fee (plus applicable Sales Taxes) based on the Franchisee's Gross Sales during the previous fiscal month as follows:

Monthly Gross Sales		Monthly Franchisee Fee
Greater Than	Less Than or Equal To	
-	$40,000.00	0.00%

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Monthly Gross Sales Greater Than	Less Than or Equal To	Monthly Franchisee Fee
$40,000.00	$60,000.00	0.25%
$60,000.00	$75,000.00	0.50%
$75,000.00	$90,000.00	0.75%
$90,000.00	$100,000.00	1.00%
$100,000.00	$110,000.00	1.25%
$110,000.00	$120,000.00	1.50%
$120,000.00	$125,000.00	1.75%
$125,000.00	$130,000.00	2.00%
$130,000.00	$140,000.00	2.25%
$140,000.00	$150,000.00	2.50%
$150,000.00	$160,000.00	2.75%
$160,000.00	$170,000.00	3.00%
$170,000.00	$180,000.00	3.25%
$180,000.00	$190,000.00	3.50%
$190,000.00	$210,000.00	3.75%
$210,000.00	$230,000.00	4.00%
$230,000.00	$250,000.00	4.25%
$250,000.00	$280,000.00	4.50%
$280,000.00	$315,000.00	4.75%
$315,000.00		5.00%

"Gross Sales" means the aggregate of all sales and other income of Franchisee from whatever source derived, whether or not collected by Franchisee, arising out of, in connection with or relating to the Pharmacy including, without limitation:

(a) the provision of any Prescription Drugs or Professional Services;

(b) the sale of Schedule II drug products (as classified under the National Association of Pharmacy Regulatory Authorities' national drug scheduling model; and as adopted in the province or territory in which the Pharmacy is located);

(c) the sale of any Approved Products, local products, home health care products or other durable medical equipment or medical devices, or other items sold with the Franchisor's express prior written consent;

but excluding:

(d) all refunds or credits issued in good faith to Customers for products returned by Customers; and

(e) any sales, goods and services or harmonized sales taxes and equivalent other taxes which are collected from Customers by Franchisee for or on behalf of any governmental authority and actually remitted to such body.[2]

The Franchisee Fee will be invoiced on a monthly basis by the Franchisor and is due and payable on the date set forth in such invoice. On or before the date that the Franchisee Fee is due, the Franchisee must make an electronic funds transfer to Franchisor's bank account.

If, during the Franchisee's first four (4) Fiscal Years, the Franchisee fails to reach monthly Gross Sales of one hundred thousand dollars ($100,000.00) at the end of a fiscal month, the Franchisee Fee for that fiscal month will be waived, provided that the Franchisee is in compliance with its obligations under the Franchise Agreement.

The Franchisee Fee is non-refundable for any reason whatsoever.

(c) **Initial Deposit**

Upon signing the Franchise Agreement, the Franchisee must pay to the Franchisor, by certified cheque, a Deposit in the amount of twenty thousand dollars ($20,000.00) (plus applicable Sales Taxes if the Deposit is not refunded as described below). The Deposit is fully refundable within forty-eight (48) hours from the date the Franchisee signs the Franchise Agreement (the "Franchisee Signature Date") if the Franchisee exercises its right to terminate the Franchise Agreement with or without cause, within forty-eight (48) hours from the Franchisee Signature Date of the Franchise Agreement. The Deposit is also fully refundable to the Franchisee provided that the Pharmacist successfully completes the initial training program, opens the Pharmacy on the date designated by the Franchisor, and operates the Pharmacy for at least thirty (30) days. If the Franchisee fails to meet these conditions, the Franchisee may receive a pro-rated refund of the Deposit, after the Franchisor withholds any Sales Taxes due on the amount retained, based upon where the Franchisee is in the process and as set forth in the Manual. Specifically, provided that the Pharmacist has not yet started Initial Training, fifteen thousand dollars ($15,000.00) of the Deposit is refundable to the Franchisee within 30 days of signing the Franchise Agreement or ten thousand dollar ($10,000.00) of the Deposit is refundable to the Franchisee between 31 and 90 days of signing the Franchise Agreement. Once the Pharmacist has started Initial Training or 91 days has passed since the Franchise Agreement was signed, no portion of the Deposit is refundable to the Franchisee under any circumstances.

(d) **Franchisor's Fees**

The Franchisee is required to pay to the Franchisor the following fees:

(i) Operations Fee

The Franchisee is required to pay to the Franchisor a recurring monthly Operations Fee in the amount of eight hundred dollars ($800.00) per fiscal month (plus applicable Sales Taxes). The Operations Fee is payable in consideration of the Pharmacy operations-related goods and services provided by the Franchisor to the Franchisee, which includes without limitation, the Computer System, point of sale technology, dispensing equipment, facsimile service, utilities, waste disposal, and common area maintenance.

The Operations Fee will be invoiced by the Franchisor and is due and payable as set forth in the invoice. On or before the date that the Operations Fee is due, the Franchisee must make an electronic funds transfer to the Franchisor's bank account.

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[2] If the Franchisee dispenses a certain volume of high cost drugs relative to the Franchisee's total prescription count in any given fiscal month, currently set at one percent (1%) and as may be set out from time to time in the Manual, the Franchisee will receive a high cost drug credit to reduce the Franchisee's Gross Sales for the purposes of calculating the Franchisee Fee owing. The high cost drug credit will reduce Gross Sales by fifty percent (50%) of the Franchisee's capped public plan high cost drug sales for that fiscal month.

The Operations Fee is non-refundable for any reason whatsoever.

The Franchisor reserves the right to adjust the amount of the Operations Fee from time to time but no more than one (1) time per Fiscal Year in order to reflect the Franchisor's costs and expenses related to the provision of the Pharmacy operations-related goods and services.

(ii) Licensed Space Fee

The Franchisee is required to pay to the Franchisor a monthly Licensed Space Fee based upon the fair market value of the Licensed Space as determined by the Franchisor. The Licensed Space Fee is payable in consideration of the right and license to use the Licensed Space.

If known as of the date of this Disclosure Document, the Licensed Space Fee for the Pharmacy is set out in the Description of Licensed Space and Related Fees, attached to the Disclosure Document as Exhibit I. If the Licensed Space Fee is not known as of the date of this Disclosure Document, this information will be provided at a later time prior to entering into the Franchise Agreement.

The Franchisor anticipates that the average licensed space fee for Target Pharmacy franchises will be approximately three thousand dollars ($3,000.00) per fiscal month. Your Licensed Space Fee may differ from this estimated average fee, and may be more or less depending on the fair market value of the Licensed Space within the specific Target retail store in which your Target Pharmacy franchise will be located.

If, during the Franchisee's first four (4) Fiscal Years, the Franchisee fails to reach monthly Gross Sales of one hundred thousand dollars ($100,000.00) at the end of a fiscal month, the Licensed Space Fee for that fiscal month will be waived, provided the Franchisee is in compliance with its obligations under the Franchise Agreement.

The Franchisor reserves the right to adjust the amount of the Licensed Space Fee every other Fiscal Year to reflect changes in the fair market value of the Licensed Space, including as a result of renovations or refurbishments carried out by the Franchisor, as determined by the Franchisor acting reasonably.

The Licensed Space Fee will be invoiced by the Franchisor and is due and payable as set forth in the invoice. On or before the date that the Licensed Space Fee is due, the Franchisee must make an electronic funds transfer to the Franchisor's bank account.

The Licensed Space Fee is non-refundable for any reason whatsoever.

(e) **Other Fees**

The following is a list of all other recurring or isolated fees or payments, directly or indirectly, charged by, or payable to, the Franchisor or the Franchisor's associate. Unless otherwise noted, these fees are not refundable under any circumstances. This list includes such fees or payments that the Franchisor or the Franchisor's associate collects on behalf of a third party, except payments required to be collected by law on behalf of a municipal, provincial or federal government or governmental agency.

Name of Fee	Amount	Due Date	Remarks
Advertising Fund	1% of Gross Sales for the previous fiscal month.	Monthly.	See Item 14(a) of this Disclosure Document.
Deposit	$20,000	Initial Deposit due upon signing the Franchise Agreement.	See Item 8(c) of this Disclosure Document.

