

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

SUPPLEMENTAL MOTION RECORD

(Motion for Approval of Real Property Portfolio Sales Process and Stay Extension)

February 9, 2015

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

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TAB 1

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

SUPPLEMENTAL AFFIDAVIT OF MARK J. WONG
(Sworn February 9, 2015)

(Motion for Approval of Real Property Portfolio Sales Process and Stay Extension)

I, Mark J. Wong, of the City of Mississauga, in the Province of Ontario, MAKE
 OATH AND SAY:

1. I am General Counsel and Secretary for the Applicant Target Canada Co. ("TCC"). I am also 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 Supplemental Affidavit, I consulted with members of the senior management team of TCC, legal, financial and other advisors of TCC, and representatives of Alvarez & Marsal Canada Inc. (the "**Monitor**").

2. I swear this Supplemental Affidavit in connection with the motion brought by the Applicants seeking approval of the Real Property Portfolio Sales Process and extending the stay of proceedings to May 15, 2015. This motion was originally returnable on February 4, 2015 and is now returnable on February 11, 2015.

Background

3. The Applicants and the Partnerships listed on Schedule "A" hereto (collectively, 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.

4. 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.

5. Further details regarding the background to this proceeding are set out in my Affidavit sworn January 14, 2015 (the "**Initial Order Affidavit**") and my Affidavit sworn January 29, 2015 (the "**Second Wong Affidavit**"). Except where so stated, capitalized terms not otherwise defined herein have the meaning ascribed to them in the Initial Order Affidavit and/or Second Wong Affidavit. A copy of the Second Wong Affidavit (without exhibits) is attached as Exhibit A to this Affidavit.

The Real Property Portfolio Sales Process

6. As described in the Second Wong Affidavit, the Target Canada Entities are seeking this Court's approval of the Real Property Portfolio Sales Process by which they will seek to sell, with the assistance of the Financial Advisor and the Broker, all or substantially all of TCC's Leases and other Real Property under the supervision of the Court and the Monitor. The process was designed by the Target Canada Entities and the Financial Advisor, in consultation with the Monitor and the Broker.

7. It is intended that the Real Property Portfolio Sales Process will maximize the value of the Target Canada Entities' cross-Canada real estate portfolio for the benefit of all stakeholders. The process was designed based on the experience and expertise of the Financial Advisor in conducting the types of processes contemplated therein, and the specialized local market experience and in-depth understanding of the individual properties of the Broker.

8. The motion seeking approval of the Real Property Portfolio Sales Process was originally returnable on February 4, 2015, together with the motion seeking approval of the Inventory Liquidation Process to sell the Target Canada Entities' Inventory and FF&E. Between the time that the Real Property Portfolio Sales Process was provided to the landlords on January 29, 2015, and the hearing of the motion on February 4, 2015, the Target Canada Entities and their counsel, together with the Monitor and its counsel, met and held extensive discussions with landlord counsel regarding the Real Property Portfolio Sales Process. During these discussions, the Target Canada Entities, in consultation with the Monitor, proposed a wide variety of changes to the Real Property Portfolio Sales Process in an effort to accommodate certain requests from the landlords while working with the Financial Advisor to ensure that the process would still enable a maximization of value from the real property assets.

9. During the hearing of the motion on February 4, 2015, certain landlords requested an adjournment of the portion of the motion relating to the Real Property Portfolio Sales Process on the basis that they objected to the relief being sought and required more time to either (i) allow the Target Canada Entities and the landlords to continue to negotiate the terms of the Real Property Portfolio Sales Process in an effort to reach an agreement on such process, or (ii) failing such agreement, seek alternative relief. The Applicants opposed the adjournment request.

10. The Inventory Liquidation Process was approved without opposition on February 4, 2015. However, this Court held that it would determine the terms of the Real Property Portfolio Sales Process upon motion returnable February 11, 2015. In its endorsement, this Court held that, pending the determination of the terms of the Real Property Portfolio Sales Process:

- (a) Lazard is authorized to contact prospective interested parties.
- (b) Lazard is authorized to provide such interested parties with a “teaser” and form of confidentiality agreement.
- (c) Lazard and the Applicants are authorized to negotiate the terms of the confidentiality agreements and the Applicants are authorized to enter into such agreements.
- (d) Interested parties are permitted to undertake due diligence, including (i) receiving a confidential information memorandum (“CIM”) from Lazard; (ii) being permitted access to the data room; and (iii) conducting site visits, if requested.
- (e) Lazard can enter into preliminary discussions with interested parties.

The extension of the Stay Period was also put over to February 11, 2015.

11. Since February 4, 2015, the Target Canada Entities and their counsel, together with the Monitor and its counsel, have met and held discussions on a daily basis with a smaller group of landlord counsel. Such counsel, in turn, have been consulting with additional landlord counsel who represent the interests of landlords who hold or manage, in aggregate, the vast majority of the TCC store leases (the “**Landlord Group**”). During these discussions, the Target Canada Entities, in consultation with the Monitor, proposed a wide variety of further changes to the sales process in an ongoing effort to accommodate certain requests from the Landlord Group while working with the Financial Advisor to ensure that the process would still enable a maximization of value from the real property assets. The Landlord Group, in turn, proposed certain changes to the process for consideration by the Target Canada Entities.

12. The current version of the proposed Real Property Portfolio Sales Process reflects the compromises that have been reached between the Target Canada Entities and the Landlord Group and in the view of the Target Canada Entities reflects a fair and reasonable balancing of stakeholder interests. It is my understanding that, with these changes, the Landlord Group is prepared to accept and not oppose approval of the Real Property Portfolio Sales Process.

13. It is also my understanding that the Monitor supports the request to approve and implement the current version of the Real Property Portfolio Sales Process. The Monitor will supervise, in all respects, the Real Property Portfolio Sales Process.

14. In addition, as explained below, at the end of the process, the Target Canada Entities will apply to this Court for an Order approving any Successful Bid(s), or Qualified

Bid(s) as applicable, and authorizing TCC to enter into any and all necessary agreements with respect to the Successful Bid(s), or Qualified Bid(s) as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to them.

15. A copy of the current version of the proposed Real Property Portfolio Sales Process for which the Target Canada Entities are seeking approval is attached as Exhibit B to this Affidavit. A blackline comparison of the current version to the version contained in the Motion Record of the Applicants dated January 29, 2015 is attached as Exhibit C to this Affidavit. Unless otherwise defined herein, capitalized terms in this section on the Real Property Portfolio Sales Process have the meaning given to them in the Real Property Portfolio Sales Process.

A. Summary of Changes to Real Property Portfolio Sales Process

16. The basic framework of the current version of the Real Property Portfolio Sales Process has not changed from the process described and attached to the Second Wong Affidavit. The process describes, among other things, (a) the Leases and the Real Property available for sale; (b) the manner in which prospective bidders may gain access to due diligence materials concerning the Leases and the Real Property; (c) the manner in which bidders and bids become Competing Bidders or Qualified Bidders and Competing Bids or Qualified Bids, respectively; (d) the manner in which Competing Bidders submit Stalking Horse Bids; (e) the manner in which Stalking Horse Bids, if any, become Selected Stalking Horse Bids; (f) the receipt, evaluation and negotiation of bids received; (g) the ultimate selection of one or more Successful Bidders and Backup Bidders; and (h) the process for obtaining such approvals as may be required or appropriate in respect of a Successful Bid, Backup Bid or Qualified Bid, as applicable. It is still contemplated that the Real Property Portfolio Sales Process will proceed in two phases.

17. Changes made to the Real Property Portfolio Sales Process to accommodate the concerns of the Landlord Group include, among other things:

- (a) Increasing the Monitor's control and supervision over all aspects of the Real Property Portfolio Sales Process. The proposed process already provided that the Monitor would supervise the process in all respects and that the Monitor's consent was required to, *inter alia*, enter into Stalking Horse Bids, provide bid protections and extend timelines. The revised Real Property Portfolio Sales Process adds additional oversight by, *inter alia*, (i) adding further consent rights to the Monitor (*e.g.*, ss. 17, 23, 24, 33(d)); and (ii) giving the Monitor the express right to identify potentially interested parties (s.6), solicit non-binding expressions of interest (s. 8), and request information in respect of Qualified LOIs (s.15).
- (b) Providing that the Targeted Outside Date by which the Target Canada Entities will have entered into definitive agreements with Successful Bidders, or Qualified Bidders, as applicable, is May 15, 2015, or such later date as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender, provided that in no event shall such date be after June 1, 2015.
- (c) Providing that, if a definitive agreement with respect to a particular Lease(s) is not executed on or before June 1, 2015, any such Lease(s) that is not subject to a definitive executed agreement on or before such date (or not earlier disclaimed, which disclaimer has become effective by June 1, 2015) shall be released from the

stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on June 1, 2015.

- (d) Providing that, if a transaction with respect to a particular Lease(s) has not been completed on or before June 30, 2015 or such later date as may be ordered by the Court, any such Lease(s) shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on the later of (i) June 30, 2015, and (ii) such later date as may be ordered by the Court, as applicable.
- (e) Requiring the Applicants to obtain Court approval, on notice to the service list, of any proposed material modification to the Real Property Portfolio Sales Process (otherwise, the Applicants retain the discretion, with the consent of the Monitor and the DIP Lender and in consultation with the Financial Advisor, to modify the process from time to time).
- (f) Allowing a landlord to participate in the sales process relating to the landlord's Lease(s) by making Landlord LOIs and Landlord Qualified Bids – which are deemed to be Qualified LOIs and Qualified Bids – without having to meet certain of the criteria that apply to other parties.
- (g) Requiring Qualified Bidders to provide details of their financial and other capability to perform, observe and comply with the terms of the applicable Lease(s).

- (h) Requiring Qualified Bidders to provide details of any amendments they are seeking to Leases from the applicable landlord(s).
- (i) Clarifying that the Financial Advisor is to provide to Competing Bidders all guarantees and indemnities by any person as part of the additional due diligence materials where the Applicants, in their reasonable business judgement and in consultation with the Monitor, determine appropriate.
- (j) Providing that nothing in the Real Property Portfolio Sales Process and nothing in any arrangements made during the course thereof with a Successful Bidder shall prejudice or impair the ability of a landlord to object to Court approval of a Successful Bid.

B. The Necessity of the Contemplated Timelines in the Real Property Portfolio Sales Process

18. The timelines in the current proposed Real Property Portfolio Sales Process have been designed in a manner that is expected to maximize the value of the Target Canada Entities' real estate portfolio, while being as compressed as reasonably practicable to accommodate the interests of the landlords. I am advised by Mr. Tim Pohl of Lazard and believe that the timelines which have been agreed to represent an aggressive, but reasonable, compromise in the circumstances.

19. Moreover, I am advised by Mr. Pohl that Lazard believes that it is critical that the process maintain some degree of flexibility in light of the sheer number and varied nature of the Leases and Real Property in the Sales Process. There may be a high degree of overlap in the properties for which bidders are interested. There may be many different bids, on varied terms,

for the properties. Accordingly, Lazard believes that the proposed process will assist in maximizing value for the estate.

20. The Real Property Portfolio Sales Process contemplates the following timelines:

- (a) **February 4, 2015 – March 5, 2015:** In the initial phase of the process, the Financial Advisor will solicit non-binding letters of intent from prospective parties. In order to facilitate the receipt of such letters of intent, the Financial Advisor will, among other things, send a “teaser” document to prospective purchasers, negotiate the terms of confidentiality agreements with prospective purchasers, provide access to a data room and CIM for prospective purchasers who execute confidentiality agreements, conduct site visits for prospective purchasers and enter into discussions with prospective purchasers. I understand that this process has already commenced pursuant to this court’s endorsement on February 4, 2015. I further understand that the length of time of this initial phase is necessary to allow Lazard to seek interest from a wide array of prospective parties and to allow prospective purchasers to perform preliminary diligence and make preliminary financing arrangements prior to submitting initial expressions of interest.
- (b) **March 5, 2015 – March 12, 2015:** The Target Canada Entities, the Financial Advisor, and the Monitor will assess the Qualified LOIs received during Phase 1 and will determine whether there is a reasonable prospect of obtaining a Qualified Bid and proceeding to Phase 2. For the purpose of such consultations and evaluations, the Monitor or the Financial Advisor may request clarification of the

terms of any Qualified LOI submitted by an Interested Bidder. While the process provides that this will be conducted within five (5) Business Days, the Target Canada Entities have been advised by Lazard and believe that it is not practical to know now whether all five business days will be required: it will depend on how many Qualified LOIs are received and what properties they relate to.

- (c) **March 5, 2015 – March 26, 2015:** The effectiveness of the Real Property Portfolio Sales Process includes the flexibility to obtain Selected Stalking Horse Bids. During this second phase of the process, the Financial Advisor will provide access to additional due diligence materials and information relating to the Leases and Real Property to Competing Bidders. The Applicants, with the consent of the Monitor and in consultation with the Financial Advisor, may select one or more bids from Competing Bidders to serve as Selected Stalking Horse Bids. Any Competing Bidder that wishes to submit a Stalking Horse Bid must deliver a Qualified Bid in accordance with the terms of the Sales Process, as applicable, to the Financial Advisor (the deadline is set as 5:00 p.m. ET on March 26, 2015 or as extended in accordance with the proposed Real Property Portfolio Sales Process)

In addition, part of the ability to obtain effective Selected Stalking Horse Bids is the ability to grant bid protections to Selected Stalking Horse Bidders with the consent of the Monitor, including a Break Fee and Expense Reimbursement.

- (d) **March 26, 2015 – April 23, 2015:** Following the selection of any Selected Stalking Horse Bidders, the Financial Advisor will invite Qualified Bids, which

must be delivered to the Financial Advisor on or before the Qualified Bid Deadline (set as April 23, 2015 or as extended in accordance with the proposed process). During this stage of the process, the Applicants may, in consultation with the Monitor and the Financial Advisor, engage in negotiations with Qualified Bidders and may accept revisions to Qualified Bids. The Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor, shall determine which bid is the most favourable bid with respect to a Lease(s) and/or Real Property, taking into account a wide variety of considerations.

- (e) **April 28, 2015 – June 1, 2015:** On or about April 28, 2015, the Target Canada Entities, in consultation with the Monitor and Financial Advisor, shall commence one or more Auctions. Following the Auction process, the Applicants will negotiate and seek to enter into definitive agreements of purchase and sale with Successful Bidders, or Qualified Bidders, as applicable. I am advised by Mr. Pohl and believe that it is crucial to ensure that there is sufficient time and flexibility in this step of the process because it is impossible to know how many definitive agreements the Applicants will need to negotiate and execute. In addition, I understand that it makes practical sense to set May 15th as the Targeted Outside Date and June 1st as the date by which a definitive agreement of purchase and sale must be executed as it is impossible to predict at this stage the number and type of transactions that will be achieved, given the nature of the real estate assets. Should a definitive agreement of purchase and sale not be executed for any particular Lease by June 1, 2015, absent an intervening order of the Court, such

Lease shall be disclaimed on June 1, 2015 in accordance with the Initial Order and the CCAA.

After the definitive agreements have been executed, the Target Canada Entities will apply to the Court for one or more approval and vesting Orders: (i) approving the Successful Bid(s) and, for leases and/or real property not subject to an Auction, the applicable Qualified Bids, and (ii) authorizing TCC to enter into any and all necessary agreements with respect to these bid(s) and to undertake such other actions as may be necessary or appropriate to give effect to these bid(s).

- (f) **June 1, 2015 – June 30, 2015:** The Real Property Portfolio Sales Process, as amended, provides for an Outside Date of June 30, 2015 to close transactions. This date can only be extended by Order of the Court. Should a transaction not be closed for any particular Lease by June 30, 2015, and the date has not been extended by an Order of the Court, such Lease shall be disclaimed on June 30, 2015 in accordance with the Initial Order and the CCAA.

21. The Target Canada Entities hope to close all transactions as quickly as practicable after they have entered into definitive agreements with Successful Bidders, or Qualified Bidders, as applicable.

Proposed Changes to the Initial Order

22. A component of obtaining the consent of the Landlord Group for approval of the Real Property Portfolio Sales Process was the agreement of the Target Canada Entities to seek approval of certain changes to the Initial Order in the form of an Amended and Restated Initial

Order. A blackline comparison of the Amended and Restated Initial Order to the Initial Order is attached as Exhibit D to this Affidavit. These proposed changes were the subject of significant negotiation between the Landlord Group and the Target Canada Entities, with the assistance and input of the Monitor and Target Corporation.

23. It is also my understanding that both the Monitor and Target Corporation support the proposed changes to the Initial Order. I understand that the Monitor will file a report with the Court in conjunction with the Target Canada Entities' request for approval of the Real Property Portfolio Sales Process and the proposed changes to the Initial Order.

A. Stay of Derivative Claims does not apply to Landlords in relation to Guarantees

24. As part of its initial application for relief under the CCAA, the Applicants requested that the benefit of the stay of proceedings be extended (subject to limited exception) to Target Corporation and its US subsidiaries ("**Target US**") in relation to claims against these entities that are derivative of the primary liability of the Target Canada Entities (the "**Derivative Stay**"). This extension of the stay of proceedings to Target US would have the effect of postponing (but not resolving or otherwise impairing) certain types of claims that could potentially be asserted against Target US that depend or derive from acts, omissions, liabilities or obligations of the Target Canada Entities.

25. In its Initial Endorsement, this Court held that it had the jurisdiction to grant such a stay and that it was appropriate to preserve the status quo, subject to the proviso that affected parties can challenge the broad nature of the stay at the comeback hearing. The Derivative Stay was granted in the Initial Order.

26. As part of the overall resolution of landlord issues, the Target Canada Entities are proposing an amendment to the Initial Order which will clarify that the Derivative Stay does not apply to any landlord in connection with any right, remedy or claim such landlord may have against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US pursuant to a written contractual indemnity, guarantee or surety provided by Target US to such landlord.

B. Treatment of Guarantee Claims

27. The second amendment to the Initial Order is the addition of paragraph 19A which relates specifically to the treatment of Landlord Guarantee Claims (as defined in the proposed Amended and Restated Initial Order) of any landlord against Target US pursuant to any written contractual indemnity, guarantee or surety relating to a lease of real property.

28. In particular, the proposed provision provides that, without in any way altering, increasing, creating or eliminating any obligation or duty to mitigate losses or damages, the Landlord Guarantee Claims of any landlord against Target US pursuant to any written contractual indemnity, guarantee or surety relating to a lease of real property:

- (a) shall be determined by a judge of the Ontario Superior Court of Justice (Commercial List), whether or not the within proceedings under the CCAA continue and notwithstanding the provisions of any federal or provincial statutes from a process perspective;
- (b) shall not be determined, directly or indirectly, in the within CCAA proceedings;

- (c) shall be unaffected by any determination (including any findings of fact, mixed fact and law or conclusions of law) of any rights, remedies and claims of such Persons as against the Target Canada Entities, whether made in the within proceedings under the CCAA or in any subsequent proposal or bankruptcy proceedings under the BIA, other than that any recoveries under such proceedings received by such landlords shall constitute a reduction and offset to any Landlord Guarantee Claims; and
- (d) shall be treated as unaffected and shall not be released or affected in any way in any Plan filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of them, under the BIA.