Name of Fee	Amount	Due Date	Remarks
			Deposit is fully refundable within forty-eight (48) hours of Franchisee signing the Franchise Agreement if the Franchisee exercises its right to terminate the Franchise Agreement with or without cause, within forty-eight (48) hours from the Franchisee Signature Date of the Franchise Agreement. Deposit is fully refunded provided that the Pharmacist successfully completes Initial Training, opens the Pharmacy on the designated date, and operates the Pharmacy for at least thirty (30) days. If the Franchisee fails to meet these conditions, the Franchisee may receive a pro-rated refund of the Deposit based on where the Franchisee is in the process and as set forth in the Manual. Specifically, provided that the Franchisee has not started Initial Training, fifteen thousand dollars ($15,000) of the Deposit is refundable within 30 days of signing the Franchise Agreement or ten thousand dollars ($10,000) of the Deposit is refundable between 31 and 90 days of signing the Franchise Agreement. No amount of the Deposit is refundable once the Franchisee has started Initial Training or 91 days has passed since Franchise Agreement was signed.
Audit	Will vary under the circumstances.	Payable upon demand.	Assessed if an audit of your books and records discloses an understatement.
Costs and Legal Fees	Will vary under the circumstances.	Payable upon demand.	Assessed if the Franchisor incurs any cost in association with your failure to comply with any provision of the Franchise Agreement.
Indemnity	Will vary under the circumstances.	Payable upon demand.	The Franchisee and Pharmacist indemnify the Franchisor from all claims and liabilities connected with the Pharmacy or the Franchisee's operation of the Pharmacy.
Repair and Replacement Costs of Damaged Items	Will vary under the circumstances.	As costs incurred.	You are responsible for the cost of any damages to the Licensed Space or Equipment as a result of your or your employees' wilful misconduct or negligence. Any amounts will be payable to the Franchisor, the

Name of Fee	Amount	Due Date	Remarks
			Franchisor's affiliate, or directly to a third party, as directed by the Franchisor.
Replacement Cost of Manual	$500	Payable upon demand.	Payable if you lose the copy of the Manual lent to you by the Franchisor, and Franchisor lends you a new copy of the Manual during the Term.
Waste Diversion	Pro rata share of all fees and costs of program.	Payable upon demand.	The Franchisor currently does not anticipate charging a fee to franchisees for waste diversion costs. However, the Franchisor reserves the right to require the Franchisee to participate in its waste recycling or diversion program. A fee may be assessed in the future if the Franchisor requires the Franchisee to participate in a waste recycling or diversion program, including provincial pill return or sharps programs.

9 OTHER COSTS OF ESTABLISHING THE FRANCHISE

THE FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF ANY WARRANTY, REPRESENTATION, CONDITION, UNDERTAKING, ASSURANCE OR GUARANTEE, EXPRESS, IMPLIED OR COLLATERAL, WRITTEN OR ORAL, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE FRANCHISED BUSINESS.

The following chart is an estimate of the direct and indirect costs to be incurred by a typical franchisee for the establishment of a Target Pharmacy franchise. It is assumed that these costs will be incurred by a typical Target Pharmacy franchise during pre-opening stages or during the first month of the franchisee's Target Pharmacy operations, unless otherwise noted. These cost estimates assume a Licensed Space of 750 square feet including a counselling room, in a pharmacy operating 78 hours per week. Actual costs may vary substantially depending on location, size of location and other factors. The Franchisor, at its sole expense, will construct and maintain the pharmacy, including installation of all fixtures, furnishings, leasehold improvements, signs and equipment appropriate for the operation of the pharmacy. Any Equipment installed in the Licensed Space remains the exclusive property of the Franchisor or its affiliates and the Franchisee may not modify or make any material changes to the pharmacy or any Equipment without the Franchisor's prior written approval.

Item	Estimated Amount	Paid To	Due Date	Refundable
Initial Inventory[3]	$60,000 - $80,000	Your authorized pharmaceutical suppliers.	As required by suppliers.	Subject to supplier's return and refund policy.

3 Initial inventory typically lasts one (1) month and includes those products which are generally sold by franchisees in Target Pharmacy pharmacies which are Approved Products including, but not limited to: Prescription Drugs, local and supplemental OTC Products stocked by the Franchisee, natural health products, and home health care products.

Item	Estimated Amount	Paid To	Due Date	Refundable
Equipment, Furnishings and Fixtures[4]	$0	Your suppliers.	As required by suppliers.	As determined by suppliers; usually not refundable.
Supplies[5]	$100 - $200	Your suppliers.	As required by suppliers.	As determined by suppliers; usually not refundable.
Professional Fees[6]	$4,500 - $5,000	Your professional advisors.	As required by professional advisors.	As determined by advisors; usually not refundable.
Insurance[7]	$1,500 - $2,000	Your insurance broker.	As required by broker.	Not refundable.
Uniforms[8]	$0 - $100	Your suppliers.	As required by suppliers.	Usually not refundable.
Local Advertising for	$500 -	Your suppliers.	As required by suppliers.	Usually not

4 The Pharmacy will be constructed by the Franchisor and the Franchisor will install, at its own expense, all fixtures, furnishings, leasehold improvements, signs and equipment. The Franchisee will not incur any equipment, furnishing and fixtures costs unless the Franchisee wishes to purchase additional equipment for the Pharmacy at its discretion. Any additional equipment purchased by the Franchisee must be pre-approved by the Franchisor. Costs for any such additional equipment are not included in this cost estimate.

5 Prior to the Pharmacy opening, the Franchisee will be supplied with a standard package of supplies including bottles, caps and vials at no cost to the Franchisee. This cost estimate covers any additional supplies that the Franchisee may elect to purchase during the first month of the Pharmacy operations, including miscellaneous office and administrative supplies.

6 This estimate covers the cost of the following services: accounting advice, legal review of franchise agreements, incorporation of franchise company, and legal assistance obtaining permits, licences and authorizations.

7 This estimate covers the cost of the kinds and amounts of insurance as may be reasonably required by the Franchisor in the Manual or otherwise, including, but not limited to commercial general liability, professional liability/druggist liability for errors and omissions arising out of the services provided by the franchisee or its employees, property coverage, and crime and employee dishonesty coverage.

The Franchisor currently requires the franchisee to participate in a blanket insurance program maintained by the Franchisor for all Target Pharmacy franchisees. Coverage is provided by Chartis and annual premiums must be paid to Aon Reed Stenhouse Inc. Such insurance program includes coverage for the types of insurance listed above. You are responsible for the placement of any additional insurance you may require, including workers compensation, personal professional liability coverage and if you choose to provide delivery services, automobile liability and this estimate does not include these costs.

8 The Franchisor will provide the Franchisee with two (2) lab coats for use by Franchisee employees at no cost. This cost estimate covers the cost of purchasing any additional uniforms required for additional employees.

Item	Estimated Amount	Paid To	Due Date	Refundable
Grand Opening[9]	$1,000			refundable.
Licences, Registrations, Authorizations and Permissions[10]	$2,400 - $3,700	Governmental ministry or agency.	As required by ministry or agency.	Usually not refundable.
Human Resources Software Setup Fee[11]	Up to $950	Your suppliers.	As required by suppliers.	Usually not refundable.
Vehicle[12]	As determined by Franchisee	Your suppliers.	As required by suppliers.	Usually not refundable.
Network Access Fee	$460	The Toronto-Dominion Bank	As required by suppliers.	Not refundable.

Additional funds will be required to finance operations until a positive cash flow is produced. Beginning on the Effective Date of the Franchise Agreement and thereafter, including at all times during the Term of the Franchise Agreement, the Franchisee must maintain and employ in the Pharmacy such minimum working capital as may be reasonably required by the Franchisor from time to time to enable the Franchisee to fully carry out all of the Franchisee's obligations under the Franchise Agreement. To be eligible to become a Target Pharmacy franchisee, the current requirement is that the Franchisee and/or Pharmacist must have access to working capital totalling a minimum of one hundred and fifty thousand dollars ($150,000.00) at or prior to the time of signing the Franchise Agreement. At or prior to the time the Franchisee signs the Franchise Agreement, and as required by the Franchisor thereafter, including at all times during the Term, the Franchisee must complete the Franchisee Proof of Working Capital Form, attached to this Disclosure Document as Exhibit N, and detail the source(s) of its working capital including supporting documentation. This franchisee eligibility requirement is subject to change from time to time at the Franchisor's discretion. The Franchisor estimates that this working capital requirement will cover the

9 This cost estimate represents the amount that the Franchisor typically expects the Franchisee to spend on grand opening local advertising during the one (1) month prior to Pharmacy opening and during the first two (2) months of Pharmacy operations. See Item 14(d) of this Disclosure Document for details.

10 See Item 19 of this Disclosure Document for a description of the list of licences, registrations, authorizations and permissions required for the establishment of the Pharmacy. This cost estimate includes annual fees of 1 registered pharmacist (approximately $650 - $1,000 per year), the cost of obtaining a certificate of accreditation as a pharmacy (approximately $1,150 - $1,500 for a new pharmacy), the cost of obtaining authorization to administer injections (approximately $100 - $700), and other general business licences and permits estimated at $500. This estimate does not include the cost of any municipal licences, permits or authorizations.

11 This cost estimate includes an estimated setup fee for the Franchisee's human resources and administration services software. This estimate is based on quotes obtained by the Franchisor from third party human resources management software service providers in Canada.

12 The Franchisee may, at its option, provide delivery services to Pharmacy customers. Any cost incurred by the Franchisee for a vehicle, related vehicle permits, licences, insurance, gasoline, and repairs and maintenance will vary based on the type of vehicle you choose to operate and the prices and terms of the contract with your third party suppliers.

Subject	Document	Section	Summary
Death or Incapacitation	Franchise Agreement	s. 11.3	If the Pharmacist dies or becomes Permanently Incapacitated, the Franchisor has the right to terminate the Franchise Agreement by notice to the Pharmacist's legal representative(s). If the Pharmacist dies or becomes Incapacitated or Permanently Incapacitated, the Franchisor may operate the Pharmacy for as long as the Franchisor deems necessary in the circumstances. All revenues received from the Pharmacy during a period of operation by the Franchisor will be kept in a separate account, and the expenses of the Pharmacy (including reasonable compensation and expenses of the Franchisor and its agents and employees in operating the Pharmacy) will be charged to that account. If the Franchisor does not exercise its right to operate the Pharmacy, the Franchisee shall continue to be bound by the Franchise Agreement.
Termination Without Cause	Franchise Agreement	s. 12.1	At any time following the third anniversary of the opening date of the Pharmacy, the Franchisor may terminate the Franchise Agreement without cause upon sixty (60) days prior written notice.
Termination For Cause	Franchise Agreement	s. 12.2	The Franchisee is in default, and the Franchisor may terminate the Franchise Agreement immediately, without notice or prior opportunity to cure the default (except as expressly provided) and without any compensation to the Franchisee if: (a) Franchisee's pharmacy business, narcotics or controlled substance licence is revoked, suspended or has conditions imposed upon it which materially adversely affect the ability of Franchisee to conduct its business in accordance with the Franchise Agreement; (b) Franchisee or Pharmacist: (i) become insolvent (within the meaning of the *Bankruptcy and Insolvency Act*) or make an admission of inability to pay their debts as they become due; (ii) files a voluntary petition for bankruptcy or has filed against it an involuntary petition for bankruptcy; (iii) makes or is deemed to have made a general assignment for the benefit of creditors or a proposal or arrangement; (iv) applies for the appointment of a receiver or trustee; (v) commits an act of bankruptcy or proposes a compromise or arrangement or institutes proceedings to be adjudged bankrupt or insolvent or consents to the institution of such an appointment or proceeding; (vi) commences the filing of a proposal, or a notice of intention to enforce security is issued; or (vii) any filing is made or proceeding commenced (whether voluntary or involuntary) under the Companies' Creditors Arrangement Act (Canada); (c) the Franchisor's financial obligations to Franchisee are the subject of a garnishment or if any of the

Subject	Document	Section	Summary
			goods or chattels of the Pharmacy are seized or have a writ of execution issued against them; (d) Franchisee, without prior written consent of the Franchisor, gives any security interest in any of goods or chattels or sells any of goods or chattels (except in the normal course of business), such that the operation of the Pharmacy or any security interest which Franchisor may have is materially impaired; (e) Franchisee or Pharmacist, or the Franchisee's agent, employee or independent contractor engages in any conduct (including impairment by alcohol or drugs, or theft) which, may adversely affect the reputation of the Franchisor, the System or the Marks; (f) Franchisee or Pharmacist wilfully or fraudulently misrepresents any fact, condition or report required to be made; (g) Franchisee or Pharmacist fails to notify the Franchisor in writing within two (2) business days of the initiation of any complaint proceeding, or the completion of any inspection conducted by a pharmacy or pharmacist regulatory body, or the commencement of any action or investigation, or of the issuance of any order by any court or government agency that may adversely affect the operation or financial condition of the Franchisee or the Pharmacy; (h) Franchisee for a reason other than demonstrable clerical error, understates the Gross Sales for any period by more than two percent (2%); (i) Franchisee or Pharmacist is in default of any of its obligations under the Franchise Agreement or any other agreement with the Franchisor or its Affiliate, and fails to cure the default within fifteen (15) days of receiving notice from the Franchisor or its Affiliate to cure the default; (j) Franchisee or Pharmacist makes an unauthorized Transfer; (k) Franchisee abandons or fails to actively operate or supervise the operation of the Pharmacy for two (2) or more business days, or fails to operate the Pharmacy during posted business hours more than 3 times in a fiscal month period; (l) Franchisee has received from the Franchisor during any consecutive twelve (12) fiscal month period three (3) or more notices relating to a

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			default of the Franchise Agreement; (m) Franchisee's agent, employee or independent contractor engages in any activity or conduct that, if undertaken directly by the Franchisee, would constitute a default of the Franchise Agreement and, if the default is curable, the Franchisee and/or its agent, employee or independent contractor fails to cure the default within fifteen (15) days of receiving notice from the Franchisor to cure the default; (n) Franchisee fails to pay, within a period of thirty (30) days from the due date, any monies owed to suppliers; (o) Franchisee fails to pay, when due, any monies owed to the Franchisor or any Affiliate of Franchisor, or fails to submit when due any report required by the Franchisor, and continues in such default for more than thirty (30) days of receiving notice to cure the default; (p) Franchisee makes any unauthorized use, disclosure or duplication of any portion of the confidential Manual or any other Confidential Information provided to the Franchisee; or (q) Franchisee materially misuses or makes an unauthorized use of any of the Marks which materially impairs or is prejudicial to the goodwill associated with any Marks. During any cure period expressly provided above, the Franchisor may suspend the Franchisee's right to operate as a Target Pharmacy Franchisee until the Franchisee and/or the Pharmacist have cured all defaults identified in the notice of default. The Franchisor may (at its option) operate the Pharmacy during any such suspension period.
Termination by Franchisee	Franchise Agreement	s. 12.3	Franchisee may terminate the Franchise Agreement, with or without cause, within forty-eight (48) hours from the Franchisee Signature Date. The Franchisee must notify Franchisor in writing of its intention to terminate the Franchise Agreement pursuant to this provision within the forty-eight (48) hour period.
Unsatisfactory Background Check	Franchise Agreement	s. 12.4	Franchisor has the right to terminate the Franchisee Agreement upon five (5) days' notice to the Franchisee, if, prior to the commencement of the initial training program, the Franchisor determines that the results of a background check performed on the Pharmacist are unsatisfactory.
Unsuccessful Training	Franchise Agreement	s. 12.5	Franchisor has the right to terminate the Franchise Agreement upon five (5) days' notice to the Franchisee, if the Franchisor determines that the Pharmacist has failed to demonstrate the qualities and abilities necessary for the

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			successful operation of the Pharmacy, or if the Pharmacist fails to complete the initial training program.
Right of Entry	Franchise Agreement	s. 12.6	If the Franchisor exercises its right to terminate the Franchise Agreement, with or without cause, the Franchisor or its designated agents or representatives have the additional right to enter the Licensed Space at any time and by any means, and to operate the Pharmacy as an agent of the Franchisee.
Payments Upon Termination or Expiration	Franchise Agreement	s. 12.8	Upon termination or expiration of the Franchise Agreement: (a) If the Franchise Agreement has been terminated with or without cause, all monies received by the Franchisor will be applied by the Franchisor in the following order: (i) all costs incurred by the Franchisor in connection with a sale of the inventories and other assets of the Pharmacy and any costs incurred by the Franchisor in operating the Pharmacy from the date of termination to the date that the right to operate the Pharmacy is granted to a new franchisee or to an Affiliate of the Franchisor; (ii) all monies determined by the Franchisor to be payable by the Franchisee to the Franchisor; (iii) payment of any other creditors of the Franchisee; and (iv) the balance will be paid to the Franchisee, Franchisor is entitled to retain a maximum of five thousand dollars ($5,000.00) of the balance payable to the Franchisee for a period of one year following the termination of the Franchise Agreement to ensure payment of all amounts listed above. (b) If the Franchisee does not exercise its first right of renewal and the Franchise Agreement expires at the end of the Initial Term, or the Franchise Agreement is terminated without cause by the Franchisor prior to the expiration of the Initial Term, the Franchisee will be paid two percent (2%) of the previous twelve