29. The rationale for having Landlord Guarantee Claims determined by a judge on the Commercial List is to allow for judicial economy and overall efficiency in dealing with the Landlord Guarantee Claims which are closely related to the CCAA proceedings.

C. No Partial Downsizing in respect of Leases

30. Paragraph 12(a) of the Initial Order includes the standard language from the Model CCAA Initial Order permitting the Applicants, subject to the requirements of the CCAA and such covenants as may be contained in the Term Sheet governing the DIP Facility, to permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of redundant or non-material assets not exceeding \$1 million in any transaction or \$5 million in the aggregate.

31. The proposed change to paragraph 12(a) of the Initial Order would clarify that, with respect to any leased premises, the Target Canada Entities may, subject to the requirements of the CCAA and paragraphs 13 to 15 of the Initial Order, vacate, abandon or quit the whole but not part of any leased premises and may permanently but not temporarily cease, downsize or shut down.

Stay Extension

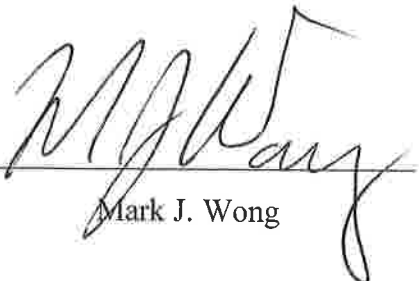
32. I continue to believe that the Target Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing the controlled and orderly wind down of their businesses. In addition to the extensive efforts to stabilize their businesses as outlined at paragraphs 6 to 22 of the Second Wong Affidavit, the Target Canada Entities were able to obtain approval of the Inventory Liquidation Process on February 4, 2015. I understand that the liquidation of the Inventory and FF&E commenced on February 5, 2015. The Target Canada Entities have also completed arrangements with the landlords to allow the Real Property Portfolio Sales Process to be presented to the court on a consensual basis. Further, as set out in the cash flow projection attached to the Supplemental Report to the Monitor's First Report, the Target Canada Entities are projected to have sufficient cash resources to operate during the proposed extended Stay Period.

SWORN BEFORE ME at the City of
Toronto, on the 9th day of February,
2015.



Commissioner for taking Affidavits

ROBERT CARSON


Mark J. Wong

SCHEDULE A**Partnerships**

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

TAB A

THE FOLLOWING IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT
OF MARK J. WONG
SWORN FEBRUARY 9, 2015



Commissioner for Taking Affidavits

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

APPLICANTS

**AFFIDAVIT OF MARK J. WONG
(Sworn January 29, 2015)**

**(Motion for Approval of Agency Agreement and Inventory Liquidation Process,
Approval of Real Property Portfolio Sales Process and Stay Extension)**

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

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

2. I swear this Affidavit in support of the motion brought by the Applicants and the Partnerships listed on Schedule “A” hereto (collectively, the “**Target Canada Entities**”) seeking Orders, substantially in the forms attached to the Motion Record, among other things: (i) approving the Inventory Liquidation Process (defined below); (ii) approving the Real Property Portfolio Sales Process (defined below); and (iii) extending the stay of proceedings to May 15, 2015.

Background

3. 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.

4. The Initial Order, a copy of which is attached as Exhibit A to this Affidavit, granted, among other things, a stay of proceedings until February 13, 2015, or such later date as this Honourable Court may order.

5. 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. A copy of the Initial Order Affidavit without exhibits is attached as Exhibit B to this Affidavit.

Efforts to Date to Stabilize Businesses

6. Since the granting of the Initial Order, the Target Canada Entities, in close consultation and with the assistance of the Monitor, have been working diligently to stabilize their businesses and operations as part of these CCAA proceedings. The Target Canada Entities have responded and continue to respond to numerous creditor and stakeholder inquiries on a daily basis. All 133 open stores in Canada have remained operational since the granting of the Initial Order. As part of their stabilization efforts, the Target Canada Entities have worked closely with the Monitor to develop and implement a proactive communication and consultation plan with their stakeholders.

7. The efforts of the Target Canada Entities and the Monitor have been generally successful in stabilizing the businesses; however, numerous issues continue to arise on a daily basis which require the urgent attention of the remaining management team at the Target Canada Entities.

A. Employees

8. On or about January 15, 2015, letters were sent to more than 17,000 employees of TCC, advising employees that the Target Canada Entities had applied for and been granted protection from their creditors under the CCAA. TCC has issued notices of termination to the vast majority of its employees. TCC's head office in Mississauga is now operating with a reduced team focused on implementing the orderly wind down of the Target Canada Entities' businesses.

9. The Target Canada Entities, through their counsel, have had numerous discussions and communications with Employee Representative Counsel since the granting of

the Initial Order. I am advised by Mr. Sven Poysa of Osler, Hoskin & Harcourt LLP, counsel for the Target Canada Entities, and believe that Employee Representative Counsel has taken the following steps in accordance with its mandate: (i) established a toll-free dedicated phone line and a dedicated email address through which TCC employees can obtain information about this CCAA proceeding; (ii) posted information for TCC employees on the Koskie Minsky LLP website, which is being regularly updated; (iii) held two sessions for TCC's head office employees; and (iv) responded to inquiries from employees. I am also advised by Mr. Poysa and believe that, in accordance with paragraph 32 of the Initial Order, Employee Representative Counsel has sought interested employees to act as employee representatives in this CCAA proceeding and has discussed this role with interested employees.

10. Target Corporation made the first contribution to the Employee Trust in the amount of CAD \$52.5 million. As noted in the Initial Order Affidavit, Target Corporation will provide further funding if required to satisfy Eligible Employee Claims to the Maximum Required Trust Contribution, following notice from the Administrator. The estimated amount of funding required has been updated since the Initial Order was issued based on subsequent events. Accordingly, Target Corporation has agreed to increase the Maximum Required Trust Contribution from CAD \$70 million to CAD \$90 million to ensure the Employee Trust has sufficient funds to meet its objectives. The incremental amount of CAD \$37.5 million is expected to be received in trust by the Monitor's counsel by January 30, 2015.

B. Pharmacies

11. On January 15, 2015, TCC Pharmacy 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 93 Target-branded pharmacies in Canada (outside of Quebec) and 14 Target/Brunet co-branded pharmacies in Quebec. As explained in the Initial Order Affidavit, the arrangements in respect of pharmacies in TCC stores differ between Quebec and the rest of Canada.

i. *Quebec*

12. 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.

ii. *Rest of Canada*

13. For the pharmacies operating in TCC's stores in the rest of Canada, the Target Canada Entities are engaging with the franchisees in an effort to implement an orderly wind down of the pharmacy operations as quickly as possible, and to ensure that the interests of the pharmacies' patients are protected, including in accordance with the pharmacies' regulatory

obligations. On January 26, 2015, with the consent of the Monitor, TCC Pharmacy delivered disclaimer notices to all of the pharmacy franchisees in respect of the franchise agreements with the pharmacy franchisees and all other ancillary and related agreements.

14. The Target Canada Entities have taken the following steps, among others, to implement the orderly wind down of pharmacy operations across Canada:

- (a) TCC Pharmacy has communicated extensively with its franchisees regarding the orderly wind down of the TCC pharmacy operations. On the date that this CCAA proceeding was commenced, TCC Pharmacy held a telephone call with franchisees to, among other things, outline several steps that the franchisees were required to take in relation to their patients – 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. In addition, the Target Canada Entities established a dedicated email account to respond to questions from franchisees. The Target Canada Entities, in consultation with their legal advisors, prepared responses to the questions and sent the responses to all franchisees (unless the issue was unique to a particular franchisee).
- (b) 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 are working to facilitate the transfer of the existing telephone and fax numbers to the franchisee pharmacists should they re-open at new locations. 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.

- (c) The Target Canada Entities have confirmed to the franchisees that the rights and obligations relating to patient files for a particular pharmacy belong to the franchisee operating that pharmacy. The Target Canada Entities have encouraged franchisees to transfer the patient files to a new pharmacy expeditiously. 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**”). It is expected that the franchisees will enter into agreements directly with Kroll to obtain the patient data and ensure that it is properly safeguarded and transferred. The Target Canada Entities are working directly with Kroll to ensure that the patient data will be transferred to the franchisees.
- (d) The Target Canada Entities intend to send closing checklists to each franchisee and store team leader in a TCC store in which there is a pharmacy. These checklists are expected to contribute to an orderly wind down, 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.

15. For the three pharmacies operated by TCC Pharmacy Ontario, the Target Canada Entities are similarly working to wind down operations in an orderly and efficient manner. TCC Pharmacy Ontario is considering its options for the Schedule I and Schedule II (*i.e.*, “behind-the-

counter”) drug inventory owned by the three pharmacies operated by TCC Pharmacy Ontario and the orderly transfer of its patient files. TCC Pharmacy Ontario is also in the process of attempting to market and sell its “Pre-54” charter to third parties.

C. Suppliers and other Third Parties

16. Since filing for CCAA protection, the Target Canada Entities, in close consultation with the Monitor, have been in contact with an extensive number and wide variety of creditors and suppliers. The Target Canada Entities are working diligently with the Monitor to attempt to consensually resolve creditor and supplier issues as they arise as part of the stabilization of the business. This includes considering requests for critical supplier status, dealing with the ongoing needs of the business and operations and answering general questions about the CCAA process and how the orderly wind down of the business will affect the particular supplier or other creditors. Further, counsel for the Target Canada Entities, the Monitor and counsel for the Monitor met with counsel representing a number of suppliers on January 26, 2015 to discuss various supplier issues.

17. In addition to the pharmacy franchise agreements discussed above, the Target Canada Entities have disclaimed more than 50 agreements with the consent of the Monitor, including a variety of agreements relating to services that will no longer be required as part of the orderly wind down.

18. Further, the Target Canada Entities have made arrangements to mutually terminate agreements with, and wind down services provided by, certain significant stakeholders as follows:

- (a) **Glentel:** With the approval of the Monitor, TCC Mobile and Glentel Inc. (“**Glentel**”) have agreed to a mutual termination of the agreement between TCC Mobile and Glentel. Glentel has removed its inventory, equipment and supplies from all 133 TCC stores. Glentel has agreed that amounts owing will be dealt with as part of the claims process in the CCAA proceeding.
- (b) **Starbucks:** With the approval of the Monitor, TCC and Starbucks Coffee Canada, Inc. (“**Starbucks**”) have agreed to a mutual termination of the master licensing agreement between TCC and Starbucks and an orderly wind down of the Starbucks-branded stores operating within TCC stores. Starbucks-branded stores ceased operating in all TCC stores on or before January 23, 2015. The parties are in the process of finalizing the mutual termination agreement.

D. Landlords

19. The Target Canada Entities have implemented a communications plan with respect to landlords as part of the CCAA filing. Discussions have occurred directly between the Target Canada Entities and landlords and between counsel for the Target Canada Entities and/or the Monitor and counsel for landlords. A representative of Lazard Freres & Co. LLC (the “**Financial Advisor**”) has participated in most of these meetings.

20. In particular, during the week commencing January 26, 2015, representatives of the Target Canada Entities and the Monitor met in person or by phone with counsel, and in some cases business representatives, for several large retail landlords who hold or manage, in aggregate, the majority of the TCC store leases. Counsel for the Target Canada Entities provided information to the landlords in respect of the CCAA proceedings, generally, and in respect of the

proposed Inventory Liquidation Process and Real Property Portfolio Sales Process, as such terms are defined below, specifically. The Target Canada Entities, with the assistance of the Monitor and the Financial Advisor, intend to continue to consult with landlords throughout these processes and throughout this CCAA proceeding.

E. DIP Financing

21. On January 15, 2015, the Borrower drew USD \$35 million from the DIP Facility. A portion of these funds were used to meet TCC's scheduled payroll payment of approximately CAD \$17.4 million, which was made to TCC's employees (through ADP) on January 16, 2015.

22. On January 20, 2015, the Borrower made a repayment to the DIP Facility of approximately USD \$16 million pursuant to the mandatory prepayment terms under the DIP Facility, resulting in a current outstanding balance of approximately USD \$19 million owing under the DIP Facility.

Proposed Inventory Liquidation Process

23. Paragraph 12(d) of the Initial Order provides that the Target Canada Entities shall have the right to "in consultation with, and with the oversight of the Monitor, engage in discussions with and solicit proposals and agreement(s) from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property [...] and return to Court for approval of such agreement(s)".

24. In order to maximize the value of their inventory and furniture, equipment and fixtures (the "**Inventory & FF&E**") for the benefit of their stakeholders, the Target Canada Entities are seeking the Court's approval of an agency agreement regarding the liquidation of

their inventory and a process (the “**Inventory Liquidation Process**”) to liquidate TCC’s Inventory & FF&E contemplated therein (including the Sales Guidelines attached thereto). The Inventory Liquidation Process was designed by the Target Canada Entities in consultation with the Monitor. It is my understanding that the Monitor supports the approval of the Agency Agreement (defined below) and the Inventory Liquidation Process.

25. On January 20, 2015, the Target Canada Entities and the Monitor commenced a formal request for proposal (“**RFP**”) process to solicit proposals from third party liquidation firms to conduct or consult on an orderly liquidation of the Inventory & FF&E, including the Inventory & FF&E located in TCC’s retail stores, distribution centres and corporate head office in Mississauga, Ontario.

26. On that date, the Monitor sent a solicitation letter and related documents (including template draft agreements) to a list of five potential liquidators that had been selected based on their qualifications and prior experience handling large-scale liquidations, including large-scale liquidations in Canada. I am advised by the Monitor that they are five of the most experienced liquidation firms operating in the North American marketplace. Copies of the solicitation letter and RFP are attached as Exhibit C to this Affidavit. The letter invited the liquidation firms to submit equity and/or fee bids for the purpose of selecting an agent or a consultant, on an exclusive basis, to assist the Target Canada Entities in the liquidation of the Inventory & FF&E. In general, equity proposals would involve the liquidator conducting the liquidation process and guaranteeing a net minimum amount that would be paid to TCC, whereas fee proposals would involve the liquidator consulting on the liquidation process in exchange for

a percentage fee of the sales. The letter stated that all proposals needed to be received by the Monitor by no later than 3:00 pm ET on January 23, 2015.

27. Each liquidator who returned an executed confidentiality agreement was given access to a virtual data room which contained financial and other information concerning the Inventory & FF&E.

28. Three sets of proposals were received on January 23, 2015. Of the five liquidators solicited (collectively, the “**Participating Liquidators**”), one submitted a proposal on its own and two proposals were submitted by joint ventures formed by the remaining four liquidators. Each Participating Liquidator provided both equity and consulting proposals for consideration.

29. Following a careful review of the proposals, the Target Canada Entities, in consultation with the Monitor, invited each Participating Liquidator to participate in an auction, which took place on January 27, 2015 in Toronto, Ontario. The Target Canada Entities, in consultation with the Monitor, selected the proposal from a contractual joint venture composed of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada ULC (collectively, the “**Agent**”). The Agent’s proposal provides for the best guaranteed recovery for stakeholders. Both the Target Canada Entities and the Monitor were of the view that the Agent’s proposal was the most favourable of those submitted.

30. The members of the contractual joint venture have extensive experience in conducting retail liquidations. On an average annual basis, they collectively conduct more than 100 store closing transactions worldwide. Among them, they have led the inventory dispositions for a wide variety of former retailers, including Borders and Circuit City, and have conducted

nearly all major retail liquidations in Canada, including Eatons, Dylex, Bombay, Linens N Things, Saan Stores, Joggers, Athletes World, Bernard Trottier, Sportmart, and, currently, Mexx. In addition, members of the contractual joint venture conducted the liquidation of the inventory and FF&E in the Zellers stores.

31. On January 29, 2015, the Agent and the Target Canada Entities entered into an agency agreement (the “**Agency Agreement**”), a copy of which is attached as Exhibit D to this Affidavit. Capitalized terms in this section that are not otherwise defined have the meaning given to them in the Agency Agreement. It is my understanding that the Monitor supports the selection of the Agent and the Target Canada Entities entering into the Agency Agreement. The Agency Agreement is subject to Court approval.

32. The Agency Agreement provides that the Agent will serve as the exclusive agent and mandatary of TCC, TCC Pharmacy and TCC Pharmacy Ontario (collectively, the “**Company**”) for the limited purpose of conducting the Sale in TCC’s retail stores, distribution centres and corporate head office, in whole, in accordance with the terms of the Agency Agreement.

33. As a guaranty of the Agent’s performance, the Agent has guaranteed that the Company shall receive a net minimum amount (the “**Guaranteed Amount**”) equal to 74% of the aggregate “Cost Value” of the Merchandise, computed in accordance with the Agency Agreement, and subject to adjustment in accordance with the Agency Agreement if: (i) the aggregate Cost Value of the Merchandise is less than CAD \$445 million or greater than CAD \$475 million; and/or (ii) the Cost Value of the Merchandise as a percentage of the Retail Price of the Merchandise exceeds 63%. To secure the Agent’s obligations under the Agency Agreement,

including the obligation to pay the Guaranteed Amount, the Expenses, the Additional Agent Fee, the Company Sharing Amount, and other amounts due to the Company under the Agency Agreement, the Agent shall deliver to the Company one or more irrevocable and unconditional standby letters of credit in the aggregate original face amount equal to CAD \$50 million, in accordance with the terms of the Agency Agreement.

34. Some of the key terms of the Agency Agreement include:

- (a) If the Court issues the proposed Order approving the Agency Agreement, the Sale will commence within one calendar day of the making of the Order, or such other date as the parties may mutually agree in writing.
- (b) The Agency Agreement is conditional upon the Company having obtained an Order of this Court by no later than February 4, 2015 substantially in the form attached to the Agency Agreement.
- (c) The Sale Term will end on the Sale Termination Date, which is defined as the date on which the Sale terminates, which date shall be no later than May 15, 2015 with respect to the stores, no later than April 30, 2015 with respect to the distribution centres and no later than March 31, 2015 with respect to the corporate office.
- (d) All sales of Merchandise in TCC's stores will be recorded using TCC's existing POS System to ensure accurate sales audit functions, as well as accurate calculations of Proceeds. All Proceeds will be collected by TCC and deposited in

the existing accounts on a daily basis and reconciled on a weekly basis. During each “Weekly Sale Reconciliation” during the Sale Term, all Proceeds will be disbursed as follows:

- (i) first, to the Company, to reimburse the Company for Expenses paid by the Company during the previous week subject to the Weekly Sale Reconciliation;
 - (ii) second, to the Agent, to reimburse the Agent for Expenses paid by the Agent during the previous week subject to the Weekly Sale Reconciliation;
 - (iii) third, to the Company, until payment in full of the Guaranteed Amount;
 - (iv) fourth, to the Agent, until the Agent has received an amount equal to six percent of the aggregate Cost Value of the Merchandise; and
 - (v) fifth, (x) fifty percent to Agent; and (y) fifty percent to the Company.
- (e) The Agent will have the exclusive right to dispose of all FF&E in accordance with the Agency Agreement. In consideration of its services selling the FF&E, the Agent will receive a commission on the sale of any FF&E during the Sale equal to 20% of the “FF&E Proceeds”. In addition, the Company will reimburse the Agent for the Agent’s reasonable out of pocket expenses reasonably attributed to the disposition of FF&E. All gross proceeds of FF&E will be deposited by the Agent on a daily basis in an account to be designated by the Company.

- (f) The Agent only has the right to supplement the Merchandise in the Sale with additional goods procured by the Agent if such additional goods are of like kind and no lesser quality to the Merchandise and provided that such goods shall be limited to 5% of the aggregate Cost Value of the Merchandise at the Sale Commencement Date. The Agent will pay the Company five percent of the gross proceeds (excluding Sale Taxes) for such goods. The Agent and Company agree that such Additional Goods are, and shall be construed as, a true consignment from Agent to the Company in all respects.
- (g) To the extent that there is Merchandise or FF&E remaining at the Sale Termination Date, such remaining Merchandise or FF&E shall be deemed transferred to the Agent free and clear of all Encumbrances and the Agent shall use commercially reasonable efforts to dispose of all such remaining Merchandise or FF&E by bulk sale, wholesale or otherwise. The proceeds received by the Agent from such disposition shall constitute Proceeds or FF&E Proceeds, as applicable, under the Agency Agreement. To the extent that any of the remaining Merchandise includes any Merchandise with logos, brand names or other intellectual property of or under license to the Company, the Agent and the Company shall agree on the disposition of such Merchandise.
- (h) The Company will retain all rights and responsibilities in respect of any "Excluded Goods" – including, among other goods, Scheduled Drugs, inventory owned by Glentel, and Starbucks products containing licensed trademarks – but the Agent will assist the Company in dealing with any Excluded Goods,

including, without limitation, by selling, removing or returning any of the Excluded Goods to such parties as may be identified by the Company, in each case at the Company's sole cost and expense. If the Company elects at the beginning of the Sale Term to have the Agent sell some or all of the Excluded Goods (the Company having obtained all necessary approvals from third parties, or authorizations as may be required), the Agent shall accept such Excluded Goods to be sold as part of the Sale at prices and through sales channels mutually acceptable to the Company and the Agent. The Agent shall be entitled to receive a fee equal to 20% of the proceeds (excluding Sales Tax).

- (i) The Agent shall be unconditionally responsible for all Expenses incurred in conducting the Sale during the Sale Term, which Expenses shall be paid by Agent in accordance with the Agency Agreement.
- (j) All sales of Merchandise and FF&E will be "final sales" and "as is" and all advertisements and sales receipts will reflect the same.
- (k) Subject to the provisions of the proposed Order approving the Agency Agreement, the Company will provide such employees as the Agent may designate from time to time in connection with the conduct of the Sale. The Agent may, in its discretion, stop using any such employee at any time during the Sale. The employees at all times remain the employees of the Company.

35. The Agency Agreement is also subject to certain guidelines (the "**Sales Guidelines**"), which are attached as Schedule "G" to the Agency Agreement. The Target Canada

Entities prepared the Sales Guidelines in consultation with the Monitor. The Sales Guidelines provide, among other things:

- (a) Except as otherwise set out in any Court Order, subsequent written agreement between TCC and the landlord, or the Sales Guidelines, the Sale shall be conducted in accordance with the terms of the applicable leases.
- (b) The Sale shall be conducted so that each store remains open during the normal hours of operation provided for in the applicable leases until the Vacate Date for the store, as provided in the Agency Agreement.
- (c) All display and hanging signs used in connection with the Sale shall be professionally produced and hung in a professional manner. No signs shall advertise the Sale as a “going-out-of-business” or “bankruptcy” sale.
- (d) The purchasers of FF&E shall only be permitted to remove the FF&E through the back shipping areas after regular store business hours, with the landlords’ supervision if required by the landlords, in accordance with the Initial Order and the proposed Order approving the Agency Agreement and Inventory Liquidation Process.
- (e) The Agent shall not conduct any auctions of merchandise or FF&E at any of the locations.

36. The Company and the Monitor will have the right to monitor the Sale and activities attendant thereto and be present in all Locations at all times.

37. In addition to all of the foregoing, the Target Canada Entities and the Monitor intend to consider issues raised by stakeholders as they arise. In particular, the Target Canada Entities intend to consult with their landlords throughout this process. As noted above, counsel for the Target Canada Entities has already met with counsel for certain of the landlords regarding the proposed Inventory Liquidation Process.

38. A subset of the retail leases for TCC's stores include provisions prohibiting going-out-of-business, liquidation and/or bankruptcy sales. In addition, some of the retail leases contain express operating covenants. These covenants take a variety of forms including covenants to continuously operate the store for varying periods of time. Some of the retail leases also include recapture rights that permit the landlord to take back the premises if the store ceases operations. As indicated previously, the Sales Termination Date is to be no later than May 15, 2015. However, the Target Canada Entities have been advised by the Agent that the operations at many stores may cease well before May 15, 2015, with Sales at some stores to be completed potentially as early as the end of March 2015.

39. I believe that the contemplated sales process will benefit all of the Target Canada Entities' stakeholders. It is my understanding that the Agent is familiar with the types of lease restrictions described above, has good relationships with many of the landlords from prior transactions, and is experienced in dealing with the types of landlord concerns that may arise in the type of process contemplated in this CCAA proceeding.

40. The Agency Agreement contemplates the creation of a Court-ordered charge in favour of the Agent on all of the Merchandise, Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and the proceeds of the Sale of Designated Company Consignment Goods

(to the extent of the Agent's commission with respect thereof) to secure all amounts due and owing to the Agent under the Agency Agreement. The Agent's services are crucial to the controlled and orderly wind down of the Target Canada Entities' businesses. In the Target Canada Entities' view, this represents the best way to maximize the value of the Inventory & FF&E and to maximize the amounts available for the benefit of all stakeholders. The Target Canada Entities believe that engaging a professional liquidator to undertake a sale of the Inventory & FF&E will produce better results for the Target Canada Entities than an attempt by the Target Canada Entities to sell their remaining Inventory & FF&E without such professional assistance.

41. The Target Canada Entities believe that it is crucial to begin a sales process immediately in order to implement the orderly wind down of the business and to maximize the amounts available to their respective stakeholders. I am advised by the Monitor and believe that the Monitor supports the proposed Inventory Liquidation Process, including the proposed timeline.

Proposed Real Estate Interest Sales Process

42. The Target Canada Entities are also seeking at this time the Court's approval of a process (the "**Real Property Portfolio Sales Process**") by which they will seek to sell all or substantially all of TCC's Leases and Real Property under the supervision of the Court and the Monitor. The purpose of the Real Property Portfolio Sales Process is to seek proposals from Qualified Bidders and to implement one or a combination of such proposals. The process is intended to be flexible and may result in sales, dispositions, assumptions, assignments, disclaimers, terminations, and other transaction forms.

43. The Real Property Portfolio Sales Process was designed by the Target Canada Entities and the Financial Advisor, in consultation with the Monitor and Northwest Atlantic (Canada) Inc. (the “**Broker**”). The Initial Order approved the appointment of the Financial Advisor and the Broker in connection with the contemplated sales process for the real estate portfolio held by the Target Canada Entities.

44. I am advised by Tim Pohl of Lazard and believe that the Real Property Portfolio Sales Process is designed to maximize the value of the Target Canada Entities’ real estate portfolio for the benefit of the stakeholders, based on the experience and expertise of the Financial Advisor in conducting the types of processes contemplated therein, and the local market experience and in-depth understanding of the individual properties of the Broker.

45. The proposed Real Property Portfolio Sales Process is attached as Exhibit E to this Affidavit. Capitalized terms that are not otherwise defined in this section of my Affidavit have the meaning given to them in that document.

46. It is my understanding that the Monitor supports the request to approve and implement the Real Property Portfolio Sales Process. The Monitor will supervise, in all respects, the Real Property Portfolio Sales Process, including the Financial Advisor’s performance under its engagement by TCC in connection therewith. In addition, as explained below, at the end of the process, the Target Canada Entities will apply to this Court for an Order approving any Successful Bid(s), or Qualified Bid(s) as applicable, and authorizing TCC to enter into any and all necessary agreements with respect to the Successful Bid(s), or Qualified Bid(s) as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to them.

47. The Target Canada Entities have been advised by the Financial Advisor that the sales process is expected to be more effective and maximize recovery for the estate if all of the leases and real property are dealt with in a single, holistic process. Although the process is flexible and may result in multiple transactions, the Financial Advisor has advised that going to market in a piecemeal approach would likely result in a lower overall recovery for the estate. It is my understanding that the Monitor also supports dealing with all of the leases and real property in a single process.

48. The proposed process provides that: (i) as soon as reasonably practicable the Monitor will cause notice of the Real Property Portfolio Sales Process to be published in the national editions of *The Globe and Mail* and *The Wall Street Journal* and posted on the Monitor's website; and (ii) the Financial Advisor will distribute an initial offering summary to interested parties identified by the Financial Advisor, Broker and TCC, inviting such parties to express an interest in making an offer to acquire all or some of the Leases and Real Property.

49. A summary of key dates for the Real Property Portfolio Sales Process is as follows (these dates can be extended in accordance with the terms of the proposed process):

Phase 1

- (a) Phase 1 Bid Deadline – March 5, 2015

Phase 2

(b) Stalking Horse Bid Deadline¹ – March 26, 2015

(c) Qualified Bid Deadline – April 23, 2015

(d) Targeted Outside Date – May 15, 2015

50. The Real Property Portfolio Sales Process is expected to proceed in two phases:

i. ***Phase 1 – Solicitation of Non-Binding Letters of Intent***

51. For a period from the date that an Order approving the Real Property Portfolio Sales Process is issued until the Phase 1 Bid Deadline (set as 5:00 p.m. ET on March 5, 2015 or as extended in accordance with the proposed process), the Financial Advisor (with the assistance of TCC and the Broker) will solicit indications of interest to acquire all or a portion of the Leases and Real Property of the Target Canada Entities.

52. Subject to the terms of the Real Property Portfolio Sales Process, each party who has executed a satisfactory confidentiality agreement will receive a confidential information memorandum describing the opportunity and will receive access to an electronic data room containing information relating to the Leases and Real Property.

53. Interested parties that wish to pursue a sales proposal will be required to deliver a non-binding letter of intent (“**LOI**”) by the Phase 1 Bid Deadline.

¹ As explained below, the Target Canada Entities, in their reasonable business judgement and in consultation with the Monitor and Financial Advisor, may select one or more bids to serve as “Stalking Horse Bids”.

54. Within five (5) business days of the Phase 1 Bid Deadline, the Target Canada Entities will, in consultation with the Monitor and Financial Advisor, assess “Qualified LOIs” and determine if there is a reasonable prospect of obtaining a “Qualified Bid”. The Target Canada Entities will consider, among other things: the form and amount of consideration being offered; the effect of accepting sales proposals that are not on an *en bloc* basis; the financial ability of the bidder to consummate the proposed transaction; the anticipated conditions to closing (including any required regulatory and landlord approvals); the estimated time required to complete the proposed transaction and whether it is reasonably likely to close on or before the Targeted Outside Date of May 15, 2015 (as may be extended); and such other criteria as the Target Canada Entities may determine in consultation with the Monitor and the Financial Advisor. If it is determined that there is a reasonable prospect of obtaining a Qualified Bid, the Target Canada Entities will continue the Real Property Portfolio Sales Process and proceed to Phase 2.

ii. ***Phase 2 – Qualified Bids***

55. The Target Canada Entities, in consultation with the Monitor and Financial Advisor, and after considering the criteria set out above, may invite certain “Competing Bidders” to participate in Phase 2. Subject to the terms of the Real Property Portfolio Sales Process, each Competing Bidder and its legal and financial advisors will be granted access to additional due diligence materials.

56. The Target Canada Entities, in their reasonable business judgement and in consultation with the Monitor and Financial Advisor, may select one or more bids to serve as “Stalking Horse Bids”. A Competing Bidder who wishes to submit a “Stalking Horse Bid” must

deliver a Qualified Bid in accordance with the rules applicable to Qualified Bids to the Financial Advisor on or before the Stalking Horse Bid Deadline (set as 5:00 p.m. ET on March 26, 2015 or as extended in accordance with the proposed process).

57. If one or more Stalking Horse Bids is received, the Target Canada Entities, exercising their reasonable business judgement and in consultation with the Monitor and Financial Advisor, will select the Stalking Horse Bid(s) they consider most favourable and shall negotiate and attempt to settle the terms of a definitive agreement in respect of such Stalking Horse Bid(s). A definitive agreement negotiated and settled will be a "Selected Stalking Horse Bid". It is contemplated that there may be more than one Selected Stalking Horse Bid, depending on whether a Competing Bidder intends to bid for all, or only some, of the Leases and/or Real Property, provided that only one Selected Stalking Horse Bid may be selected in respect of any particular Lease and/or Real Property. The Target Canada Entities reserve the right, taking into account all other factors (including execution risk), to choose one or more bidders as Selected Stalking Horse Bidders that did not offer the highest purchase price for the Leases and/or Real Property.

58. With the consent of the Monitor, and in consultation with the Financial Advisor, the Target Canada Entities may grant each Selected Stalking Horse Bidder the following bid protections: (i) a Break-Up Fee not to exceed 3% of the negotiated purchase price of the applicable Leases and/or Real Properties; and/or (ii) an expense reimbursement of documented and reasonable out of pocket costs in pursuing the opportunity to consummate a Sale Proposal to a maximum amount of \$150,000 in the aggregate. A Selected Stalking Horse Bid shall only be entitled to payment of the Break-Up Fee and/or Expense Reimbursement, as applicable, if the

Target Canada Entities consummate transactions for the applicable leases and/or property with bidders other than the Selected Stalking Horse Bidder. The Target Canada Entities have been advised by the Financial Advisor that these bid protections, including the percentage of the Break-Up Fee and the amounts of the Expense Reimbursement, are reasonable in the circumstances, based on the Financial Advisor's experience in similar transactions and the Canadian market.

59. A "Qualified Bidder" who wishes to submit a "Qualified Bid" must deliver a Qualified Bid to the Financial Advisor on or before the Qualified Bid Deadline (set as April 23, 2015 or as extended in accordance with the proposed process). Any Competing Bidder who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set out in the Real Property Portfolio Sales Process. The conditions include, among other things, a final binding proposal in the form of a duly authorized and executed purchase agreement based on the Form of Purchase Agreement to be provided to potential Qualified Bidders; a letter stating that the offer is irrevocable unless and until certain conditions are met; a list of the Leases and/or Real Property to be subject to the bid; the details of any liabilities to be assumed by the Competing Bidder; and a Deposit in the form of a wire transfer payable to the Monitor on behalf of the Target Canada Entities, in trust, in an amount equal to 10% of the purchase price for the Leases and/or Real Property proposed to be acquired. The Target Canada Entities, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids.

60. The Target Canada Entities, in consultation with the Monitor and Financial Advisor, may engage in negotiations with the Qualified Bidders and accept revisions to Qualified Bids, in their discretion.

61. The Target Canada Entities, in consultation with the Monitor and Financial Advisor, will determine which is the most favourable bid with respect to the Leases and Real Property, taking into account, among other things: the form and amount of consideration being offered; whether the Qualified Bid maximizes value for the Leases and/or Real Property, including the effect of accepting Sales Proposals which are not on an *en bloc* basis; the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction; the conditions to closing (including any regulatory and landlord approvals); the terms and provisions of any proposed transaction documentation; the estimated time required to complete the proposed transaction and whether, in the Target Canada Entities' reasonable business judgement, in consultation with the Monitor, it is reasonably likely to close on or before the Targeted Outside Date (set as May 15, 2015 or as extended in accordance with the proposed process); and such other criteria as the Target Canada Entities may, in consultation with the Monitor and Financial Advisor, determine.

62. Following the submission of any Qualified Bids, the Target Canada Entities, in consultation with the Financial Advisor and the Monitor, shall commence one or more Auctions on or about April 28, 2015. Only Qualified Bidders for the Leases and/or Real Property to be auctioned (and their financial and legal advisors) will be entitled to participate in the Auction. (Selected Stalking Horse Bids are deemed to be Qualified Bids.) The terms of the Auction are described in the Real Property Portfolio Sales Process and may be modified by the Target

Canada Entities with the consent of the Monitor, and in consultation with the Financial Advisor. The highest and best bid at the conclusion of the auction (as determined by the Target Canada Entities in their reasonable business judgement and in consultation with the Monitor and Financial Advisor) will become a Successful Bid. The Target Canada Entities reserve the right to choose one or more Successful Bids that did not offer the highest purchase price(s). (The entity with the next-highest or otherwise second best Qualified Bid at the Auction shall be required to serve as a “Backup Bidder” and required to keep its Backup Bid open and irrevocable until the earlier of: (i) the Outside Backup Date; and (ii) the closing of the transaction with the Successful Bidder.)

63. The Target Canada Entities will apply to the Court for an Order: (i) approving the Successful Bid(s) and, for leases and/or real property not subject to an Auction, the applicable Qualified Bids, and (ii) authorizing TCC to enter into any and all necessary agreements with respect to these bid(s) and to undertake such other actions as may be necessary or appropriate to give effect to these bid(s).

64. The sale of the Leases and Real Property will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description, except to the extent set forth in a definitive sales agreement executed with a Successful Bidder (or Qualified Bidder or Backup Bidder, as applicable). It is intended that all of the right, title and interest of TCC in and to the Leases and Real Property or any portion thereof to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon (including the Court-ordered charges in this CCAA proceeding), pursuant to a vesting Order to be sought from this Honourable Court, except to the extent set forth in a

definitive sales agreement executed with a Successful Bidder (or Qualified Bidder or Backup Bidder, as applicable).

65. The Target Canada Entities, with the consent of the Monitor and the DIP Lender and in consultation with the Financial Advisor, may at any time amend the Real Property Portfolio Sales Process and/or impose additional terms and conditions and otherwise seek to modify the Real Property Portfolio Sales Process.

66. The Target Canada Entities intend to consult with their landlords as they proceed through the Real Property Portfolio Sales Process. The Real Property Portfolio Sales Process provides that the Monitor and the Financial Advisor will communicate with the landlords from time to time, as appropriate, in connection with their respective interests in the process.

67. Some of the leases contain provisions that restrict assignment of the leases without the landlord's consent, though almost all of the leases provide that, if such consent is required, it cannot be unreasonably withheld. Some of the leases also contain provisions giving the landlord the option to terminate the lease if TCC elects to assign the lease.