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			fiscal month period's Gross Sales, provided that the Franchisee and Pharmacist have delivered to the Franchisor a complete release of the Franchisor and its Affiliates, and their respective shareholders, directors and officers from all liability in connection with the Franchise Agreement. (c) If the Franchise Agreement expires at the end of the first Renewal Term or the Franchise Agreement is terminated without cause by the Franchisor during the first Renewal Term, the Franchisee will be paid five percent (5%) of the previous twelve fiscal month period's Gross Sales provided that the Franchisee and Pharmacist have delivered to the Franchisor a complete release of the Franchisor and its Affiliates, and their respective shareholders, directors and officers from all liability in connection with the Franchise Agreement or the operation of the Pharmacy. (d) If the Franchise Agreement expires at the end of the second Renewal Term or the Franchise Agreement is terminated without cause by the Franchisor during the second Renewal Term, the Franchisee will be paid seven percent (7%) of the previous twelve fiscal month period's Gross Sales provided that the Franchisee and Pharmacist have delivered to the Franchisor a complete release of the Franchisor and its Affiliates, and their respective shareholders, directors and officers from all liability in connection with the Franchise Agreement or the operation of the Pharmacy. (e) If the Franchise Agreement expires at the end of the third Renewal Term or the Franchise Agreement is terminated without cause by the Franchisor during the third Renewal Term, the Franchisee will be paid ten percent (10%) of the previous twelve fiscal month period's Gross Sales provided that the Franchisee and Pharmacist have delivered to the Franchisor a complete release of the Franchisor and its Affiliates, and their respective shareholders, directors and officers from all liability in connection with the Franchise Agreement or the operation of the Pharmacy.

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Other Relief	Franchise Agreement	s. 12.9	Any termination under Section 12.2 (Termination for Cause) will be without prejudice to any other rights, remedy or relief the Franchisor may otherwise be entitled against the Franchisee or Pharmacist. All moneys paid by the Franchisee to the Franchisor under the Franchise Agreement or otherwise will be retained by the Franchisor as consideration for the rights and benefits previously conferred on the Franchisee and Pharmacist under the Franchise Agreement and as liquidated damages. This remedy will not exclude any of the remedies which the Franchisor may have at law or in equity by reason of the default, breach or non-observance by the Franchisee or Pharmacist of any provision of the Franchise Agreement.
Franchisee's Obligations on Termination or Expiration	Franchise Agreement	s. 12.10	Upon the termination or expiration of the Franchise Agreement, the Franchisee will immediately cease to be a franchisee of the Franchisor and, together with the Pharmacist must, without delay: (a) pay the Franchisor or any Affiliates all amounts that have or will become due under the Franchise Agreement or under any other agreement between the Franchisee and the Franchisor or its Affiliates which are unpaid; (b) take actions required to transfer the Pharmacy's inventory and Prescription Files to the Franchisor or its licensed pharmacy operator designee; (c) cooperate with the Franchisor and take actions as required to assist the Franchisor with the orderly wind-down and/or transition of the Franchisee's Pharmacy operations; (d) cease to use and return to the Franchisor all copies of the Manual then in the control or possession of the Franchisee, advertising materials, and all other printed materials relating to the System; (e) cease to operate the Pharmacy under the System or otherwise, and subsequently not (directly or indirectly) represent to the public that the Pharmacy is operated in association with the System or hold itself, himself or herself out as a present or former franchisee of the Franchisor; (f) cease to use (directly or indirectly) the Intellectual Property and cease to associate itself as being associated with the Franchisor; (g) cease to use the Confidential Information and return to Franchisor all documents in Franchisee's possession or under its control that contain Confidential Information; (h) take action to cancel any advertisements,

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			directories and listings; (i) remove from any delivery service vehicles, and discontinue using for any purpose, all signs, equipment, advertising materials, inventory, invoices, supplies, forms or other items which display the Marks or any distinctive feature or device associated with the System; (j) cease to use the Computer System and all related computer software programs, and any data and information generated by the use of the Computer System, and immediately destroy all back-up or other copies of such software; (k) at the request of the Franchisor, take any action necessary to cancel any trade or business name registration where such registration contains any part of the Marks within fifteen (15) days after termination or expiration; (l) comply with all other applicable provisions of the Franchise Agreement. Upon expiration or termination of the Franchise Agreement, the Franchisee and Pharmacist must ensure that the Franchisee maintains its status as a corporation in good standing until the Franchisor has made any payments owing by the Franchisor under the terms of the Franchise Agreement.
Franchisor's Rights on Termination or Expiration	Franchise Agreement	s. 12.11	Upon the termination or expiration of the Franchise Agreement, the Franchisor has: (a) the right to direct the Franchisee to transfer the Prescription Files to the Franchisor or its licensed pharmacy operator designee; and (b) the option to purchase from the Franchisee all or any portion of the inventory of the Pharmacy, which may be exercised by notice delivered to the Franchisee up to thirty (30) days prior to the date of termination, or the expiration of the Franchise Agreement.
Franchisee and Pharmacist Indemnity	Franchise Agreement	s. 13.4	The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of the Franchise Agreement.
Survival	Franchise Agreement	s. 15.3	All obligations of the Franchisor, Franchisee, and Pharmacist which survive the termination or expiration of the Franchise Agreement will continue subsequent to and notwithstanding the termination or expiration until they are satisfied or by their nature expire.
Consent to Disclosure of	Franchise Agreement	s. 15.12	Franchisee and Pharmacist expressly permit the Franchisor to disclose in its Disclosure Document personal

25 Unilateral Amendments

The Franchisor has the right to unilaterally amend certain terms or conditions of the Franchise Agreement and/or related agreements, including primarily through the Manual.

26 Alternative Dispute Resolution

The following statement is required to be included by Ontario's *Arthur Wishart Act (Franchise Disclosure), 2000* and Manitoba's *The Franchises Act*:

> "Mediation is a voluntary process to resolve disputes with the assistance of an independent third party. Any party may propose mediation or other dispute resolution process in regard to a dispute under the franchise agreement, and the process may be used to resolve the dispute if agreed to by all parties."

27 Other Information

(a) OTC Products Letter Agreement and Royalty Payment

The Franchisee must enter into an OTC Products Letter Agreement with Target Canada, a copy of which is attached to this Disclosure Document as Exhibit M. Under the terms of the OTC Letter Agreement, Target Canada will provide certain procurement and inventory management services for the Approved Schedule III OTC Products, including ordering, paying for, and stocking the Approved Schedule III OTC Products in the patient self-selection area of the Licensed Space. Target Canada will retain title to the Approved Schedule III OTC Products until immediately prior to the retail sale, when title will pass from Target Canada to the Franchisee and payment of the retail price for the applicable Approved Schedule III OTC Schedule III Product will be made by the Franchisee to Target Canada at the time of the retail sale.

For the Initial Term, the Franchisor will pay to the Franchisee a continuing monthly royalty of three thousand five hundred dollars ($3,500) in connection with OTC Products sold at the Target retail store (the "OTC Royalty Payment").

For the Renewal Term(s), if any, the Franchisor will pay to the Franchisee a monthly royalty payment of fifty percent (50%) of the incremental Net Sales of OTC Products sold at the Target retail store for each Fiscal Month as measured against the same Fiscal Month from the previous Fiscal Year.

The OTC Royalty Payment may be impacted by promotional pricing, coupons, Target Canada's team member discounts, Target Canada's REDcard rewards discounts, or any other discounted pricing on OTC Products.

The OTC Royalty Payment will be invoiced by the Franchisor and is due and payable to the Franchisee as set forth in such invoice, approximately within the third or fourth fiscal week of the following fiscal month.