68. The Target Canada Entities believe that a comprehensive sales process is warranted at this time. The Real Property Portfolio Sales Process is designed in a manner that is expected to maximize the realization on the value of the Target Canada Entities' real estate portfolio for the benefit of all stakeholders. The Target Canada Entities do not believe that there is any better viable alternative to the proposed Real Property Portfolio Sales Process. In addition, the Target Canada Entities believe that it is necessary to execute the process quickly as part of their orderly wind down of operations in Canada.

Stay Extension

69. The Target Canada Entities are seeking to extend the Stay Period (as defined in paragraph 17 of the Initial Order) up to and including May 15, 2015. This will allow the processes described above to unfold and allow the Target Canada Entities to focus on the orderly wind down of the businesses, with the oversight of the Monitor, for the benefit of all stakeholders. May 15, 2015 is the Targeted Outside Date under the Real Property Portfolio Sales Process and is also the date by which the Inventory Liquidation Process is expected to be completed.

70. The Target Canada Entities have confirmed, in consultation with the Monitor, that they have sufficient cash flow to carry on their business until May 15, 2015. I understand that the Monitor will file updated cash flows with the Court prior to the hearing of this motion.

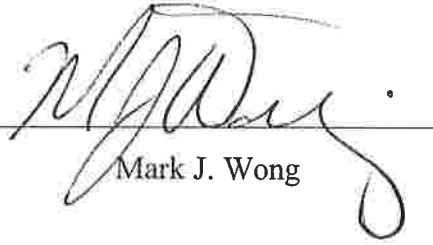
71. I believe that the Target Canada Entities have acted, and continue to act, in good faith and with due diligence in pursuing the controlled and orderly wind down of their businesses. I do not believe that any creditor will suffer any material prejudice if the Stay Period is extended as requested. I am informed by the Monitor that it supports the request to extend the Stay Period. Finally, I am advised by my counsel and believe that the extension of the Stay Period at this time is not intended to affect the exercise of “comeback rights” of stakeholders pursuant to the Initial Order.

SWORN BEFORE ME at the City of
Toronto, on the 29th day of January,
2015.



Commissioner for taking Affidavits

Alexis Beale


Mark J. Wong

TAB B

THE FOLLOWING IS EXHIBIT "B"
REFERRED TO IN THE AFFIDAVIT
OF MARK J. WONG
SWORN FEBRUARY 9, 2015



Commissioner for Taking Affidavits

REAL PROPERTY PORTFOLIO SALE PROCESS

Introduction

On January 15, 2015, Target Canada Co. (the “**Company**”) and those parties listed in Schedule “A” (collectively, the “**Applicants**”) sought and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an initial order (as amended, restated or varied from time to time, the “**Initial Order**”) granted by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”)

On January 29, 2015, the Applicants served a motion seeking an order for the approval of a sale process (as same may be amended from time to time, the “**Real Property Portfolio Sales Process**”) under the supervision of the Court and the Monitor and in accordance with the procedures set forth herein (as same may be amended from time to time, the “**Sales Process Procedures**”).

The purpose of this Real Property Portfolio Sales Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases and the Real Property, which implementation may include sales, dispositions, assumptions, assignments, disclaimers, terminations, or other transaction forms.

On February 11, 2015, the Court entered an order approving the Real Property Portfolio Sales Process and the Sales Process Procedures (the “**Sales Process Order**”). Accordingly, the following Sales Process Procedures shall govern the Real Property Portfolio Sales Process.

This Real Property Portfolio Sales Process describes, among other things: (a) the Leases and the Real Property available for sale; (b) the manner in which prospective bidders may gain access to due diligence materials concerning the Leases and the Real Property; (c) the manner in which bidders and bids become Competing Bidders or Qualified Bidders and Competing Bids or Qualified Bids, respectively; (d) the manner in which Competing Bidders submit Stalking Horse Bids; (e) the manner in which Stalking Horse Bids, if any, become Selected Stalking Horse Bids; (f) the receipt, evaluation and negotiation of bids received; (g) the ultimate selection of one or more Successful Bidders and Backup Bidders; and (h) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Real Property Portfolio Sales Process:
 - (a) “Applicants” is defined in the introduction hereto.
 - (b) “Approval Motion” is defined in paragraph 38.
 - (c) “Auctions” is defined in paragraph 32.
 - (d) “Backup Bid” is defined in paragraph 33(h).

- (e) "Backup Bidder" is defined in paragraph 33(h).
- (f) "Baseline Bid" is defined in paragraph 33(d)(i).
- (g) "Break Fee" is defined in paragraph 25(b).
- (h) "Broker" means Northwest Atlantic Canada, Inc.
- (i) "Business Day" means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (j) "CA" means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor.
- (k) "CCAA" is defined in the introduction hereto.
- (l) "CCAA Charges" means the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge and the DIP Lender's Charge (as such terms are defined in the Initial Order) together with any other charges approved by the Court.
- (m) "Claims and Interests" is defined in paragraph 4.
- (n) "Company" is defined in the introduction hereto.
- (o) "Competing Bid" is defined in paragraph 18.
- (p) "Competing Bidder" means a bidder that submits a Competing Bid.
- (q) "Confidential Information Memorandum" is defined in paragraph 9.
- (r) "Court" is defined in the introduction hereto.
- (s) "Deposit" is defined in paragraph 29(l).
- (t) "DIP Lender" means Target Corporation.
- (u) "Expense Reimbursement" is defined in paragraph 25(b).
- (v) "Financial Advisor" means Lazard Frères & Co. LLC.
- (w) "Form of Purchase Agreement" means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Financial Advisor, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (x) "Initial Order" is defined in the introduction hereto.
- (y) "Interested Bidder" is defined in paragraph 9.

- (z) "Leases" means the Applicants' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto.
- (aa) "LOI" is defined in paragraph 8.
- (bb) "Landlord LOI" means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (cc) "Landlord Qualified Bid" means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 29(a), (c), (d), (f), (h), (i), (j), (k) and (m).
- (dd) "Monitor" is defined in the introduction hereto.
- (ee) "Outside Backup Date" is defined in paragraph 33(h).
- (ff) "Outside Date" means June 30, 2015.
- (gg) "Phase 1" is defined in paragraph 8.
- (hh) "Phase 1 Bid Deadline" is defined in paragraph 11.
- (ii) "Phase 2" means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (jj) "Qualified Bid" means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 29.
- (kk) "Qualified Bid Deadline" is defined in paragraph 27.
- (ll) "Qualified Bidder" means a bidder that submits a Qualified Bid.
- (mm) "Qualified LOI" is defined in paragraph 12.
- (nn) "Real Property" means the lands and premises described in Schedule "D" hereto.
- (oo) "Sales Process Order" is defined in the introduction hereto.
- (pp) "Sale Process Procedures" is defined in the introduction hereto.
- (qq) "Sale Proposal" means an offer to acquire or otherwise dispose of all or some of the Leases and/or the Real Property. A "Sale Proposal" may include a transaction involving the assignment and assumption, termination and/or surrender or disclaimer of a Lease or Leases.
- (rr) "Selected Stalking Horse Bid" is defined in paragraph 23.
- (ss) "Selected Stalking Horse Bidder" is defined in paragraph 23.

- (tt) “Stalking Horse Bid” is defined in paragraph 20.
- (uu) “Successful Bid” is defined in paragraph 33(g).
- (vv) “Successful Bidder” is defined in paragraph 33(g).
- (ww) “Targeted Outside Date” means May 15, 2015, or such later date as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender, provided that in no event shall such date be after June 1, 2015.
- (xx) “Teaser Letter” is defined in paragraph 6.

Supervision of the Real Property Portfolio Sales Process

2. The Monitor will supervise, in all respects, the Real Property Portfolio Sales Process and any attendant sales and, without limitation, will supervise the Financial Advisor’s performance under its engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Financial Advisor as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Real Property Portfolio Sales Process or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded the Monitor under the CCAA, the Initial CCAA Order and the Sales Process Order, the terms of the Initial Order and the Sales Process Order shall govern the Monitor’s role in regards to the Real Property Portfolio Sales Process.

“As Is, Where Is”

3. The sale of the Leases and the Real Property will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Monitor, the Financial Advisor, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.
4. [intentionally deleted]

Solicitation of Interest

5. As soon as reasonably practicable, the Monitor will cause a notice of the Real Property Portfolio Sales Process (and such other relevant information which the Monitor, in consultation with the Financial Advisor and the Applicants, considers appropriate) to be published in The Globe and Mail (National Edition) and The Wall Street Journal (National Edition) and posted on the Monitor’s website.
6. As soon as reasonably practicable, but in any event no more than three (3) Business Days after the issuance of the Sales Process Order, the Financial Advisor shall distribute an

initial offering summary of the Leases and the Real Property in form acceptable to the Applicants and the Monitor (the “**Teaser Letter**”) notifying those potentially interested parties that are identified by the Financial Advisor, the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Real Property Portfolio Sales Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases and the Real Property in accordance with the Sales Process Procedures.

Participation Requirements

7. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Real Property Portfolio Sales Process must deliver to the Financial Advisor at the address specified in Schedule “B” hereto (including by email transmission):
 - (a) a letter setting forth such person’s identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.

REAL PROPERTY PORTFOLIO SALES PROCESS – PHASE 1

Phase 1 Initial Timing

8. For a period from the date of the Sales Process Order until the Phase 1 Bid Deadline (“**Phase 1**”), the Financial Advisor (with the assistance of the Monitor, the Applicants and the Broker) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases and/or the Real Property (each, an “**LOI**”).

Due Diligence

9. Subject to the provisions of paragraph 43, a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or some of the Leases and the Real Property will be made available by the Financial Advisor to those parties who have executed a CA (each party who executes a CA shall be deemed to be an “**Interested Bidder**”).
10. Subject to the provisions of paragraph 43, the Financial Advisor will provide each Interested Bidder with access to an electronic data room. The Monitor, the Financial Advisor, the Broker, the DIP Lender and the Applicants make no representation or warranty as to the information: (a) contained in the Confidential Information Memorandum or the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

11. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Financial Advisor at the address specified in Schedule “B” hereto (including by email

transmission), so as to be received by the Financial Advisor not later than 5:00 PM (Toronto time) on or before March 5, 2015, or such later date or time as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender (the “**Phase 1 Bid Deadline**”).

12. An LOI so submitted will be considered a qualified LOI for the purposes hereof (a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases and the Real Property;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases and/or the Real Property subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease and/or Real Property;
 - (d) it provides a general description of any likely financing associated with the proposed transaction;
 - (e) it describes any additional due diligence required to be conducted during Phase 2;
 - (f) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (g) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Financial Advisor.
13. A Landlord LOI shall be deemed to be a Qualified LOI.
14. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements specified above (other than those in (c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Real Property Portfolio Sales Process

15. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be determined by the Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, the Applicants will, in consultation with the Financial Advisor and the Monitor, assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified

Bid. For the purpose of such consultations and evaluations, the Monitor or the Financial Advisor may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.

16. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor and the Financial Advisor will consider, among other things, the following:
 - (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;
 - (d) the financial and other capability of the Interested Bidder to perform, observe and comply with the terms (including payment and other obligations) of the applicable Leases(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Financial Advisor, determine.
17. If one or more Qualified LOIs are received and the Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Real Property Portfolio Sales Process as set forth herein.

PHASE 2

Due Diligence

18. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Real Property Portfolio Sales Process by the Applicants, following consultation with the Financial Advisor and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 16 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a "**Competing Bidder**").
19. Subject to the provisions of paragraph 43, the Financial Advisor will provide each Competing Bidder with access to additional due diligence materials and information relating to the Leases and Real Property as the Applicants, in their reasonable business

judgment and in consultation with the Financial Advisor and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Competing Bidders.

Stalking Horse Bids from Competing Bidders

20. The Applicants, in their reasonable business judgment, on consent of the Monitor, and in consultation with the Financial Advisor, may select one or more bids from Competing Bidders to serve as Selected Stalking Horse Bids. Paragraphs 20 to 26 apply only in the event one or more such bids is so selected to serve as a Selected Stalking Horse Bid. Any Competing Bidder that wishes to submit a stalking horse bid (a “**Stalking Horse Bid**”) must deliver a Qualified Bid in accordance with paragraph 29, as applicable, to the Financial Advisor at the address specified in Schedule “B” hereto (including by email transmission) so as to be received by it not later than 5:00 pm (Toronto time) on or before March 26, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the “**Stalking Horse Bid Deadline**”).
21. The Applicants, in consultation with the Financial Advisor and the Monitor, will review and evaluate each Stalking Horse Bid in accordance with the criteria set out in paragraph 31(b) for the review of Qualified Bids, and, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids specified herein which are applicable to any Stalking Horse Bid(s).
22. If one or more Stalking Horse Bids is received, the Applicants, exercising their reasonable business judgment, on consent of the Monitor and in consultation with the Financial Advisor, may select the Stalking Horse Bid(s) it considers most favourable and shall negotiate and attempt to settle the terms of a definitive agreement in respect of such Stalking Horse Bid(s).
23. A definitive agreement negotiated and settled in respect of a Stalking Horse Bid as selected by the Applicants on the consent of the Monitor will be a “**Selected Stalking Horse Bid**” hereunder and the person(s) who made the Selected Stalking Horse Bid will be a “**Selected Stalking Horse Bidder**” hereunder. For greater certainty, the Applicants may select more than one Selected Stalking Horse Bid on the consent of the Monitor; provided, however, that only one Selected Stalking Horse Bid may be selected in respect of any particular Lease and/or Real Property.
24. For the avoidance of doubt, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose, on the consent of the Monitor, one or more successful bidders as Selected Stalking Horse Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.
25. The Applicants may grant, on consent of the Monitor and in consultation with the Financial Advisor, each Selected Stalking Horse Bidder, the following bid protections:

- (a) a Break Fee not to exceed 3.0% of the negotiated purchase price of the applicable Leases and/or the Real Property (the “**Break Fee**”); and/or
 - (b) an expense reimbursement of documented and reasonable out of pocket costs in pursuing the opportunity to consummate a Sale Proposal to a maximum amount of \$150,000 in the aggregate (the “**Expense Reimbursement**”).
26. A Selected Stalking Horse Bidder shall only be entitled to payment of a Break Fee and/or an Expense Reimbursement, as applicable, if and when the Applicants consummate a transaction for the applicable Leases and/or Real Property with a Successful Bidder or a Backup Bidder, neither of which is the Selected Stalking Horse Bidder.

Qualified Bids

27. The deadline for submission of bids to be considered for the sales of Lease(s) and/or Real Property (the “**Qualified Bids**”) shall be April 23, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the “**Qualified Bid Deadline**”).
28. A Landlord Qualified Bid shall be deemed to be a Qualified Bid.
29. Any Competing Bidder (other than a Selected Stalking Horse Bidder, which, for the avoidance of doubt, is deemed to be a Qualified Bidder) who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s) and/or Real Property:
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases and/or the Real Property proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Competing Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes an irrevocable commitment of the Competing Bidder to serve as the Backup Bidder in accordance with the Sale Process Procedures;
 - (e) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Monitor, in consultation with the Financial Advisor and the Applicants, to make a reasonable determination as to the Competing Bidder’s financial and other

capabilities to consummate and perform the transaction contemplated by its Qualified Bid;

- (f) it lists the Leases and/or the Real Property to be subject to the bid and an allocation of the purchase price on a property by property basis;
- (g) it includes details of any amendments which such Competing Bidder seeks to any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Competing Bidder; for greater certainty, nothing in this Real Property Portfolio Sales Process shall be construed to (i) permit or require any amendments to the terms of any Lease(s) without the consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Competing Bidder regarding any such amendments;
- (h) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Competing Bidder; or
 - (ii) obtaining financing;
- (i) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
- (j) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (k) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Financial Advisor, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (l) it is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Leases and/or the Real Property proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Real Property Portfolio Sales Process, provided, however, that such amount may be raised or lowered for any particular Qualified Bid by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor;
- (m) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by

operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and

- (n) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Financial Advisor.
30. The Applicants, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
31. The Applicants, in consultation with the Financial Advisor:
- (a) may, in consultation with the Monitor, engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion, that are otherwise consistent with these Sales Process Procedures;
 - (b) shall, on the consent of the Monitor, determine which is the most favourable bid with respect to such Lease(s) and/or Real Property, taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases and/or the Real Property, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction;
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (v) the terms and provisions of any proposed transaction documentation;
 - (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date; and
 - (vii) such other criteria as the Applicants may in consultation with the Monitor and the Financial Advisor determine.

Auction Process

32. The Applicants, in consultation with the Financial Advisor and the Monitor, shall commence one or more auctions (the "**Auctions**") on or about April 28, 2015.

33. The Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:
- (a) only Qualified Bidders for the Lease(s) and/or Real Property to be auctioned and their financial and legal advisors shall be entitled to participate in an Auction;
 - (b) the Qualified Bidders who wish to participate at an Auction must appear in person;
 - (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
 - (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the Financial Advisor, that are the most favourable Qualified Bid(s) as of the date thereof (the **"Baseline Bid"**); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;
 - (e) to make a bid at the Auction, a Qualified Bidder will modify and resubmit its Qualified Bid, which resubmission shall become its new Qualified Bid;
 - (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) that comply with the procedures set forth for the Auction, and such highest and best Qualified Bid at the time shall become the **"Successful Bid"** (and the person(s) who made the Successful Bid shall become the **"Successful Bidder"**);
 - (h) the entity with the next-highest or otherwise second best Qualified Bid at the Auction (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) shall be required to serve as a backup bidder (the **"Backup Bidder"**). The identity of the Backup Bidder and the amount and material terms of the final Qualified Bid of the Backup Bidder (the **"Backup Bid"**) shall be announced by the Financial Advisor at the conclusion of the Auction concurrently with announcement of the Successful Bidder. The Backup Bidder shall be required to keep its Backup Bid open and irrevocable until the earlier of (i) 5:00 p.m. (Toronto time) on the first Business Day that is 60 days after the date of the Auction (the **"Outside Backup Date"**) and (ii) the closing of the transaction with the Successful Bidder; and

- (i) any break fees or other fees due to a Selected Stalking Horse Bidder who is not a Successful Bidder or Backup Bidder shall be payable upon the consummation of the Successful Bid or Backup Bid, as applicable, for the applicable Leases and/or Real Property.
- 34. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
- 35. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more bidders as Successful Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.
- 36. All Deposits will be retained by the Monitor and invested in a separate interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by any Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price upon closing of the approved transaction and will be non-refundable. The Deposit (plus applicable interest) of each Qualified Bidder not selected as a Successful Bidder will be returned to such Qualified Bidder within five (5) Business Days of the date upon which the Successful Bids are approved by the Court; provided, however, that the Deposit of any Backup Bidder shall not be returned to such Backup Bidder until the earlier of (a) consummation of the Successful Bid and (b) the expiration of the Outside Backup Date. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within five (5) Business Days of the date upon which the Real Property Portfolio Sales Process is terminated in accordance with the Sale Process Procedures.
- 37. If a Successful Bidder breaches its obligations under its Qualified Bid, its Deposit shall immediately be forfeited to the Applicants without limiting any other of the Applicants' rights and remedies at law or at equity.