(b) Franchisee Support Package

In February 2014, Franchisor introduced a financial support package for eligible franchisees based on an annualized *earnings before interest and tax* calculation (the "EBIT Top-Up Program"). In June 2014, Franchisor revised the EBIT Top-Up Program to, among other things, increase the annual EBIT threshold from $75,000 to $110,000 (the "EBIT Threshold"). The Franchisee will be eligible for the EBIT Top-Up Program if at any point after six (6) fiscal retail months of operation of the Target Pharmacy during the Initial Term of the Franchisee's Franchise Agreement the Franchisee has a negative annualized EBIT Gap. Franchisor will continue to calculate the annualized EBIT Gap of ineligible franchisees on an ongoing monthly basis during the Initial Term of the Franchisee's Franchise Agreement to assess eligibility.

The Franchisee's annualized EBIT Gap will be calculated monthly by Franchisor by subtracting the annual EBIT Threshold from the Franchisee's annualized EBIT. The Franchisee's annualized EBIT will be calculated monthly by Franchisor by subtracting the estimated monthly operating expenses used in the earnings projections attached to this Disclosure Document as Exhibit G from the Franchisee's monthly Gross Margin (the "Franchisee's EBIT"). The Franchisee's Gross Margin will be the aggregate of the Franchisee's Rx Margin, Professional Service Fees, BTC Margin, OTC Products Royalty Payment and Professional Allowance (the "Franchisee's Gross Margin").

If the Franchisee is eligible for the EBIT Top-Up Program, it will receive an EBIT Top-Up of up to the total amount of the annualized EBIT Gap. The Franchisee will receive the EBIT Top-Up for up to the remainder of the Initial Term of their Franchise Agreement and provided the Franchisee continues to have a negative EBIT Gap. Franchisor will monitor and recalculate the annualized EBIT Gap of the Franchisee on an ongoing monthly basis during the period the Franchisee is receiving the EBIT Top-Up to determine continued eligibility and the actual amount of the EBIT Top-Up to be received for a given retail fiscal month and/or quarter, if any.

The calculation of the actual amount of the EBIT Top-Up that the Franchisee will receive is broken down into three (3) components:

1. Base Payment - The Franchisee will receive a Base Payment of 80% of the annualized EBIT Gap to be calculated and paid by Franchisor on a monthly basis.

2. Guest Experience - The Franchisee will receive a maximum of 10% of the annualized EBIT Gap to be calculated and paid by Franchisor on a quarterly basis. The Guest Experience component of the EBIT Top-Up will be measured by: Guest Survey and Brand Excellence or Secret Shopper.

3. Rx Script Growth - The Franchisee will receive a maximum of 10% of the annualized EBIT Gap to be calculated and paid by Franchisor on a quarterly basis. The Rx Script Growth component of the EBIT Top-Up will be based on Rx growth rates that exceed a minimum threshold of three percent (3%) based on an average month over month script growth calculated by Franchisor per quarter. A year end assessment will be done to allow the Franchisee to obtain full payment if total growth over the year achieves an annual rate of 80% (i.e., 5% per month) to allow for seasonality or other business shifts.

Further illustrative details regarding the EBIT Top-Up Program are attached to this Disclosure Document as Exhibit S.

(c) **Non-Competition Clause**

Once the Pharmacist commences the initial training program set forth in Section 4.1 of the Franchise Agreement, and during the Term, the Franchisee and the Pharmacist may not individually, or in any other manner whatsoever, directly or indirectly carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of any Competitive Business, whether inside or outside the Territory, which distributes, markets or sells, at wholesale or retail, any pharmacy services, including the sale of prescription or over-the-counter pharmaceuticals and related products, or any other business that is competitive with or similar to a Target Pharmacy pharmacy. The Franchisee and Pharmacist may not divert or attempt to divert any business or Customer of any Target Pharmacy or any prospective Target Pharmacy franchisee to any competitor by direct or indirect inducement.

Upon expiration or termination of the Franchise Agreement, the Franchisee and the Pharmacist may not, without the prior written consent of the Franchisor, at any time during the period of one (1) year from the date of such termination or expiry, either individually or in any other manner whatsoever, directly or indirectly carry on or be engaged in or concerned with, financially or otherwise, or advise in the establishment or operation of any Competitive Business within the Territory (defined as a 2 km radius of the perimeter of the Target retail store) except pursuant to other franchise agreements between the Franchisee and the Franchisor. The Franchisee and Pharmacist may not divert or attempt to divert any business or Customer of any Target Pharmacy pharmacy or any prospective Target Pharmacy franchisee to any competitor by direct or indirect inducement or otherwise. However, during the time period referred to above, the Pharmacist is entitled to accept a position as a bona fide employee (but in no other capacity) in any Competitive Business or any other Target Pharmacy franchise.

(d) **Data Breach**

In the fourth quarter of 2013, Target Corp. experienced a data breach in which an intruder stole certain payment card and other guest information from the Target Corp. network (the "Data Breach"). Based on the Target Corp. investigation to date, it is believed that the intruder accessed and stole payment card data from approximately 40 million credit and debit card accounts of guests who shopped at Target Corp. U.S. stores between November 27 and December 17, 2013, through malware installed on the point-of-sale system in the U.S. Target retail stores. In addition, the intruder stole certain guest information, including names, mailing addresses, phone numbers or email addresses, for up to 70 million individuals. The Target Corp. investigation of the matter is ongoing, and the corporation is supporting law enforcement efforts to identify the responsible parties.

(e) **Independent Franchisee Association**

In June 2014, the Franchisor learned that an independent franchisee association known as the Pharmacy Franchisee Association of Canada has been formed. Information about the Pharmacy Franchisee Association of Canada is available on its website at www.pfac.ca.

(f) **Independent Professional Advice**

The Franchisor strongly recommends that the Franchisee seek independent professional advice before entering into the Franchise Agreement.

EXHIBIT "E"

THIS IS EXHIBIT "E" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

A Commissioner for taking Affidavits

CORPORATE PARTICIPANTS

Jeff May
Director, Healthcare Operations, Target Canada

Stephen Ferguson
Alvarez & Marsal Canada Inc.

Andraya Frith
Osler, Hoskin & Harcourt LLP

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Target Announcements Conference Call. I would now like to turn the meeting over to Mr. Jeff May. Please go ahead, Mr. May.

Jeff May, Director, Healthcare Operations, Target Canada

Thank you, Operator. Welcome, everybody, to the conference call and thanks for taking the time to participate. With me today are Stephen Ferguson, who is from Alvarez & Marsal, the court's appointed monitor, and Andraya Frith of Osler, Hoskin & Harcourt LLP, who is counsel for Target Pharmacy and Target Canada.

As you likely heard, Target Canada Co. and certain of its subsidiaries and affiliates, including Target Canada Health Co., applied for creditor protection earlier this morning under the Companies' Creditors Arrangement Act, or CCAA. Earlier today, that application was granted by the Ontario Superior Court of Justice in Toronto. The initial CCAA order also extends the protections of the order to certain partnerships, including Target Canada Pharmacy Franchising LP.

The CCAA is a Canadian federal statute that enables companies to restructure their financial affairs or effect an orderly wind down under the supervision of the courts. During the course of the CCAA proceedings, Target Canada will be winding down its operations across Canada, closing all of its retail stores and liquidating its assets under the supervision of the court-appointed monitor Alvarez & Marsal.

Why did Target Canada file for a CCAA? You may be wondering why we did that. Target had great expectations when it entered the Canadian market, but the bottom line is that Target Canada faced significant challenges with operations, which resulted in disappointment for our Canadian guests. At this point, Target Canada is insolvent. It was ultimately decided that a CCAA filing was the best option available and would enable Target Canada to wind down its operations in a fair and orderly way.

To take a moment to explain the initial order and the role of the monitor, pursuant to the initial order there's an initial 30-day stay of proceedings, until February 18th, 2015, preventing creditors from taking actions that could destabilize Target Canada or Target Pharmacy. Target Canada intends on returning to court periodically to seek further extensions of this stay during the course of the wind-down. As mentioned, the initial order also appointed Alvarez & Marsal as the monitor of Target Canada. The monitor is an officer of the court whose responsibilities include assisting Target Canada with the liquidation and wind-down process. The monitor is responsible for reporting to the court on the progress of the proceedings and ultimately providing a recommendation on any plan of compromise or arrangement.