Approval Motion for Definitive Agreements

- 38. The Applicants will apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s), or for Lease(s) and/or Real Property not subject to an Auction, the applicable Qualified Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s) and Qualified Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s) and Qualified Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the DIP Lender, and without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Real Property Portfolio Sales Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

39. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Amendment

40. If there is any proposed material modification to the Real Property Portfolio Sales Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and the DIP Lender and in consultation with the Financial Advisor, to modify the Real Property Portfolio Sales Process from time to time.

DIP Lender Communications

41. The Applicants, the Monitor and the Financial Advisor will communicate and consult with the DIP Lender throughout the Real Property Portfolio Sales Process and will provide information to the DIP Lender in connection with such communications.

Monitor Updates

42. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Real Property Portfolio Sales Process, including an update to be delivered to the Court at the conclusion of Phase 1, prior to the commencement of any Auction and at the conclusion of any Auction.

Reservation of Rights

43. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Real Property Portfolio Sales Process at any time after entry of the Sale Process Order.
44. Notwithstanding anything else contained herein, at any time after entry of the Sale Process Order, the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor may, from time to time, withdraw any Lease(s) and/or Real Property from this Real Property Portfolio Sales Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
45. The Applicants, after consultation with the Financial Advisor and on the consent of the Monitor, may reject any or all bids.

46. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/targetcanada> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
47. This Real Property Portfolio Sales Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Real Property Portfolio Sales Process, the Monitor may apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Landlord Communications

48. The Applicants, the Monitor and the Financial Advisor will communicate with the landlords under the Leases from time to time, as appropriate, in connection with their respective interests in the Real Property Portfolio Sales Process.

Outside Date

49. If a definitive agreement with respect to a particular Lease(s) is not executed on or before June 1, 2015, any such Lease(s) that is not subject to a definitive executed agreement on or before such date (or not earlier disclaimed, which disclaimer has become effective by June 1, 2015) shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on June 1, 2015.
50. If a transaction with respect to a particular Lease(s) has not been completed on or before June 30, 2015 or such later date as may be ordered by the Court, any such Lease(s) that is the subject of such transaction shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on the later of (i) June 30, 2015, and (ii) such later date as may be ordered by the Court, as applicable.

SCHEDULE "A"**Applicants**

Target Canada Co.

Target Canada Health Co.

Target Canada Mobile GP Co.

Target Canada Pharmacy (BC) Corp.

Target Canada Pharmacy (Ontario) Corp.

Target Canada Pharmacy Corp.

Target Canada Pharmacy (SK) Corp.

Target Canada Property LLC

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

SCHEDULE "B"*To the Company:*

Target Canada Co.
 5570 Explorer Drive
 Mississauga, ON L4W 0C3

Attn: Aaron Alt
 Email: aaron.alt@target.com

With a copy to:

Osler, Hoskin & Harcourt LLP
 100 King Street West
 1 First Canadian Place
 Suite 6200, P.O. Box 50
 Toronto, ON M5X 1B8

Attn: Tracy Sandler & Heather McKean
 Email: tsandler@osler.com & hmcckean@osler.com

To the Monitor:

Alvarez & Marsal Canada Inc., Court appointed Monitor of Target Canada Co. et al
 Royal Bank Plaza , South Tower, Suite 2900
 PO Box 22
 Toronto ON M5J 2J1

Attn: Doug McIntosh and Bill Kosturos
 Email: dmcintosh@alvarezandmarsal.com & bkosturos@alvarezandmarsal.com

With a copy to:

Goodmans LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 3400
 Toronto, Ontario M5H 2S7

Attn: Jay Carfagnini and Ken Herlin
 Email: jcarfagnini@goodmans.ca & kherlin@goodmans.ca

To the Financial Advisor:

Lazard Freres & Co. LLC.
30 Rockefeller Plaza
New York, NY 10112

Attn: Tim Pohl & Phillip Summers
Email: tim.pohl@lazard.com & phillip.summers@lazard.com

To the Broker:

Northwest Atlantic Canada, Inc.
864 York Mills Road
Toronto, Ontario M3B 1Y4

Attn: Tim Sanderson
Email: tim@nwaretail.com

To the DIP Lender:

Target Corporation
1000 Nicollet Mall
Minneapolis, MN 55403

Attn: Corey Haaland
Email: corey.haaland@target.com

With a copy to:

Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Attn: Dennis M. Ryan
Email: dennis.ryan@faegrebd.com

SCHEDULE "C"

Leases

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
3505	Bayshore Mall	Ottawa	ON
3507	Intercity Shopping Centre	Thunder Bay	ON
3508	Discovery Harbour Shopping Centre	Campbell River	BC
3509	Nanaimo North Town Centre	Nanaimo	BC
3510	Westmount Shopping Centre	London	ON
3511	Hazeldean Mall	Kanata	ON
3512	Driftwood Mall	Courtenay	BC
3516	Carrefour Richelieu	St-Jean-sur-Richelieu	QC
3519	South Hamilton Square	Hamilton	ON
3522	County Fair Mall	Smiths Falls	ON
3524	Queenston Place	Hamilton	ON
3526	Lawrence Square	Toronto	ON
3530	Sydney Shopping Centre	Sydney	NS
3533	Thames-Lea Plaza	Chatham-Kent	ON
3534	Lansdowne Centre	Richmond	BC
3538	Forest Lawn Shopping Centre	Calgary	AB
3547	Les Galeries Gatineau	Gatineau	QC
3548	Hillside Mall	Victoria	BC
3550	Uptown Centre	Fredericton	NB
3552	Westdale Mall	Mississauga	ON
3557	Scottsdale Mall	Delta	BC
3559	Five Points Mall	Oshawa	ON
3560	Lindsay Square Mall	Lindsay	ON
3561	Kingsway Garden Mall	Edmonton	AB
3564	Sherwood Park Mall	Edmonton (Sherwood Park)	AB
3565	Upper Canada Mall	Newmarket	ON
3566	Northwest Centre	Moncton	NB
3572	Milton Mall Shopping Centre	Milton	ON
3574	Prairie Mall	Grande Prairie	AB
3575	Cottonwood Mall	Chilliwack	BC
3576	Carrefour St-Georges	Saint-Georges	QC
3577	The Mall At Lawson Heights	Saskatoon	SK
3586	Haney Place Mall	Maple Ridge	BC
3590	Carrefour De L'Estrie	Sherbrooke	QC
3591	Catarqui Town Centre	Kingston	ON
3592	Les Rivières Shopping Centre	Trois-Rivières	QC
3595	Carrefour Angrignon	Montreal	QC
3608	Cambridge Centre	Cambridge	ON
3609	Centrepont Mall	Toronto	ON
3610	Terrarium Shopping Centre	Pointe-Claire	QC
3613	Le Carrefour Rimouski	Rimouski	QC
3614	Medicine Hat Mall	Medicine Hat	AB
3615	Tamarack Mall	Cranbrook	BC
3616	Coquitlam Centre	Coquitlam	BC
3617	Surrey Place/Central City	Surrey	BC
3623	Bramalea City Centre	Brampton	ON
3624	Bower Place	Red Deer	AB
3628	Meadowlands Shopping Centre	Ottawa-Gatineau	ON
3630	1899 Algonquin Avenue	North Bay	ON

3634	Place Portabello	Brossard	QC
3636	Square One	Mississauga	ON
3637	Charlottetown Mall	Charlottetown	PE
3639	Durham Centre	Ajax	ON
3642	Laurentian Power Centre	Kitchener	ON
3644	Kildonan Place Shopping Centre	Winnipeg	MB
3645	Seaway Mall	Welland	ON
3646	Erin Mills Town Centre	Mississauga	ON
3647	Galleries D'Anjou	Montreal	QC
3648	West Edmonton Mall	Edmonton	AB
3650	Corner Brook	Corner Brook	NL
3652	Bayers Lake Power Centre	Halifax	NS
3655	McAllister Place	Saint John	NB
3657	Carrefour Du Nord	Saint-Jerome	QC
3658	RioCan St. Laurent	Ottawa	ON
3663	Pickering Town Centre	Pickering	ON
3665	Orillia Square	Orillia	ON
3666	Hillcrest Mall	Richmond Hill	ON
3667	Bridlewood Mall	Scarborough	ON
3668	Shoppers World Brampton	Brampton	ON
3669	Sheridan Mall	Mississauga	ON
3670	Hopedale Mall	Oakville	ON
3671	Meadowland Power Centre	Hamilton	ON
3672	Conestoga Mall	Waterloo	ON
3677	Sudbury Supermall	Sudbury	ON
3682	Southdale Centre	Winnipeg	MB
3688	Village Green Mall	Vernon	BC
3690	Willowbrook Shopping Centre	Langley	BC
3693	Carrefour St-Eustache	Saint-Eustache	QC
3694	St. Albert Centre	St. Albert	AB
3695	Mega Centre Autoroute 13	Laval	QC
3696	Les Galeries De La Capitale	Quebec City	QC
3697	Mic Mac Mall	Halifax	NS
3698	Orchard Park Plaza	Kelowna	BC
3699	Stratford Mall	Stratford	ON
3702	Place Longueuil	Longueuil	QC
3704	Place Alexis Nihon	Westmount	QC
3705	Place Versailles Shopping Centre	Montreal	QC
3706	Masonville Place	London	ON
3707	Woodbine Centre	Toronto	ON
3708	Devonshire Mall	Windsor	ON
3709	Les Promenades Saint-Bruno	Saint-Bruno-de-Montarville	QC
3710	Bonnie Doon	Edmonton	AB
3711	Oakridge Centre	Vancouver	BC
3713	Sunridge Mall	Calgary	AB
3714	Market Mall	Calgary	AB
3715	Cloverdale Mall	Toronto	ON
3717	Metropolis At Metrotown	Burnaby	BC
3718	Les Galeries Joliette	Joliette	QC
3719	Pine Centre	Prince George	BC
3725	Galleries Chagnon	Levis	QC
3728	Northgate Mall	Regina	SK
3729	Shoppers World Danforth	Toronto	ON
3730	Pen Centre	St. Catharines	ON
3731	Bedford Place	Bedford	NS

3732	Cabot Square	St John's	NL
3737	Shoppes At Shawnessy	Calgary	AB
3738	Burlington Mall	Burlington	ON
3739	Abbotsford Power Centre	Abbotsford	BC
3742	East York Town Centre	Toronto	ON
3743	Place Fleur De Lys	Quebec City	QC
3744	Sahali Centre Mall	Kamloops	BC
3746	Billings Bridge Plaza	Ottawa	ON
3747	Grant Park	Winnipeg	MB
3749	Aurora Shopping Centre	Aurora	ON
3751	Gates Of Fergus	Wellington	ON
3753	Centre Mall	Hamilton	ON
3754	Signal Hill Centre	Calgary	AB
3755	Place Laurier	Quebec City	QC
3757	Clarington Town Centre	Clarington	ON
3759	Stone Road Mall	Guelph	ON
3760	Tillicum Mall	Victoria	BC
3761	Millcroft Centre	Burlington	ON
3762	Flamborough Power Centre	Hamilton	ON
3763	Shoppers Mall	Brandon	MB
3764	Place D'Orleans	Ottawa	ON
3765	Faubourg Boisbriand	Boisbriand	QC
3766	Centre At Circle & Eighth	Saskatoon	SK
3767	Taunton Road Power Centre	Whitby	ON
3768	Eglinton and Warden	Toronto	ON
3769	Place Vertu	St Laurent	QC
3770	Mill Woods Town Centre	Edmonton	AB
3772	Chinook Centre	Calgary	AB
3773	Trinity Common	Brampton	ON
7000	Centre Laval	Laval	QC
7001	RioCan Niagara Falls	Niagara Falls	ON
7002	Stockyards	Toronto	ON
7008	York Street	Toronto	ON
7325	Warehouse space	Mississauga	ON
7326	Warehouse space	Calgary	AB
7327	Warehouse space	Montreal	QC
7328	Warehouse space	Burnaby	BC
7329	Distribution Facility	Hamilton	ON
7330	Distribution Facility	Calgary	AB
7403	Office space	Oshawa	ON
7404			
7405	Office space	Burlington	ON
7406			
7407	Office space	Burnaby	BC
7408			
7409			
7410	Office space	Edmonton	AB
7411	Office space	Calgary	AB
7412	Office space	Winnipeg	MB
7413	Office space	Montreal	QC
7414			
7415			
7416	Office space	Quebec City	QC
7417	Office space	Ottawa	ON
7418	Office space	Dartmouth	NS

9730	Office space	Mississauga	ON
9731 7400 7401 7402 7419	Office space	Mississauga	ON

SCHEDULE "D"**Real Property**

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
7004	Park Place	Barrie	ON
7006	Candiac Power Centre	Candiac	QC
7012	Polo Park	Winnipeg	MB
7300	Distribution Facility	Milton	ON
7301	Distribution Facility	Calgary	AB
7302	Distribution Facility	Cornwall	ON

TAB C

THE FOLLOWING IS EXHIBIT "C"
REFERRED TO IN THE AFFIDAVIT
OF MARK J. WONG
SWORN FEBRUARY 9, 2015



Commissioner for Taking Affidavits

REAL PROPERTY PORTFOLIO SALE PROCESS

Introduction

On January 15, 2015, Target Canada Co. (the “**Company**”) and those parties listed in Schedule “A” (collectively, the “**Applicants**”) sought and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an initial order (as amended, restated or varied from time to time, the “**Initial Order**”) granted by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”)

On January 29, 2015, the Applicants served a motion seeking an order for the approval of a sale process (~~as same may be amended from time to time, the~~ “**Real Property Portfolio Sales Process**”) ~~whereby the Applicants will seek to sell all or substantially all of their Leases and Real Property under the supervision of the Court and the Monitor and in accordance with the procedures set forth herein (as same may be amended from time to time, the~~ “**Sales Process Procedures**”).

The purpose of this Real Property Portfolio Sales Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases and the Real Property, which implementation may include sales, dispositions, assumptions, assignments, disclaimers, terminations, or other transaction forms.

On February 4, 2015, the Court entered an order approving the Real Property Portfolio Sales Process and the Sales Process Procedures (the “**Sales Process Order**”). Accordingly, the following Sales Process Procedures shall govern the Real Property Portfolio Sales Process ~~with respect to the Applicants.~~

This Real Property Portfolio Sales Process describes, among other things: (a) the Leases and the Real Property available for sale; (b) the manner in which prospective bidders may gain access to due diligence materials concerning the Leases and the Real Property; (c) the manner in which bidders and bids become Competing Bidders or Qualified Bidders and Competing Bids or Qualified Bids, respectively; (d) the manner in which Competing Bidders submit Stalking Horse Bids; (e) the manner in which Stalking Horse Bids, if any, become Selected Stalking Horse Bids; (f) the receipt, evaluation and negotiation of bids received; (g) the ultimate selection of one or more Successful Bidders and Backup Bidders; and (h) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Real Property Portfolio Sales Process:

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- (a) "Applicants" is defined in the introduction hereto.
- (b) "Approval Motion" is defined in paragraph ~~36~~38.
- (c) "Auctions" is defined in paragraph ~~30~~32.
- (d) "Backup Bid" is defined in paragraph ~~31~~33(h).
- (e) "Backup Bidder" is defined in paragraph ~~31~~33(h).
- (f) "Baseline Bid" is defined in paragraph ~~31~~33(d)(i).
- ~~(g)~~ "Break Fee" is defined in paragraph 25(b).
- ~~(h)~~ (g) "Broker" means Northwest Atlantic Canada, Inc.
- ~~(i)~~ (h) "Business Day" means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- ~~(j)~~ (i) "CA" means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor.
- ~~(k)~~ (j) "CCAA" is defined in the introduction hereto.
- ~~(l)~~ (k) "CCAA Charges" means the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge and the DIP Lender's Charge (as such terms are defined in the Initial Order) together with any other charges approved by the Court.
- ~~(m)~~ (l) "Claims and Interests" is defined in paragraph 4.
- ~~(n)~~ (m) "Company" is defined in the introduction hereto.
- ~~(o)~~ "Competing Bid" is defined in paragraph 18.
- ~~(p)~~ "Competing Bidder" means a bidder that submits a Competing Bid.
- ~~(q)~~ (n) "Confidential Information Memorandum" is defined in paragraph 9.
- ~~(r)~~ "Court" is defined in the introduction hereto.
- ~~(s)~~ (o) "Deposit" is defined in paragraph ~~27~~29(l).
- ~~(t)~~ (p) "DIP Lender" means Target Corporation.
- ~~(u)~~ (q) "Expense Reimbursement" is defined in paragraph ~~24~~25(b).

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- (v) ~~(r)~~ "Financial Advisor" means Lazard Frères & Co. LLC.
- (w) ~~(s)~~ "Form of Purchase Agreement" means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Financial Advisor, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (x) "Initial Order" is defined in the introduction hereto.
- (y) ~~(t)~~ "Interested Bidder" is defined in paragraph 9.
- (z) ~~(u)~~ "Leases" means the Applicants' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto.
- (aa) ~~(v)~~ "LOI" is defined in paragraph 8.
- (bb) "Landlord LOI" means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (cc) "Landlord Qualified Bid" means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 29(a), (c), (d), (f), (h), (i), (j), (k) and (m).
- (dd) ~~(w)~~ "Monitor" is defined in the introduction hereto.
- (ee) ~~(x)~~ "Outside Backup Date" is defined in paragraph 3433(h).
- (ff) ~~(y) "Permitted Encumbrance" means any permitted encumbrance set forth in a definitive sale agreement executed by an Applicant, and includes any encumbrance affecting the applicable landlord's interests in the Leases and lands underlying such Lease(s). Outside Date" means June 30, 2015.~~
- (gg) ~~(z)~~ "Phase 1" is defined in paragraph 8.
- (hh) ~~(aa)~~ "Phase 1 Bid Deadline" is defined in paragraph 11.
- (ii) ~~(bb)~~ "Phase 2" means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (jj) ~~(cc)~~ "Qualified Bid" means a ~~third-party~~ an offer or combination of ~~third-party~~ offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 2729.
- (kk) ~~(dd)~~ "Qualified Bid Deadline" is defined in paragraph 2627.