A copy of the initial order issued by the court earlier today, as well as other materials regarding the CCAA proceedings, will be posted on the monitor's website. The address for this website was sent out in an email that you received earlier today.

With respect to the impact on the pharmacies, as part of the wind-down process Target Canada and its subsidiaries will be terminating all of their contractual relationships, including the Target Pharmacy franchise agreements. You will be responsible for closing or relocating your pharmacy operations. You have professional obligations under applicable pharmacy legislation to notify the pharmacy regulator, and in some provinces the patients, of the closing and/or relocation of the pharmacy. You should contact your pharmacy regulator promptly to understand your obligations in this regard. Target Canada will be providing a courtesy notice to the pharmacy regulators in each province. However, it is up to each of you to satisfy any professional obligations you may have under applicable pharmacy legislation for the closure or relocation of your pharmacy. You are also responsible for the transfer or disposition of drug inventory products that you own.

It's too early in the process to know for sure what the timeline will be closing the retail stores and closings will occur on a case-by-case basis. However, Target Canada is committed to moving as quickly as possible to wind down all of its operations and it is estimated stores may be closed within 16 to 20 weeks. Accordingly, we recommend that each of you take steps to close or relocate your pharmacy as soon as possible.

With respect to the treatment of patient files, the patient files that you use in the pharmacy are your assets. Please remember that Target Pharmacy is not responsible for the custody and control of your patient files. Accordingly, you should contact your pharmacy regulator who can provide with information on the retention and/or transfer of these files. You should also contact your pharmacy regulator for direction with respect to your responsibility for communicating with your patients. If asked, Target Pharmacy will be advising your patients that any questions they may have about their files should be directed to you.

With respect to the treatment of inventory, the drug and other inventory that you own are your assets. You are responsible for ensuring that your inventory, Schedule 1 and Schedule 2 drugs, controlled drugs and substances, and any other products that you own in your BTC area, are transferred or disposed of in compliance with provincial law. Target Pharmacy will not be buying any of your inventory. While Target Canada stores will be operating for a limited period of time during the liquidation sales, you should make arrangements to transfer or dispose of the inventory as quickly as possible.

With respect to treatment of employees, you are responsible for communicating with your employees and contractors. Target Canada and Target Pharmacy are not responsible for, and will not be paying, any wages, salaries, fees, benefits, notice of termination, pay in lieu of notice, severance pay, or any other obligation, to your employees or contractors.

Regarding financial implications, the court has approved a Debtor in Possession, or DIP, credit facility made available by Target Corporation to Target Canada to provide it with liquidity to fund its operations during the CCAA proceedings. However, Target Canada may only draw under the DIP facility to pay certain budgeted expenses. Given its limited resources, Target Canada cannot fund your shutdown costs. Target Pharmacy will also not be in a position to pay you the amounts which have accrued and are owing to you as of today's date with respect to your OTC royalties and EBIT top-up.

With respect to any amounts which have accrued and are owed to you as of today's date, the Company will be seeking court approval for a claims process. Once approved, you will have the opportunity to file a claim in the claims process for these pre-filing amounts. Further information regarding the claims process will be posted on the monitor's website during the course of the CCAA proceedings. With respect to any amounts you may be owed under your franchise agreement from today forward, Target Pharmacy will continue paying those amounts in the ordinary course until your franchise agreement is terminated as part of the wind-down process.

With respect to the timing of termination, at this time we cannot tell you when your franchise agreement will be terminated. When the Company does decide to terminate your franchise agreement you will receive formal notice. Target Pharmacy intends on providing you with sufficient advance notice such that you are able to comply with your pharmacy regulatory obligations. If you have any questions regarding your obligations, you should contact your provincial regulator for direction. In many cases, your pharmacy regulator will have protocols, guidelines and other information available to you.

In closing, first, we encourage you to seek independent legal advice. I appreciate that today is a difficult day for you and there may be questions that arise after today's call. Your FFOLs will not be answering your questions. Any operational questions should be directed to the general email box that we have established for this purpose and that we identified in our email to you earlier today. That email is targetcanadarx@target.com. Once again, that's targetcanadarx@target.com.

We thank you for your time today. A recording of this call will be repeated tomorrow at 1:00 pm Eastern Time and you can use the same dial-in information as we provided to you in today's call.

This concludes today's call. Thank you. Operator, we are completed.

EXHIBIT "F"

THIS IS EXHIBIT "F" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

A Commissioner for taking Affidavits

PHARMACY

January 15, 2015

Target Canada Pharmacy Franchising LP
5570 Explorer Drive
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CONFIDENTIAL

SENT BY ELECTRONIC MAIL

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inforx@nlpb.ca

Ordre Des Pharmaciens Du Quebec
266, Notre-Dame Ouest,
bureau 301
Montréal, QC H2Y 1T6
ordrepharm@opq.org

Dear Messrs and Madames:

NOTICE OF CCAA FILING

Please take notice that as a result of the *Companies' Creditors Arrangement Act* filing of Target Canada Co. and certain other applicants on January 15, 2015 ("CCAA Filing"), Target Canada Pharmacy Franchising LP ("Target Pharmacy") will be winding down its operations in Canada.

In connection with winding down its operations, Target Pharmacy will be disclaiming all of the pharmacy franchise agreements entered into with its franchisees in Canada (outside of Quebec) as well as its co-branding service agreement entered into with McMahon Distributeur Pharmaceutique in Quebec. The disclaimer of these agreements will result in the closure and/or relocation of ninety-three Target -branded pharmacies in Canada (outside of Quebec) and fourteen Target /Brunet-co-branded pharmacies in Quebec.

Target Pharmacy has instructed its franchisees to contact their pharmacy regulator for direction on how to close and/or relocate their pharmacies in accordance with applicable laws.

Please do not hesitate to contact the undersigned at **jeffrey.may@target.com** with any questions or concerns that you may have.

Regards,

TARGET CANADA HEALTH CO., GENERAL PARTNER FOR AND ON BEHALF OF TARGET CANADA PHARMACY FRANCHISING LP

Jeff May

Jeff May
Director of Healthcare Operations and Assistant Secretary

JM:OHH

EXHIBIT “G”

THIS IS EXHIBIT "G" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

A Commissioner for taking Affidavits

TARGET

January 21, 2015

Target Canada Pharmacy Franchising LP
5570 Explorer Drive
Mississauga ON L4W 0C4

CONFIDENTIAL

SENT BY ELECTRONIC MAIL

Stavros Gavrilidis, BScPhm, RPh
Target Pharmacy T-3708
T Pharmacy Ltd.
Devonshire Mall, 3100 Howard Avenue
Windsor, ON
N8X 3Y8

Dear Franchisee:

RIGHT TO INVENTORY AND PATIENT FILES

Please accept this letter as confirmation of your right, title and interest in and to the inventory of drug products that you own and the patient files that you use in the pharmacy you operate within the Target retail store.

The inventory of drug products that you own are your assets. You are responsible for ensuring that the inventory that you own (i.e., Schedule I and Schedule II drugs, controlled drugs and substances and any other products that you own in your BTC area) are transferred or are disposed of in compliance with provincial law. Neither Target Canada Pharmacy Franchising LP nor Target Canada Co. will be purchasing your inventory and we recommend that you make arrangements to transfer or dispose of the inventory as quickly as possible. You should contact your pharmacy regulator for direction. In many cases your pharmacy regulator will have protocols, guidelines and other information available to you to ensure that the inventory of drug products that you own are transferred or disposed of as required under applicable law.

The patient files that you use in your pharmacy are your assets. Neither Target Canada Pharmacy Franchising LP nor Target Canada Co. is responsible for the custody and control of your patient files. Since your Franchise Agreement will be disclaimed (i.e., terminated) as part of the CCAA process, neither Target Canada Pharmacy Franchising LP nor Target Canada Co. will be directing you to transfer the patient files to Target Canada Pharmacy Franchising LP or its licensed pharmacy operator designee. You will be responsible for the retention and/or transfer of your patient files and realizing any value on such files. You should contact your pharmacy regulator and legal counsel who can provide you with information on the retention and/or transfer of the patient files. You may have a number of options, including, but not limited to, moving the files to another pharmacy that you operate or selling the files to another pharmacy operator. You should also contact your pharmacy regulator for direction with respect to your responsibility for communication with your patients.

Once you have made arrangements to close and/or relocate your pharmacy operations, please notify Target Canada Pharmacy Franchising LP at targetcanadarx@target.com and advise us of your forwarding email address so that we can direct any patient inquiries to you.

We hope that you will find the above helpful as you work towards closing or relocating your pharmacy operations. We appreciate your patience and understanding during this difficult time.

Regards,

TARGET CANADA HEALTH CO., GENERAL PARTNER FOR AND ON BEHALF OF TARGET CANADA PHARMACY FRANCHISING LP

Jeff May

Jeff May

Director of Healthcare Operations and Assistant Secretary

JM:OHH

EXHIBIT "H"

THIS IS EXHIBIT "H" REFERRED

TO IN THE AFFIDAVIT OF MARK J. WONG

SWORN FEBRUARY 10, 2015

A Commissioner for taking Affidavits

From: TargetCanadaRx
Subject: Pharmacy Closure Procedures - UPDATE
Date: Tuesday, February 3, 2015 7:37:42 PM
Attachments: Target Pharmacy Franchisee Closing Checklist Feb 3 2105.DOCX

Dear Franchisee:

The attached document outlines a listing of procedures that are necessary when you are vacating the Target Store. Please review this document in detail.

Of greatest importance is to notify TargetCanadaRx@target.com of the date and time you will be closing your Target Pharmacy.

This allows us to notify a number of Target business partners because when your store closes, Target will ensure that the following activities are completed, including but not limited to:

- removing all pharmacy signage (including the building exterior PHARMACY sign) from public view,
- removing Schedule III drug products from public sale,
- taking down all target.ca references to your pharmacy
- decommissioning pharmacy technologies

Target has arranged with Kroll, at Target's expense, a process to backup your patient data and files for your use, and to facilitate the transfer to an alternate pharmacy. Once you notify Kroll of your closure date, Kroll will work with you to begin this process. If files are being sent to a pharmacy that does not use Kroll, additional steps for data conversion may be required and additional costs may be required. Kroll will provide you with more information in this regard. Kroll will also be hosting a data backup site for your data during this transition period. This site will be decommissioned by Kroll after 6 months; you will need to ensure that you have appropriate backups to your data according to regulatory requirements for record retention in your province. Kroll can provide you with more information about this backup service. Your provincial pharmacy regulatory authority can provide guidance on record retention requirements.

Target can forward the phone number to the new pharmacy. Please refer to Item #2 in the checklist. We will keep you updated on developments related to permanent porting of the phone number to the new pharmacy location.

The Store Team Leader for your location will be receiving a Pharmacy Closure checklist that they are responsible to complete. They will be meeting with you on your final date to ensure that the pharmacy is secured, keys are returned and alarm codes are changed.

Thank you.

Target Canada Pharmacy

PHARMACY

FRANCHISEE CHECKLIST – CLOSING PHARMACIES

	ACTION ITEM*	COMPLETE (Y/N)
1.	Once you have made arrangements to close and/or relocate your pharmacy operations, notify Target at targetcanadarx@target.com immediately and advise us of your proposed last day at the Target Pharmacy.	
2.	Note that a permanent solution to port telephone numbers to your new pharmacy location is under negotiation between Bell (and/or other local phone providers, where applicable) and Target Pharmacy. Further information will be provided as it is available; however, in the interim, if you would like to forward the telephone number to the new pharmacy location on a temporary basis, please send the following information to targetcanadarx@target.com: - Name and address of pharmacy - Phone number of pharmacy Note that if Target Pharmacy is unable to reach an agreement with Bell (and/or other local phone providers, where applicable) to permanently port the telephone number to your new pharmacy, the temporary call forwarding solution will end without further notice or compensation to you when Target Pharmacy terminates its current service agreement with Bell.	
3.	Once you have made arrangements to close and/or relocate your pharmacy operations, notify your College of Pharmacists in compliance with your pharmacy regulatory obligations.	
4.	Follow steps, guidelines and requirements of your College of Pharmacists and ensure that you close and/or relocate your pharmacy operations in compliance with your pharmacy regulatory obligations.	
5.	Contact Kroll at targetescalations@kroll.ca to notify of your proposed last day at the Target® Pharmacy and coordinate the transfer of your patient files, related customer data and Access Point™ Consultant *Completed Interventions*, should this be required.	
6.	Contact Stericycle at rmscanada@stericycle.com or 877-474-3778 to remove all expired drugs and sharps.	
7.	Contact your McKesson BDR or simon.clare@mckesson.ca to notify of your proposed last day at the Target Pharmacy.	
8.	Contact TD Merchant Services to notify of your proposed last day at the Target Pharmacy.	
9.	Contact any other third party payors, suppliers and/or vendors to notify of your proposed last day at the Target Pharmacy.	
10.	Post an interim notice at the Target Pharmacy to your patients advising that the	

PHARMACY

	pharmacy will be closing on your proposed last day at the Target Pharmacy and advising patients where their prescription files will be transferred.	
11.	Take such action necessary to cancel trade or business name or registration made under any federal or provincial laws or regulations where such registration contains any part of the Target trade-marks.	
12.	Cancel any advertisements, including white page and yellow page advertisements and similar directories and listings.	
13.	Remove all regulatory signage pertaining to the pharmacy operations (e.g., hours of operation, point of care, etc.). Note that the Store Team Leader and Target Headquarters will coordinate the tarping and/or removal of all pharmacy signage on the exterior of the Target retail store	
14.	Notify your patients in compliance with your pharmacy regulatory obligations that the pharmacy is closed and advise patients where their files have been transferred.	
15.	Post a final notice at the Target Pharmacy to your patients advising them that the pharmacy is now closed and where their prescription files have been transferred.	
16.	With the exception of Target-branded supplies and/or inventory, including, those set out on Schedule "A", remove all personal effects, cash, patient files and related customer data (including, hard copies of any personal health information), documentation and drug inventory owned by you (i.e., Schedule I and II drugs).	
17.	Leave all Target-owned inventory, furniture, fixtures and equipment (including, Cabinets, Shelves, Computer Hardware, Target-branded supplies and those items set out in Schedule "A").	
18.	Ensure that cash registers are left in the powered on position.	
19.	Complete a walkthrough of the Target Pharmacy with your Store Team Leader.	
20.	Provide keys to Store Team Leader	

*All actions must be done in compliance with your pharmacy regulatory obligations

SCHEDULE A

LIST OF NON-KROLL ITEMS TO LEAVE BEHIND

ITEM DESCRIPTION	QTY	COMPLETED (Y/N)
Ariba Relief Poster	Leave all	
Ariba Comfort Poster	Leave all	
Ariba Simplicity Poster	Leave all	
Ariba HW Phar 28 X 17 Holder 2 Poster	Leave all	
Ariba HW-PHARM: WR Poster Plexi Frame	Leave all	
Ariba Front of Pharmacy Stanchion	Leave all	
Ariba Front of Store Stanchion	Leave all	
Ariba HW-22 x 28 Stanchion (Hardware)	Leave all	
Ariba HW Brochure Holder – 3 slot	Leave all	
Ariba HW Counter Mat (Small sign holder)	Leave all	
Ariba Counter Mat Insert	Leave all	
Ariba Cash Wrap Insert	Leave all	
Ariba Cash Wrap Topper	Leave all	
Ariba HW Cash Wrap Hardware – Set 1	Leave all	
Ariba HW Cash Wrap Hardware – Set 2 (clips)	Leave all	
SPIN Pharmacy Frosted Window Decal	Leave all	
Ariba Handicap Accessible Decal	Leave all	
Ariba Hardware On Duty Magnetic Backer	Leave all	
Ariba Hardware On Duty Left Side (Red)	Leave all	
Ariba Hardware On Duty Right Side (Grey)	Leave all	
Ariba Hardware Kit On Duty Board	Leave all	
Black Vinyl Lettering	Leave all	
Cober Franchisee Photo	Leave all	
Cober Franchisee Nameplate	Leave all	
Ariba Back Soon / Here to Help Status	Leave all	
Cober POC Sign (ONT)	Leave all	
Cober Blank Name Filler – Large	Leave all	
Cober Blank Name Filler – Small	Leave all	
Cober Staff Pharmacist Name	Leave all	
Cober Pharmacy Technician Name	Leave all	
Ariba Consultation Room	Leave all	
Ariba Pharmacy Staff Only	Leave all	
Ariba Prescription Pickup	Leave all	
Ariba Prescription Drop Off	Leave all	
Ariba Pharmacist Consultation	Leave all	
Cober Lock and Leave Hours of Operation	Leave all	