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- (ll) ~~(ee)~~ "Qualified Bidder" means a bidder that submits a Qualified Bid.
- (mm) ~~(ff)~~ "Qualified LOI" is defined in paragraph 12.
- (nn) ~~(gg)~~ "Real Property" means the lands and premises described in Schedule "D" hereto.
- (oo) ~~(hh)~~ "Sales Process Order" is defined in the introduction hereto.
- (pp) ~~(ii)~~ "Sale Process Procedures" is defined in the introduction hereto.
- (qq) ~~(jj)~~ "Sale Proposal" means an offer to acquire or otherwise dispose of all or some of the Leases and/or the Real Property. A "Sale Proposal" may include a transaction involving the assignment and assumption, termination and/or surrender or disclaimer of a Lease or Leases.
- (rr) ~~(kk)~~ "Selected Stalking Horse Bid" is defined in paragraph ~~22~~23.
- (ss) ~~(ll)~~ "Selected Stalking Horse Bidder" is defined in paragraph ~~22~~23.
- (tt) ~~(mm)~~ "Stalking Horse Bid" is defined in paragraph ~~19~~20.
- (uu) ~~(nn)~~ "Successful Bid" is defined in paragraph ~~34~~33(g).
- (vv) ~~(oo)~~ "Successful Bidder" is defined in paragraph ~~34~~33(g).
- (ww) ~~(pp)~~ "Targeted Outside Date" means May 15, 2015, or such later date as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender, provided that in no event shall such date be after June 1, 2015.
- (xx) ~~(qq)~~ "Teaser Letter" is defined in paragraph 6.

Supervision of the Real Property Portfolio Sales Process

2. The Monitor will supervise, in all respects, the Real Property Portfolio Sales Process and any attendant sales and, without limitation, will supervise the Financial Advisor's performance under its engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Financial Advisor as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Real Property Portfolio Sales Process or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of the Monitor or the Applicants any interested person. For the avoidance of

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doubt, and without limiting the rights and protections afforded the Monitor under the CCAA, the Initial CCAA Order and the Sales Process Order, the terms of the Initial Order and the Sales Process Order shall govern the Monitor's role in regards to the Real Property Portfolio Sales Process.

"As Is, Where Is"

3. The sale of the Leases and the Real Property will be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Monitor, the Financial Advisor, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.

Free Of Any And All Claims And Interests

4. ~~In the event of a sale of all or some of the Leases and the Real Property, all of the right, title and interest of the Applicants in and to the Leases and the Real Property or any portion thereof to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon including for greater certainty the CCAA Charges (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA, except for any Permitted Encumbrances, such Claims and Interests to attach to the net proceeds of the sale of such Leases and Real Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof).~~ [intentionally deleted]

Solicitation of Interest

5. As soon as reasonably practicable, the Monitor will cause a notice of the Real Property Portfolio Sales Process (and such other relevant information which the Monitor, in consultation with the Financial Advisor and the Applicants, considers appropriate) to be published in The Globe and Mail (National Edition) and The Wall Street Journal (National Edition) and posted on the Monitor's website.
6. As soon as reasonably practicable, but in any event no more than three (3) Business Days after the issuance of the Sales Process Order, the Financial Advisor shall distribute an initial offering summary of the Leases and the Real Property in form acceptable to the Applicants and the Monitor (the "**Teaser Letter**") notifying those potentially interested parties that are identified by the Financial Advisor, the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Real Property Portfolio Sales Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases and the Real Property in accordance with the Sales Process Procedures.

Participation Requirements

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7. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Real Property Portfolio Sales Process must deliver to the Financial Advisor at the address specified in Schedule "B" hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained ~~herein~~therein.

REAL PROPERTY PORTFOLIO SALES PROCESS – PHASE 1

Phase 1 Initial Timing

8. For a period from the date of the Sales Process Order until the Phase 1 Bid Deadline ("**Phase 1**"), the Financial Advisor (with the assistance of the ~~Monitor, the~~ Applicants and the Broker) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases and/or the Real Property (each, an "**LOI**").

Due Diligence

9. Subject to the provisions of paragraph 41,~~43~~, a confidential information memorandum (the "**Confidential Information Memorandum**") describing the opportunity to acquire all or some of the Leases and the Real Property will be made available by the Financial Advisor to those parties who have executed a CA (each party who executes a CA shall be deemed to be an "**Interested Bidder**").
10. Subject to the provisions of paragraph 41,~~43~~, the Financial Advisor will provide each Interested Bidder with access to an electronic data room. The Monitor, the Financial Advisor, the Broker, the DIP Lender and the Applicants make no representation or warranty as to the information: (a) contained in the Confidential Information Memorandum or the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

11. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Financial Advisor at the address specified in Schedule "B" hereto (including by email transmission), so as to be received by the Financial Advisor not later than 5:00 PM (Toronto time) on or before March 5, 2015, or such later date or time as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender (the "**Phase 1 Bid Deadline**").

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12. An LOI so submitted will be considered a qualified LOI for the purposes hereof (a "**Qualified LOI**") only if:
- (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases and the Real Property;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases and/or the Real Property subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease and/or Real Property;
 - (d) it provides a general description of any likely financing associated with the proposed transaction;
 - (e) it describes any additional due diligence required to be conducted during Phase 2;
 - (f) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (g) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Financial Advisor.

13. A Landlord LOI shall be deemed to be a Qualified LOI.

14. ~~13-~~ The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements specified above (other than those in (c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Real Property Portfolio Sales Process

15. ~~14-~~ Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be determined by the Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, the Applicants will, in consultation with the Financial Advisor and the Monitor, assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Monitor or the Financial

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Advisor may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.

16. ~~15.~~ In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor and the Financial Advisor will consider, among other things, the following:
- (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;
 - (d) the financial and other capability of the Interested Bidder to perform, observe and comply with the terms (including payment and other obligations) of the applicable Leases(s);
 - (e) ~~(d)~~ the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) ~~(e)~~ the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to close ~~result in the execution of a definitive agreement~~ on or before the Targeted Outside Date; and
 - (g) ~~(f)~~ such other criteria as the Applicants may, in consultation with the Monitor and the Financial Advisor, determine.
17. ~~16.~~ If one or more Qualified LOIs are received and the Applicants, ~~in consultation with the consent of the Monitor,~~ and in consultation with the Financial Advisor, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Real Property Portfolio Sales Process as set forth herein.

PHASE 2

Due Diligence

18. ~~17.~~ Each Interested Bidder that: (a) submits a Qualified LOI; and (b) ~~that~~ is not eliminated from the Real Property Portfolio Sales Process by the Applicants, following consultation with the Financial Advisor and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph ~~15~~16 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a **"Competing Bidder"**).

19. ~~18.~~ Subject to the provisions of paragraph ~~41,43~~, the Financial Advisor will provide each Competing Bidder with access to additional due diligence materials and information relating to the Leases and Real Property as the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Competing Bidders.

Stalking Horse Bids from Competing Bidders

20. ~~19.~~ The Applicants, in their reasonable business judgment, on consent of the Monitor, and in consultation with the Financial Advisor, may select one or more bids from Competing Bidders to serve as Selected Stalking Horse Bids. Paragraphs ~~1920 to 2526~~ apply only in the event one or more such bids is so selected to serve as a Selected Stalking Horse Bid. Any Competing Bidder that wishes to submit a stalking horse bid (a **"Stalking Horse Bid"**) must deliver a Qualified Bid in accordance with paragraph ~~2729~~, as applicable, to the Financial Advisor at the address specified in Schedule "B" hereto (including by email transmission) so as to be received by it not later than 5:00 pm (Toronto time) on or before March 26, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the **"Stalking Horse Bid Deadline"**).
21. ~~20.~~ The Applicants, in consultation with the Financial Advisor and the Monitor, will review and evaluate each Stalking Horse Bid in accordance with the criteria set out in paragraph ~~2931(b)~~ for the review of Qualified Bids, and, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids specified herein which are applicable to any Stalking Horse ~~Bids~~Bid(s).
22. ~~21.~~ If one or more Stalking Horse Bids is received, the Applicants, exercising their reasonable business judgment, on consent of the Monitor and in consultation with the Financial Advisor, ~~will~~may select the Stalking Horse Bid(s) it considers most favourable and shall negotiate and attempt to settle the terms of a definitive agreement in respect of such Stalking Horse Bid(s).
23. ~~22.~~ A definitive agreement negotiated and settled in respect of a Stalking Horse Bid as selected by the Applicants on the consent of the Monitor will be a **"Selected Stalking Horse Bid"** hereunder and the person(s) who made the Selected Stalking Horse Bid will be a **"Selected Stalking Horse Bidder"** hereunder. For greater certainty, the Applicants may select more than one Selected Stalking Horse Bid on the consent of the Monitor; provided, however, that only one Selected Stalking Horse Bid may be selected in respect of any particular Lease and/or Real Property.

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24. ~~23.~~ For the avoidance of doubt, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose on the consent of the Monitor, one or more successful bidders as Selected Stalking Horse Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.
25. ~~24.~~ The Applicants may grant, on consent of the Monitor and in consultation with the Financial Advisor, each Selected Stalking Horse Bidder, the following bid protections:
- (a) a Break-Up Fee not to exceed 3.0% of the negotiated purchase price of the applicable Leases and/or the Real Property (the "**Break-Up Fee**"); and/or
 - (b) an expense reimbursement of documented and reasonable out of pocket costs in pursuing the opportunity to consummate a Sale Proposal to a maximum amount of \$150,000 in the aggregate (the "**Expense Reimbursement**").
26. ~~25.~~ A Selected Stalking Horse Bidder shall only be entitled to payment of a Break-Up Fee and/or an Expense Reimbursement, as applicable, if and when the Applicants consummate a transaction for the applicable Leases and/or Real Property with a Successful Bidder or a Backup Bidder, neither of which is the Selected Stalking Horse Bidder.

Qualified Bids

27. ~~26.~~ The deadline for submission of bids to be considered for the sales of Lease(s) and/or Real Property (the "**Qualified Bids**") shall be April 23, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the "**Qualified Bid Deadline**").
28. A Landlord Qualified Bid shall be deemed to be a Qualified Bid.
29. ~~27.~~ Any Competing Bidder (other than a Selected Stalking Horse Bidder, which, for the avoidance of doubt, is deemed to be a Qualified Bidder) who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s) and/or Real Property:
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases and/or the Real Property proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Competing Bidder with all exhibits and schedules thereto;

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- (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
- (d) it includes an irrevocable commitment of the Competing Bidder to serve as the Backup Bidder in accordance with the Sale Process Procedures;
- (e) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Monitor, in consultation with the Financial Advisor and the Applicants, to make a reasonable determination as to the Competing Bidder's financial and other capabilities to consummate and perform the transaction contemplated by its Qualified Bid;
- (f) it lists the Leases and/or the Real Property to be subject to the bid and an allocation of the purchase price on a property by property basis;
- (g) it includes details of any amendments which such Competing Bidder seeks to any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Competing Bidder; for greater certainty, nothing in this Real Property Portfolio Sales Process shall be construed to (i) permit or require any amendments to the terms of any Lease(s) without the consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Competing Bidder regarding any such amendments;
- (h) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Competing Bidder; or
 - (ii) obtaining financing;
- (i) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
- (j) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (k) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Financial Advisor, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;

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- (l) it is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Leases and/or the Real Property proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Real Property Portfolio Sales Process, provided, however, that such amount may be raised or lowered for any particular Qualified Bid by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor ~~and the Monitor~~;
- (m) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and
- (n) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Financial Advisor.

30. ~~28.~~ The Applicants, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.

31. ~~29.~~ The Applicants, in consultation with the Financial Advisor ~~and the Monitor~~:

- (a) ~~may, in consultation with the Monitor,~~ engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion, that are otherwise consistent with these Sales Process Procedures;
- (b) shall on the consent of the Monitor, determine which is the most favourable bid with respect to such Lease(s) and/or Real Property, taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases and/or the Real Property, including the effect of accepting Sale Proposals which are not on an en bloc basis;

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- (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction;
- (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
- (v) the terms and provisions of any proposed transaction documentation;
- (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to close ~~result in the execution of a definitive agreement~~ on or before the Targeted Outside Date; and
- (vii) such other criteria as the Applicants may in consultation with the Monitor and the Financial Advisor determine.

Auction Process

32. ~~30.~~ The Applicants, in consultation with the Financial Advisor and the Monitor, shall commence one or more auctions (the "**Auctions**") on or about April 28, 2015.

33. ~~31.~~ The Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:

- (a) only Qualified Bidders for the Lease(s) and/or Real Property to be auctioned and their financial and legal advisors shall be entitled to participate in an Auction;
- (b) the Qualified Bidders who wish to participate at an Auction must appear in person;
- (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
- (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with ~~the Monitor and~~ the Financial Advisor, that are the most favourable Qualified Bid(s) as of the date thereof (the "**Baseline Bid**"); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;
- (e) to make a bid at the Auction, a Qualified Bidder will modify and resubmit its Qualified Bid, which resubmission shall become its new Qualified Bid;

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- (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) by at least the amount of any applicable overbids;
- (g) the Auction shall continue until there are no further higher and better Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) that comply with the procedures set forth for the Auction, and such highest and best Qualified Bid at the time shall become the "**Successful Bid**" (and the person(s) who made the Successful Bid shall become the "**Successful Bidder**");
- (h) the entity with the next-highest or otherwise second best Qualified Bid at the Auction (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) shall be required to serve as a backup bidder (the "**Backup Bidder**"). The identity of the Backup Bidder and the amount and material terms of the final Qualified Bid of the Backup Bidder (the "**Backup Bid**") shall be announced by the Financial Advisor at the conclusion of the Auction concurrently with announcement of the Successful Bidder. The Backup Bidder shall be required to keep its Backup Bid open and irrevocable until the earlier of (i) 5:00 p.m. (Toronto time) on the first Business Day that is 60 days after the date of the Auction (the "**Outside Backup Date**") and (ii) the closing of the transaction with the Successful Bidder; and
- (i) any break-up fees or other fees due to a Selected Stalking Horse Bidder who is not a Successful Bidder or Backup Bidder shall be payable upon the consummation of the Successful Bid or Backup Bid, as applicable, for the applicable Leases and/or Real Property.

34. ~~32.~~ The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.

35. ~~33.~~ Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more ~~successful~~ bidders as Successful Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.

36. ~~34.~~ All Deposits will be retained by the Monitor and invested in a separate interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by any Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price upon closing of the approved transaction and will be non-refundable. The Deposit (plus applicable interest) of each Qualified Bidder not selected as a Successful Bidder will be returned to such Qualified Bidder within five (5) Business Days of the date upon which the Successful Bids are approved by the Court; provided, however, that the Deposit of any Backup Bidder shall not be returned to such

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Backup Bidder until the earlier of (a) consummation of the Successful Bid and (b) the expiration of the Outside Backup Date. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within five (5) Business Days of the date upon which the Real Property Portfolio Sales Process is terminated in accordance with the Sale Process Procedures.

37. ~~35.~~ If a Successful Bidder breaches its obligations under its Qualified Bid, its Deposit shall immediately be forfeited to the Applicants without limiting any other of the Applicant's ~~Applicants'~~ rights and remedies at law or at equity.

Approval Motion for Definitive Agreements

38. ~~36.~~ The Applicants will apply to the Court (the "Approval Motion") for an order approving the Successful Bid(s), or for Lease(s) and/or Real Property not subject to an Auction, the applicable Qualified Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s) and Qualified Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s) and Qualified Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the DIP Lender, and without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Real Property Portfolio Sales Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

39. ~~37.~~ For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Amendment

40. ~~38.~~ The Applicants, ~~on~~ If there is any proposed material modification to the* Real Property Portfolio Sales Process* by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and the DIP Lender and in consultation with the Financial Advisor, ~~may at any time:~~
- (a) ~~amend this* Real Property Portfolio Sales Process*;~~ and/or

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- (b) ~~impose additional terms and conditions and otherwise seek *to modify the Real Property Portfolio Sales Process**to modify the Real Property Portfolio Sales Process* from time to time.~~

DIP Lender Communications

41. 39.-The Applicants, the Monitor and the Financial Advisor will communicate and consult with the DIP Lender throughout the Real Property Portfolio Sales Process and will provide information to the DIP Lender in connection with such communications.

Monitor Updates

42. 40.-The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Real Property Portfolio Sales Process, including an update to be delivered to the Court at the conclusion of Phase 1, prior to the commencement of any Auction and at the conclusion of any Auction.

Reservation of Rights

43. 41.-The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor ~~and the Monitor~~, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Real Property Portfolio Sales Process at any time after entry of the Sale Process Order.
44. 42.-Notwithstanding anything else contained herein, at any time after entry of the Sale Process Order, the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor, ~~may enter into Lease termination agreements or may, from time to time, withdraw any Lease(s) and/or Real Property from this Real Property Portfolio Sales Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).~~
45. 43.-The Applicants, after consultation with the Financial Advisor and on the consent of the Monitor, may reject any or all bids.
46. 44.-To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the ~~Applicants~~ Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/targetcanada> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
47. 45.-This Real Property Portfolio Sales Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants or the Monitor

and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Real Property Portfolio Sales Process, the Monitor may apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Landlord Communications

48. 46.-The Applicants, the Monitor and the Financial Advisor will communicate with the landlords under the Leases from time to time, as appropriate, in connection with their respective interests in the Real Property Portfolio Sales Process.

Outside Date

49. If a definitive agreement with respect to a particular Lease(s) is not executed on or before June 1, 2015, any such Lease(s) that is not subject to a definitive executed agreement on or before such date (or not earlier disclaimed, which disclaimer has become effective by June 1, 2015) shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on June 1, 2015.
50. If a transaction with respect to a particular Lease(s) has not been completed on or before June 30, 2015 or such later date as may be ordered by the Court, any such Lease(s) that is the subject of such transaction shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on the later of (i) June 30, 2015, and (ii) such later date as may be ordered by the Court, as applicable.

SCHEDULE "A"**Applicants**

Target Canada Co.

Target Canada Health Co.

Target Canada Mobile GP Co.

Target Canada Pharmacy (BC) Corp.

Target Canada Pharmacy (Ontario) Corp.

Target Canada Pharmacy Corp.

Target Canada Pharmacy (SK) Corp.