Cober Hours of Operation Exterior Entrance	Leave all	
Cober On Duty Board Hours of Operation	Leave all	
Cober Gate Hours of Operation	Leave all	
Cober Shelf Box Hours of Operation	Leave all	
Cober Mall Entrance Hours of Operation	Leave all	
Ariba Will Call Bin Letters	Leave all	
Ariba Will Call Bin Hooks	Leave all	
Ariba AB Code of Ethics poster	Leave all	
Ariba AB Patient Concerns poster	Leave all	
Ariba AB Patient info collection poster	Leave all	
Ariba AB accepting returns poster	Leave all	
Ariba BC Code of Ethics poster	Leave all	
Ariba MB it's your right poster	Leave all	
Ariba SK Code of Ethics	Leave all	
Ariba Pharmacy Staff Only Offstage	Leave all	
Ariba Frosted Window Decal	Leave all	
Name Badges	Leave all	
Target Pharmacy Lab Coats	Leave all	
Rx Work Flow Magnets	1 kit	
Canada QB Magnets	Leave all	
Pharmacy Misc Magnets	Leave all	
Beaker Glass 100mL	1	
Beaker Glass 250mL	1	
Beaker Glass 400mL	1	
Cylinder Glass 100mL	1	
Cylinder Glass 10mL	1	
Cylinder Glass 25mL	1	
Cylinder Glass 50mL	1	
Funnel Glass 4oz	1	
Mortar Glass 4oz	1	
Mortar Glass 8oz	1	
Pestle Glass 4oz	1	
Pestle Glass 8oz	1	
Spatula Plastic Hard 4" Blade	1	
Spatula Plastic Hard 6" Blade	1	
Spatula Rubber 4"	1	
Spatula Rubber 6"	1	
Spatula Stainless Steel 4"	2	
Spatula Stainless Steel 5”	2	
Spatula Stainless Steel 6"	2	
Stirring Rod Glass 10"	1	

Stirring Rod Glass 8"	2	
Fridge Memory Thermometer	1	
Pharmacy Scale & 200 g.clibra- 1/each A & D GF200P/RL-13066 tion weight	1	
CLEAR LEFT HANDED PILL COUNTING TRAY WITH SPATULA	3	
CLEAR RIGHT HANDED PILL COUNTING TRAY WITH SPATULA	3	
MORTAR/GLASS 16 OZ	1	
GLASS MORTAR & PESTLE 16 OZ 1/12	1	
1/4"OINTMENT SLAB GLASS-1/4	1	
CUP DISPENSER S STL PULL TYPE	1	
SPLINTER FORCEPS	2	
STEPPING STOOL	1	
3 STEP "BIGSTEP" STEPSTOOL	1	
FELLOWS DELUXE KEYBRD DRWR W/	1	
SCOOT UNDER DESK PRINTER STAND BLK	1	
On-Duty Board (All Components)	1	
Franchisee Name Plate (All Components)	Leave all	
In-Store Marketing Materials (All Components)	Leave all	
13 dram vial	Leave all	
20 dram vial	Leave all	
30 dram vial	Leave all	
40 dram vial	Leave all	
13 Dram Non-Safety Cap	Leave all	
13 Dram Safety Cap	Leave all	
20 Dram Non-Safety Cap	Leave all	
20 Dram Safety Cap	Leave all	
30/40 Dram Non-Safety Cap	Leave all	
30/40 Dram Safety Cap	Leave all	
4 oz Bottle /Cap	Leave all	
8 oz Bottle /Cap	Leave all	
16 oz Bottle /Cap	Leave all	
Pharmacy Confidential Patient 100/pad Profile/Health History	Leave all	
Rx: Telephone Prescription 10pds/pk	Leave all	
Z0180 12LB MOD B LARGE;PHARMACY BAG 14345 500/BDL	Leave all	
Z0181 6X2X10 SMALL PHARMACY;BAG 14344 2000/CTN	Leave all	
TRG SYR LG&MD ADAP 10ML 100	Leave all	
TRG SYR LG&MD ADAP 5ML 100	Leave all	
Prescription Supplies - Target Retail Laser Labels	Leave all	

Ointment Jars White 100mL	Leave all	
Ointment Jars White 15mL	Leave all	
Ointment Jars White 25mL	Leave all	
Ointment Jars White 50mL	Leave all	
6" Roller	Leave all	
Qube Card	Leave all	
Qube Blister	Leave all	
Qube Tray	Leave all	
Trifold Card	Leave all	
Jumbo Blister	Leave all	
Plastic Tray	Leave all	
MRx Label	Leave all	
MRx Large Blister	Leave all	
MRx travel box	Leave all	
MRx Tray	Leave all	
Day pack Cards	Leave all	
DayPack Blisters	Leave all	
Day Pack laser labels (Indiv)	Leave all	
Day Pack Dispensing Tower	Leave all	
Day Pack Tray	Leave all	
One Pail for Pharmacy Waste (White Pail) - Leave Only Empty/New Waste Bins (All others should be returned to Stericycle)	Leave all	
One case of 8 bins for sharps (4.5 liters, yellow bin)- Leave Only Empty/New Waste Bins (All others should be returned to Stericycle)	Leave all	
Physician Meet and Greet Kit	Leave all	
Letter to Guests (500)	Leave all	
Franchisee On Duty Board Photo	Leave all	
Franchisee Name Plate	Leave all	
ISM Hours of Operation	Leave all	
Service Brochures	Leave all	
Privacy Brochures	Leave all	
Physician Mailers	Leave all	
Target Branded Paper	Leave all	
Smoking Journals	Leave all	
Diabetes/ Heart Journals	Leave all	
Thank You Cards	Leave all	
Guest Welcome Kit	Leave all	
iPAD	1	
Target Pharmacy - Franchise Operations Manual [all parts]	1	
Target Pharmacy – Training Binder	1	

Kroll Manual	1	
AutoStar – Task Implementation Booklet	1	
Access Point (PASI) – Professional Services Toolkit	1	
McKesson – Setup Binder and Tools	1	
Marketing Binder (note only applicable for cycles 1-4)	1	
Professional Services Binder (note only applicable for cycles 1-4)	1	
Lab coats	Leave all	
COPD-6 mouthpieces	Leave all	
COPD	1	
OMRON Blood Pressure Monitor	1	
Narcotic cabinet keys	2	
Core Key	1	
Pharmacy Key (all copies)	All copies	
TD Pin Pad lock combination	1 Combo	
Allen Key for TD Pin Pad	1	
Login code to iPad	1 Combo	
CII safe	1	
Under counter fridge (XF0109)	1	
Trash cans (Welcome Kit)	Leave all	
Phones	Leave all	
Anti-fatigue mat 3' x 10"	2	
Full size fridge	1	
Microwave	1	
Digital Thermometer	1	
POS – Retalix	2	

LIST OF KROLL ITEMS TO LEAVE BEHIND

ITEM DESCRIPTION	QTY	COMPLETED (Y/N)
Computer Terminal (DELL Intel i7 Quad Core)	1	
Computer Terminal (DELL i5 Quad Core)	6	
LED Monitor (19" DELL LED Flat Panel Colour Monitor)	7	
Power Supply (APC 750v - Uninterruptible Power Supply)	2	
Laser Printer (dispensary) (Lexmark T650N (or T652) Dual Tray Network Laser Label Printer)	2	
Laser Printer (counselling room) (Lexmark E260D Laser Printer)	1	
Document Scanner (Plustek MobileOffice	2	

D430 Scanner)		
Barcode Scanner · (pharmacy) (Honeywell XENON 1900 USB Hand Held Barcode Scanner)	3	
POS Cash Drawer (MMF Advantage Cash Drawer)	2	
Receipt Printer (EPSON TM-T88V Receipt Printer)	2	
POS Pole Display (PD3000 Pole Display)	2	
Inkjet Printer (all-in-one) (Lexmark 715 Printer)	1	
IVR Box (in control room) (Fusion Technology Module Control Unit (VoiceTech))	1	

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TARGET CANADA CO., *et al.*

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF MARK J. WONG
(Sworn February 10, 2015)

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Matter No: 1159785

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

MOTION RECORD OF THE APPLICANTS

(Motion of Pharmacy Franchisee Association of Canada returnable February 11, 2015)

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