Target Canada Property LLC

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

SCHEDULE "B"*To the Company:*

Target Canada Co.
 5570 Explorer Drive
 Mississauga, ON L4W 0C3

Attn: Aaron Alt
 Email: aaron.alt@target.com

With a copy to:

Osler, Hoskin & Harcourt LLP
 100 King Street West
 1 First Canadian Place
 Suite 6200, P.O. Box 50
 Toronto, ON M5X 1B8

Attn: Tracy Sandler & Heather McKean
 Email: tsandler@osler.com & hmcckean@osler.com

To the Monitor:

Alvarez & Marsal Canada Inc., Court appointed Monitor of Target Canada Co. et al
 Royal Bank Plaza , South Tower, Suite 2900
 PO Box 22
 Toronto ON M5J 2J1

Attn: Doug McIntosh and Bill Kosturos
 Email: dmcintosh@alvarezandmarsal.com & bkosturos@alvarezandmarsal.com

With a copy to:

Goodmans LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 3400
 Toronto, Ontario M5H 2S7

Attn: Jay Carfagnini and ~~Kenneth~~Ken Herlin
 Email: jcarfagnini@goodmans.ca & kherlin@goodmans.ca

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To the Financial Advisor:

Lazard Freres & Co. LLC.
30 Rockefeller Plaza
New York, NY 10112

Attn: Tim Pohl & Phillip Summers
Email: tim.pohl@lazard.com & phillip.summers@lazard.com

To the Broker:

Northwest Atlantic Canada, Inc.
864 York Mills Road
Toronto, Ontario M3B 1Y4

Attn: Tim Sanderson
Email: tim@nwaretail.com

To the DIP Lender:

Target Corporation
1000 Nicollet Mall
Minneapolis, MN 55403

Attn: Corey Haaland
Email: corey.haaland@target.com

With a copy to:

Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Attn: Dennis M. Ryan
Email: dennis.ryan@faegrebd.com

SCHEDULE "C"

Leases

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
3505	Bayshore Mall	Ottawa	ON
3507	Intercity Shopping Centre	Thunder Bay	ON
3508	Discovery Harbour Shopping Centre	Campbell River	BC
3509	Nanaimo North Town Centre	Nanaimo	BC
3510	Westmount Shopping Centre	London	ON
3511	Hazeldean Mall	Kanata	ON
3512	Driftwood Mall	Courtenay	BC
3516	Carrefour Richelieu	St-Jean-sur-Richelieu	QC
3519	South Hamilton Square	Hamilton	ON
3522	County Fair Mall	Smiths Falls	ON
3524	Queenston Place	Hamilton	ON
3526	Lawrence Square	Toronto	ON
3530	Sydney Shopping Centre	Sydney	NS
3533	Thames-Lea Plaza	Chatham-Kent	ON
3534	Lansdowne Centre	Richmond	BC
3538	Forest Lawn Shopping Centre	Calgary	AB
3547	Les Galeries Gatineau	Gatineau	QC
3548	Hillside Mall	Victoria	BC
3550	Uptown Centre	Fredericton	NB
3552	Westdale Mall	Mississauga	ON
3557	Scottsdale Mall	Delta	BC
3559	Five Points Mall	Oshawa	ON
3560	Lindsay Square Mall	Lindsay	ON
3561	Kingsway Garden Mall	Edmonton	AB
3564	Sherwood Park Mall	Edmonton (Sherwood Park)	AB
3565	Upper Canada Mall	Newmarket	ON
3566	Northwest Centre	Moncton	NB
3572	Milton Mall Shopping Centre	Milton	ON
3574	Prairie Mall	Grande Prairie	AB
3575	Cottonwood Mall	Chilliwack	BC
3576	Carrefour St-Georges	Saint-Georges	QC
3577	The Mall At Lawson Heights	Saskatoon	SK
3586	Haney Place Mall	Maple Ridge	BC
3590	Carrefour De L'Estrée	Sherbrooke	QC
3591	Cataragui Town Centre	Kingston	ON
3592	Les Rivières Shopping Centre	Trois-Rivières	QC
3595	Carrefour Angrignon	Montreal	QC
3608	Cambridge Centre	Cambridge	ON
3609	Centrepont Mall	Toronto	ON
3610	Terrarium Shopping Centre	Pointe-Claire	QC
3613	Le Carrefour Rimouski	Rimouski	QC
3614	Medicine Hat Mall	Medicine Hat	AB
3615	Tamarack Mall	Cranbrook	BC

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3616	Coquitlam Centre	Coquitlam	BC
3617	Surrey Place/Central City	Surrey	BC
3623	Bramalea City Centre	Brampton	ON
3624	Bower Place	Red Deer	AB
3628	Meadowlands Shopping Centre	Ottawa-Gatineau	ON
3630	1899 Algonquin Avenue	North Bay	ON
3634	Place Portabello	Brossard	QC
3636	Square One	Mississauga	ON
3637	Charlottetown Mall	Charlottetown	PE
3639	Durham Centre	Ajax	ON
3642	Laurentian Power Centre	Kitchener	ON
3644	Kildonan Place Shopping Centre	Winnipeg	MB
3645	Seaway Mall	Welland	ON
3646	Erin Mills Town Centre	Mississauga	ON
3647	Galleries D'Anjou	Montreal	QC
3648	West Edmonton Mall	Edmonton	AB
3650	Corner Brook	Corner Brook	NL
3652	Bayers Lake Power Centre	Halifax	NS
3655	McAllister Place	Saint John	NB
3657	Carrefour Du Nord	Saint-Jerome	QC
3658	RioCan St. Laurent	Ottawa	ON
3663	Pickering Town Centre	Pickering	ON
3665	Orillia Square	Orillia	ON
3666	Hillcrest Mall	Richmond Hill	ON
3667	Bridlewood Mall	Scarborough	ON
3668	Shoppers World Brampton	Brampton	ON
3669	Sheridan Mall	Mississauga	ON
3670	Hopedale Mall	Oakville	ON
3671	Meadowland Power Centre	Hamilton	ON
3672	Conestoga Mall	Waterloo	ON
3677	Sudbury Supermall	Sudbury	ON
3682	Southdale Centre	Winnipeg	MB
3688	Village Green Mall	Vernon	BC
3690	Willowbrook Shopping Centre	Langley	BC
3693	Carrefour St-Eustache	Saint-Eustache	QC
3694	St. Albert Centre	St. Albert	AB
3695	Mega Centre Autoroute 13	Laval	QC
3696	Les Galeries De La Capitale	Quebec City	QC
3697	Mic Mac Mall	Halifax	NS
3698	Orchard Park Plaza	Kelowna	BC
3699	Stratford Mall	Stratford	ON
3702	Place Longueuil	Longueuil	QC
3704	Place Alexis Nihon	Westmount	QC
3705	Place Versailles Shopping Centre	Montreal	QC
3706	Masonville Place	London	ON
3707	Woodbine Centre	Toronto	ON
3708	Devonshire Mall	Windsor	ON
3709	Les Promenades Saint-Bruno	Saint-Bruno-de-Montarville	QC
3710	Bonnie Doon	Edmonton	AB
3711	Oakridge Centre	Vancouver	BC
3713	Sunridge Mall	Calgary	AB

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3714	Market Mall	Calgary	AB
3715	Cloverdale Mall	Toronto	ON
3717	Metropolis At Metrotown	Burnaby	BC
3718	Les Galeries Joliette	Joliette	QC
3719	Pine Centre	Prince George	BC
3725	Galeries Chagnon	Levis	QC
3728	Northgate Mall	Regina	SK
3729	Shoppers World Danforth	Toronto	ON
3730	Pen Centre	St. Catharines	ON
3731	Bedford Place	Bedford	NS
3732	Cabot Square	St John's	NL
3737	Shoppes At Shawnessy	Calgary	AB
3738	Burlington Mall	Burlington	ON
3739	Abbotsford Power Centre	Abbotsford	BC
3742	East York Town Centre	Toronto	ON
3743	Place Fleur De Lys	Quebec City	QC
3744	Sahali Centre Mall	Kamloops	BC
3746	Billings Bridge Plaza	Ottawa	ON
3747	Grant Park	Winnipeg	MB
3749	Aurora Shopping Centre	Aurora	ON
3751	Gates Of Fergus	Wellington	ON
3753	Centre Mall	Hamilton	ON
3754	Signal Hill Centre	Calgary	AB
3755	Place Laurier	Quebec City	QC
3757	Clarington Town Centre	Clarington	ON
3759	Stone Road Mall	Guelph	ON
3760	Tillicum Mall	Victoria	BC
3761	Millcroft Centre	Burlington	ON
3762	Flamborough Power Centre	Hamilton	ON
3763	Shoppers Mall	Brandon	MB
3764	Place D'Orleans	Ottawa	ON
3765	Faubourg Boisbriand	Boisbriand	QC
3766	Centre At Circle & Eighth	Saskatoon	SK
3767	Taunton Road Power Centre	Whitby	ON
3768	Eglinton and Warden	Toronto	ON
3769	Place Vertu	St Laurent	QC
3770	Mill Woods Town Centre	Edmonton	AB
3772	Chinook Centre	Calgary	AB
3773	Trinity Common	Brampton	ON
7000	Centre Laval	Laval	QC
7001	RioCan Niagara Falls	Niagara Falls	ON
7002	Stockyards	Toronto	ON
7008	York Street	Toronto	ON
7325	Warehouse space	Mississauga	ON
7326	Warehouse space	Calgary	AB
7327	Warehouse space	Montreal	QC
7328	Warehouse space	Burnaby	BC
7329	Distribution Facility	Hamilton	ON
7330	Distribution Facility	Calgary	AB
7403	Office space	Oshawa	ON
7404			

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7405 7406	Office space	Burlington	ON
7407 7408 7409	Office space	Burnaby	BC
7410	Office space	Edmonton	AB
7411	Office space	Calgary	AB
7412	Office space	Winnipeg	MB
7413 7414 7415	Office space	Montreal	QC
7416	Office space	Quebec City	QC
7417	Office space	Ottawa	ON
7418	Office space	Dartmouth	NS
9730	Office space	Mississauga	ON
9731 7400 7401 7402 7419	Office space	Mississauga	ON

SCHEDULE "D"**Real Property**

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
7004	Park Place	Barrie	ON
7006	Candiac Power Centre	Candiac	QC
7012	Polo Park	Winnipeg	MB
7300	Distribution Facility	Milton	ON
7301	Distribution Facility	Calgary	AB
7302	Distribution Facility	Cornwall	ON

TAB D

THE FOLLOWING IS EXHIBIT "D"
REFERRED TO IN THE AFFIDAVIT
OF MARK J. WONG
SWORN FEBRUARY 9, 2015



Commissioner for Taking Affidavits

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 15TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF JANUARY, 2015
)	
MORAWETZ)	

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

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

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark J. Wong sworn January 14, 2015 and the Exhibits thereto (the "**Wong Affidavit**") and the pre-filing report dated January 14, 2015 of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as Proposed Monitor of the Applicants (the "**Pre-Filing Report**"), and on hearing the submissions of counsel for the Applicants and the partnerships listed on Schedule "A" hereto (the "**Partnerships**", and collectively with the Applicants, the "**Target Canada Entities**"), Target Corporation, A&M, the Directors and Employee Representative Counsel, and on reading the consent of A&M to act as the Monitor,

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SERVICE

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

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not Applicants, the Partnerships shall enjoy the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants, individually or collectively, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”), ~~between, *inter alia*, one or more of the Target Canada Entities and one or more classes of their applicable secured and/or unsecured creditors as the Applicants deem appropriate.~~

4. THIS COURT ORDERS that the amounts owing by Target Canada Co. (“**TCC**”) to Nicollet Enterprise 1 S.à r.l. shall be subordinated and postponed to the proven claims of the unsecured creditors of TCC.

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Target Canada Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Target Canada Entities shall continue to carry on business in a manner consistent with the preservation of the value of their business (the “**Business**”) and Property. The Target Canada Entities shall each be authorized and empowered to continue to retain and employ the employees, advisors, consultants, agents, experts,

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appraisers, valuers, brokers, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Target Canada Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Wong Affidavit or, with the consent of the Monitor and the DIP Lender (as defined herein), replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan Chase Bank, National Association (“**JPMorgan**”)) shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Target Canada Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Target Canada Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that the Target Canada Entities (other than Target Canada Property LLC and Target Canada Property LP) (collectively, the “**DIP Entities**”) shall segregate all cash and non-cash receipts arising out of or in connection with the sale of the following Property of the DIP Entities (the “**DIP Property**”), which receipts shall be held in trust by the DIP Entities as follows:

- (a) net cash proceeds of any sale or other disposition (including as a result of casualty or condemnation) by the DIP Entities of any DIP Property other than inventory (whether such inventory is sold or disposed of through return to the vendor or

wholesaler, the liquidation of the inventory by a liquidation agent if appointed by the Court in connection with the Liquidation Agent Solicitation Process (as defined herein) or otherwise), which shall be held in trust for and on behalf of the DIP Lender (as defined herein) and applied, except as otherwise agreed by the DIP Lender in writing as follows, pursuant to and in accordance with the Term Sheet (as defined herein):

- (i) first, to pay accrued and unpaid interest on, and expenses in respect of, the DIP Obligations (as defined herein);
- (ii) second, to repay any principal amounts or other DIP Obligations outstanding; and
- (iii) third, the balance to be paid to the DIP Entities.

8. THIS COURT ORDERS that the Target Canada Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after this Order to the extent that such expenses are incurred and payable by the Target Canada Entities:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental and similar benefit plans or arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll processing expenses;
- (b) all outstanding or future amounts owing in respect of customer rebates, refunds, discounts or other amounts on account of similar customer programs or obligations;
- (c) all outstanding or future amounts related to honouring gift cards issued before or after the date of this Order;
- (d) the fees and disbursements of any Assistants retained or employed by the Target Canada Entities at their standard rates and charges;

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- (e) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Target Canada Entities prior to the date of this Order by:
 - (i) logistics or supply chain providers, including customs brokers and freight forwarders and security and armoured truck carriers;
 - (ii) providers of credit, debit and gift card processing related services; and
 - (iii) other third party suppliers up to a maximum aggregate amount of \$10,000,000, if, in the opinion of the Target Canada Entities, the supplier is critical to the Orderly Wind-down (as defined herein); and
- (f) any and all sums due and owing to Amex Bank of Canada and JPMorgan in respect of credit cards issued to management and employees of the Target Canada Entities.

9. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Target Canada Entities shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the Business in the ordinary course during the Orderly Wind-down after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Target Canada Entities following the date of this Order.

10. THIS COURT ORDERS that the Target Canada Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Target Canada Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Target Canada Entities in connection with the sale of goods and services by the Target Canada Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Target Canada Entities; and
- (d) taxes under the *Income Tax Act* (Canada) or other relevant taxing statute giving rise to any statutory deemed trust amounts in favour of the Crown in right of Canada or any Province thereof or any political subdivision thereof or any other taxation authority.

11. THIS COURT ORDERS that, except as specifically permitted herein, the Target Canada Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the Target Canada Entities to any of their creditors as of the date of this Order; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the

Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of the Court.

ORDERLY WIND-DOWN

12. THIS COURT ORDERS that the Target Canada Entities shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the term sheet (the “**Term Sheet**”) governing the DIP Facility (as defined herein), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of redundant or non-material assets not exceeding \$1,000,000 in any one transaction or \$5,000,000 in the aggregate, provided that, with respect to any leased premises, the Target Canada Entities may, subject to the requirements of the CCAA and paragraphs 13 to 15 herein, vacate, abandon or quite the whole but not part of any leased premises and may permanently but not temporarily cease, downsize or shut down;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant Target Canada Entity deems appropriate;
- (c) pursue all offers for sales of material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any sale (except as permitted by paragraph 12(a)) above;
- (d) in consultation with, and with the oversight of, the Monitor, engage in discussions with and solicit proposals and agreement(s) from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the “**Liquidation Agent Solicitation Process**”) and return to Court for approval of such agreement(s); and
- (e) to apply to this Court for such approval, vesting or other Orders as may be necessary to consummate sale transactions for all or any part of the Property,

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all of the foregoing to permit the Target Canada Entities to proceed with an orderly wind-down of the Business (the “**Orderly Wind-down**”).

REAL PROPERTY LEASES

13. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Target Canada Entities shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts ~~normally~~ payable to the landlord under its lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Target Canada Entities or the making of this Initial Order) or as otherwise may be negotiated between the applicable Target Canada Entity and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

14. THIS COURT ORDERS that the Target Canada Entities shall provide each of the relevant landlords with notice of the relevant Target Canada Entity’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the relevant Target Canada Entity’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Target Canada Entity, or by further Order of this Court upon application by the Target Canada Entities on at least two (2) days’ notice to such landlord and any such secured creditors. If any of the Target Canada Entities disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the

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disclaimer or resiliation of the lease shall be without prejudice to the relevant Target Canada Entity's claim to the fixtures in dispute.

15. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA by any of the Target Canada Entities, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Target Canada Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Target Canada Entities in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

16. ~~THIS COURT ORDERS that, notwithstanding anything to the contrary in any real property lease or elsewhere, the Target Canada Entities shall have no obligation to stock or re-stock and/or operate from any of its locations and/or remodel, fixture or open any new or renovated stores during these proceedings.~~ [Intentionally Deleted]

STAY OF PROCEEDINGS

17. THIS COURT ORDERS that until and including February 13, 2015, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Target Canada Entities or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Target Canada Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Target Canada Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

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18. THIS COURT ORDERS that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by the Target Canada Entities shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of this Order, the declarations of insolvency by the Target Canada Entities or as a result of any steps taken by the Target Canada Entities pursuant to this Order and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith.

19. THIS COURT ORDERS that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Target Corporation and its direct and indirect subsidiaries (other than the Target Canada Entities) (collectively, "**Target US**") arising out of or in connection with any right, remedy or claim of any Person (as defined herein) against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future, which indebtedness, indemnity, liability or obligation is derivative of the primary liability of the Target Canada Entities except with the written consent of the Target Canada Entities and Target US and the Monitor, or with leave of this Court; provided that this paragraph shall not apply to (i) any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with

the provision of the Cash Management System, and (ii) any landlord in connection with any right, remedy or claim such landlord may have against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US pursuant to a written contractual indemnity, guarantee or surety provided by Target US to such landlord.

19A. THIS COURT ORDERS that, without in any way altering, increasing, creating or eliminating any obligation or duty to mitigate losses or damages, the rights, remedies and claims (collectively, the "Landlord Guarantee Claims") of any landlord against Target US pursuant to any indemnity, guarantee, or surety relating to a lease of real property, including, without limitation, the validity, enforceability or quantum of such Landlord Guarantee Claims: (a) shall be determined by a judge of the Ontario Superior Court of Justice (Commercial List), whether or not the within proceedings under the CCAA continue (without altering the applicable and operative governing law of such indemnity, guarantee or surety) and notwithstanding the provisions of any federal or provincial statutes with respect to procedural matters relating to the Landlord Guarantee Claims; provided that any landlord holding such guarantees, indemnities or sureties that has not consented to the foregoing, may, within fifteen (15) days of the making of this Order, bring a motion to have the matter of the venue for the determination of its Landlord Guarantee Claim adjudicated by the Court; (b) shall not be determined, directly or indirectly, in the within CCAA proceedings; (c) shall be unaffected by any determination (including any findings of fact, mixed fact and law or conclusions of law) of any rights, remedies and claims of such landlords as against the Target Canada Entities, whether made in the within proceedings under the CCAA or in any subsequent proposal or bankruptcy proceedings under the BIA, other than that any recoveries under such proceedings received by such landlords shall constitute a reduction and offset to any Landlord Guarantee Claims; and (d) shall be treated as unaffected and shall not be released or affected in any way in any Plan filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of them, under the BIA.

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NO EXERCISE OF RIGHTS OR REMEDIES

20. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the Target Canada Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Target Canada Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Target Canada Entities to carry on any business which the Target Canada Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien, and provided further that this paragraph shall not apply to any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

NO INTERFERENCE WITH RIGHTS

21. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Target Canada Entities, except with the written consent of the relevant Target Canada Entity and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant Target Canada Entity shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

22. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Target Canada Entities or statutory or regulatory mandates for the supply

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of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payroll and benefits services, pharmaceutical services, insurance, warranty services, transportation services, freight services, security and armoured truck carrier services, utility, customs clearing, warehouse and logistics services or other services to the Business or the Target Canada Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Target Canada Entities, and that the Target Canada Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Target Canada Entities in accordance with normal payment practices of the Target Canada Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Target Canada Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

23. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Target Canada Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

24. THIS COURT ORDERS that the Key Employees Retention Plan (the “KERP”), as described in the Wong Affidavit, is hereby approved and the Target Canada Entities are authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

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25. THIS COURT ORDERS that the key employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$6.5 million to secure amounts owing to such key employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 63 and 65 herein.

EMPLOYEE TRUST

26. THIS COURT ORDERS that the creation of the Employee Trust, as defined and described in the Wong Affidavit, is hereby approved on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation the appointments of Hon. John D. Ground as trustee and the Monitor as administrator (the “**Administrator**”) of the Employee Trust and authorizes and directs the Monitor to act in such capacity.

27. THIS COURT ORDERS that TCC is authorized to process or cause to be processed all amounts received from the Employee Trust, including making payments to the Beneficiaries (as defined in the Employee Trust Agreement), subject to and in accordance with the terms and conditions of the Employee Trust Agreement.

28. THIS COURT ORDERS that the amounts received by TCC from the Employee Trust in the hands of TCC and when paid to any payment processor shall be deemed to be held in trust for and on behalf of the Beneficiaries, subject to and in accordance with the Employee Trust Agreement and shall not constitute property of TCC, including, without limitation, under the CCAA and the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and shall not be subject to the claims of any person other than as provided under the Employee Trust Agreement.

29. THIS COURT ORDERS that the creation, establishment, funding and administration of the Employee Trust shall not, in whole or in part, directly or indirectly, (a) cause Target US to be or be deemed to be, or (b) in any way be relied upon to claim or assert that Target US is or is deemed to be, either (i) an employer or (ii) a common or related employer under contract, statute, common law or otherwise of any employee of the Target Canada Entities.

30. THIS COURT ORDERS that:

- (a) each Beneficiary shall be deemed to release the Releasees (as defined in the Employee Trust Agreement) on the payment of a distribution from the Employee Trust in respect of such Beneficiary's Eligible Employee Claim (as defined in the Employee Trust Agreement), to the extent of such distribution (the "**Payment Release**"); and
- (b) each Beneficiary shall be deemed to release the Releasees in respect of the full amount of the Beneficiary's Eligible Employee Claim 60 days after the final payment to such Beneficiary under the Employee Trust or such later date as the Monitor in its sole discretion may designate, provided that the Beneficiary has not, on or before such date, provided notice of dispute to the Monitor and Employee Representative Counsel (as defined herein) substantially in the manner and form attached as Schedule "B"; provided further that in the event of any insufficiency of Trust funds to cover an individual's total Eligible Employee Claim, only the Payment Release shall be effective and there shall be no deemed full and final release of the full Eligible Employee Claim.

EMPLOYEE REPRESENTATIVE COUNSEL

31. THIS COURT ORDERS that Koskie Minsky LLP ("**Employee Representative Counsel**") is hereby appointed as counsel for all employees other than officers and directors (the "**Employees**") of the Target Canada Entities in these proceedings, any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before this Honourable Court (the "**Insolvency Proceedings**"), for any issues affecting the Employees in the Insolvency Proceedings including, without limitation, with respect to the Employee Trust Agreement and the Claims Process (as defined in the Employee Trust Agreement).

32. THIS COURT ORDERS that the Employee Representative Counsel shall commence the process of identifying no more than 7 Employees to be nominated as Court-appointed representatives (the "**Employee Representatives**") as soon as practicable. The Employee

Representatives, once appointed, shall represent the Employees in the Insolvency Proceedings, including, without limitation, for the purpose of settling or compromising claims by the Employees in the Insolvency Proceedings.

33. THIS COURT ORDERS that notice of the appointment of Employee Representative Counsel shall be provided to the Employees by:

- (a) referring thereto in a letter to be sent to the Employees, other than former employees, by Target Canada Entities, no later than January 19, 2015;
- (b) postings in each place of work;
- (c) notice on the Monitor's Website (as defined herein) and on the Representative Counsel's website; and
- (d) referring thereto in the notices provided for in paragraph 69 below.

34. THIS COURT ORDERS that the Target Canada Entities shall provide to Employee Representative Counsel, without charge:

- (a) the names, last known address and last known email addresses (if any) of all the Employees as well as applicable data regarding their entitlements, subject to a confidentiality agreement and to only be used for the purposes of these proceedings; and
- (b) upon request of Employee Representative Counsel, such documents and data as may be relevant to matters relating to the issues in these proceedings, including documents and data pertaining to the various benefits, termination allowance plans, severance and termination payments and other arrangements for group health, life insurance, retirement and severance payments, including up to date financial information regarding the funding and investments of any of these arrangements.

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35. THIS COURT ORDERS that all reasonable fees and disbursements as may have been incurred by the Employee Representative Counsel prior to the date of this Order or which shall be incurred by the Employee Representative Counsel shall be paid by the Target Canada Entities on a weekly basis, forthwith upon the rendering of accounts to the Target Canada Entities. In the event of any disagreement regarding such fees, such matters may be remitted to this Court for determination.

36. THIS COURT ORDERS that Employee Representative Counsel is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

37. THIS COURT ORDERS that Employee Representative Counsel shall have no liability as a result of its appointment or the fulfilment of its duties in carrying out the provisions of this Order save and except for any gross negligence or wilful misconduct on its part.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

38. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Target Canada Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Target Canada Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Target Canada Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the Target Canada Entities or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

39. THIS COURT ORDERS that the Target Canada Entities shall jointly and severally indemnify their directors and officers against obligations and liabilities that they may incur as

directors or officers of the Target Canada Entities after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

40. THIS COURT ORDERS that the directors and officers of the Target Canada Entities shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$64 million, as security for the indemnity provided in paragraph 39 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 63 and 65 herein.

41. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 39 of this Order.

APPROVAL OF ADVISOR AGREEMENTS

42. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Lazard Freres & Co. LLC (“**Lazard**”) as financial advisor to TCC in connection with the sales process for the real property assets held by the Target Canada Entities (the “**Real Property Portfolio Sales Process**”) in the form attached as a confidential appendix to the Pre-Filing Report (the “**Financial Advisor Agreement**”), and the retention of Lazard under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

43. THIS COURT ORDERS that Confidential Appendix “A” to the Pre-Filing Report shall be and is hereby sealed, kept confidential and shall not form part of the public record.

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44. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Northwest Atlantic (Canada) Inc. ("**Northwest**") to provide real estate advisory services, including any required brokerage services, to TCC in respect of the Real Property Portfolio Sales Process in the form attached as Exhibit V to the Wong Affidavit (the "**Real Estate Advisor Agreement**"), and the retention of Northwest under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Real Estate Advisor Agreement.

45. THIS COURT ORDERS that Lazard and Northwest shall consult with and report to the Monitor on a regular basis in connection with the Real Property Portfolio Sales Process.

APPOINTMENT OF MONITOR

46. THIS COURT ORDERS that Alvarez & Marsal Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Target Canada Entities with the powers and obligations set out in the CCAA or set forth herein and that the Target Canada Entities and their direct and indirect shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Target Canada Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

47. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Target Canada Entities' receipts and disbursements;
- (b) assist with the wind-down of the Business and operations of the Target Canada Entities;

- (c) liaise with Assistants with respect to all matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (d) oversee and consult with Lazard and Northwest with respect to the Real Property Portfolio Sales Process;
- (e) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Shared Services, the Orderly Wind-down and such other matters as may be relevant to the proceedings herein;
- (f) assist the Target Canada Entities, to the extent required by the Target Canada Entities, in their dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Target Canada Entities and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (g) advise the Target Canada Entities in their preparation of the Target Canada Entities' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis in accordance with the Term Sheet;
- (h) advise the Target Canada Entities in their development of the Plan and any amendments to the Plan;
- (i) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Target Canada Entities, to the extent that is necessary to adequately assess the Target Canada

Entities' business and financial affairs or to perform its duties arising under this Order;

- (k) oversee and consult with the Target Canada Entities, any liquidation agent selected through the Liquidation Agent Solicitation Process and any Assistants retained (including brokers), to the extent required, with any and all wind-down activities and/or any marketing or sale of the Property and the Business or any part thereof;
- (l) administer the Employee Trust, in its role as Administrator thereof, in consultation with the Trustee thereof, TCC and Employee Representative Counsel;
- (m) be at liberty to engage independent legal counsel or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (n) be at liberty to serve as a "foreign representative" of the Applicants in any proceeding outside Canada;
- (o) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with any matters relating to any foreign proceeding commenced in relation to any of the Target Canada Entities, including retaining independent legal counsel, agents, experts, accountants or such other persons as the Monitor deems necessary or desirable respecting the exercise of this power; and
- (p) perform such other duties as are required by this Order or by this Court from time to time.

48. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

49. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

50. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Target Canada Entities and the DIP Lender with information provided by the Target Canada Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Target Canada Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Target Canada Entities may agree.

51. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, including for greater certainty in the Monitor’s capacity as Administrator of the Employee Trust, save and except for any gross negligence or wilful misconduct on its part. Nothing in

this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

52. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order by the Target Canada Entities as part of the costs of these proceedings. The Target Canada Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Target Canada Entities and counsel to the Directors on a weekly basis and, in addition, the Target Canada Entities are hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors retainers in the aggregate amount of \$1,000,000 to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

53. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

54. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities, counsel to the Directors, Employee Representative Counsel, Lazard (with respect to its Monthly Fee set out in the Financial Advisor Agreement) and Northwest shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$6.75 million, as security for their professional fees and disbursements incurred at their respective standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 63 and 65 hereof.

55. THIS COURT ORDERS that Lazard shall be entitled to the benefit of and is hereby granted a charge (the “**Financial Advisor Subordinated Charge**”) on the Property with

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respect to its fees under the Financial Advisor Agreement other than its Monthly Fee thereunder (the “**Transaction Fee**”), which charge shall not exceed an aggregate amount of \$3 million, as security for the Transaction Fee. The Financial Advisor Subordinated Charge shall have the priority set out in paragraphs 63 and 65 hereof.

DIP FINANCING

56. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under a credit facility from Target Corporation (the “**DIP Lender**”) in order to finance the DIP Entities’ working capital requirements and other general corporate purposes and allow them to make such other payments as permitted under this Order and the Term Sheet (the “**DIP Facility**”), provided that borrowings under the DIP Facility shall not exceed US\$175 million unless permitted by further Order of this Court.

57. THIS COURT ORDERS that the DIP Facility shall be on the terms and subject to the conditions set forth in the Term Sheet.

58. THIS COURT ORDERS that the DIP Facility and the Term Sheet be and are hereby approved and the DIP Entities are hereby authorized and directed to execute and deliver the Term Sheet.

59. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to execute and deliver the promissory note as is contemplated by the Term Sheet (the “**Promissory Note**”), and the DIP Entities are hereby authorized and directed to pay and perform all of their respective indebtedness, interest, liabilities and obligations to the DIP Lender under and pursuant to the Term Sheet and the Promissory Note as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

60. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the DIP Property, as security for any and all obligations of the DIP Entities under the DIP Facility, the Term Sheet and the Promissory Note (including on account of principal, interest, fees, expenses and other

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liabilities) (the aggregate of all such obligations being the “**DIP Obligations**”), which DIP Lender’s Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time. The DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 63 and 65 hereof.

61. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or the Promissory Note;
- (b) upon the occurrence of an event of default under the Term Sheet, the Promissory Note or the DIP Lender’s Charge, the DIP Lender, upon 3 business days’ prior written notice to the DIP Entities and the Monitor and on application to the Court, may exercise any and all of its rights and remedies against the DIP Entities or the DIP Property under or pursuant to the Term Sheet, the Promissory Note and the DIP Lender’s Charge, including without limitation, to cease making advances to the DIP Entities and set off and/or consolidate any amounts owing by the DIP Lender to the DIP Entities against the obligations of the DIP Entities to the DIP Lender under the Term Sheet, the Promissory Note or the DIP Lender’s Charge, to give notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the DIP Entities and for the appointment of a trustee in bankruptcy of the DIP Entities; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the DIP Entities or the DIP Property.

62. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of

them, under the BIA, with respect to any advances made under the DIP Facility, the Term Sheet or the Promissory Note.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

Fifth – DIP Lender's Charge.

64. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, and the DIP Lender's Charge, (collectively, the “Charges”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

65. THIS COURT ORDERS that each of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge shall constitute a charge on the Property and the DIP Lender's Charge shall constitute a charge on the DIP Property and such Charges (other than the DIP Lender's Charge) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “Encumbrances”) in favour of any Person, except for any Person who

is a “secured creditor” as defined in the CCAA. For greater certainty, the DIP Lender’s Charge shall rank behind all Encumbrances in favour of any Person.

66. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Target Canada Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge, the KERP Charge, the Directors’ Charge and the Financial Advisor Subordinated Charge, unless the Target Canada Entities also obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge, the KERP Charge, the Directors’ Charge and the Financial Advisor Subordinated Charge, or further Order of this Court.

67. THIS COURT ORDERS that the Administration Charge, the KERP Charge, the Directors’ Charge, the Financial Advisor Subordinated Charge, the Term Sheet, the Promissory Note and the DIP Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “Agreement”) which binds the Target Canada Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Promissory Note shall create or be deemed to constitute a breach by any of the Target Canada Entities of any Agreement to which they are a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Target Canada Entities entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Promissory Note; and
- (c) the payments made by the Target Canada Entities pursuant to this Order, the Term Sheet or the Promissory Note, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

68. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant Target Canada Entity's interest in such real property leases.

SERVICE AND NOTICE

69. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Target Canada Entities of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available.

70. THIS COURT ORDERS that any employee of any of the Target Canada Entities that receives a notice of termination from any of the Target Canada Entities shall be deemed to have received such notice of termination by no more than the seventh day following the date such notice of termination is delivered, if such notice of termination is sent by ordinary mail, expedited parcel or registered mail.

71. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “Guide”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <http://www.alvarezandmarsal.com/targetcanada> (the “Monitor’s Website”).

72. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Guide is not practicable, the Target Canada Entities and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Target Canada Entities’ creditors or other interested parties at their respective addresses as last shown on the records of the Target Canada Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

73. THIS COURT ORDERS that the Target Canada Entities or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

74. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Target Canada Entities, the Business or the Property.

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

76. THIS COURT ORDERS that each of the Target Canada Entities and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as the foreign representative of the Target Canada Entities to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto.

77. THIS COURT ORDERS that any interested party (including the Target Canada Entities and the Monitor) may apply to this Court to vary or amend this Order at the comeback motion scheduled for February 11, 2015, on not less than seven (7) calendar days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

78. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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SCHEDULE "A"
PARTNERSHIPS

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

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SCHEDULE "B"
NOTICE OF DISPUTE REGARDING ELIGIBLE EMPLOYEE CLAIM

I, _____ (insert name and employee number if known), am disputing that I have been paid in full in respect of my Eligible Employee Claim, as such term is defined in the Employee Trust Agreement. ****Please see the Monitor's website at www.alvarezandmarsal.com/targetcanada or Employee Representative Counsel's website at www.kmlaw.ca for further information.****

I am a _____ (insert position) in the Target Canada Co. store located at _____ (insert address/location).

The basis for my objection is:
 (insert full particulars regarding dispute, including all facts and calculations on which you are relying)

Based on the foregoing, I claim that I am owed the sum of \$ _____.

Dated at _____ this _____ day of _____, 2015.

Signature: _____

Address: _____

Tel: _____

Email: _____

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METHOD OF DELIVERY:

This notice of dispute must be sent to Employee Representative Counsel and to the Monitor at the following addresses:

To Employee Representative Counsel:

Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Attention: Susan Philpott
Fax: (416) 204-2897
Email: targetemployees@kmlaw.ca

To the Monitor at:

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Attention: Target Canada Monitor
Fax: (416) 847-5201
Email: targetcanada.monitor@alvarezandmarsal.com

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NOTE:

**THIS MUST BE SENT TO EMPLOYEE REPRESENTATIVE COUNSEL
AND THE MONITOR NO LATER THAN 45 DAYS AFTER YOU
RECEIVE YOUR LAST PAYMENT FROM TCC PAYROLL.**

TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 15TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF JANUARY, 2015
)	
MORAWETZ)	

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

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

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark J. Wong sworn January 14, 2015 and the Exhibits thereto (the "**Wong Affidavit**") and the pre-filing report dated January 14, 2015 of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as Proposed Monitor of the Applicants (the "**Pre-Filing Report**"), and on hearing the submissions of counsel for the Applicants and the partnerships listed on Schedule "A" hereto (the "**Partnerships**", and collectively with the Applicants, the "**Target Canada Entities**"), Target Corporation, A&M, the Directors and Employee Representative Counsel, and on reading the consent of A&M to act as the Monitor,

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SERVICE

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

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not Applicants, the Partnerships shall enjoy the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants, individually or collectively, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).
4. THIS COURT ORDERS that the amounts owing by Target Canada Co. (“**TCC**”) to Nicollet Enterprise 1 S.à r.l. shall be subordinated and postponed to the proven claims of the unsecured creditors of TCC.

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Target Canada Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Target Canada Entities shall continue to carry on business in a manner consistent with the preservation of the value of their business (the “**Business**”) and Property. The Target Canada Entities shall each be authorized and empowered to continue to retain and employ the employees, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Target Canada Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Wong Affidavit or, with the consent of the Monitor and the DIP Lender (as defined herein), replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan Chase Bank, National Association (“**JPMorgan**”)) shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Target Canada Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Target Canada Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that the Target Canada Entities (other than Target Canada Property LLC and Target Canada Property LP) (collectively, the “**DIP Entities**”) shall segregate all cash and non-cash receipts arising out of or in connection with the sale of the following Property of the DIP Entities (the “**DIP Property**”), which receipts shall be held in trust by the DIP Entities as follows:

- (a) net cash proceeds of any sale or other disposition (including as a result of casualty or condemnation) by the DIP Entities of any DIP Property other than inventory (whether such inventory is sold or disposed of through return to the vendor or wholesaler, the liquidation of the inventory by a liquidation agent if appointed by the Court in connection with the Liquidation Agent Solicitation Process (as defined herein) or otherwise), which shall be held in trust for and on behalf of the DIP Lender (as defined herein) and applied, except as otherwise agreed by the DIP Lender in writing as follows, pursuant to and in accordance with the Term Sheet (as defined herein):

- (i) first, to pay accrued and unpaid interest on, and expenses in respect of, the DIP Obligations (as defined herein);
- (ii) second, to repay any principal amounts or other DIP Obligations outstanding; and
- (iii) third, the balance to be paid to the DIP Entities.

8. THIS COURT ORDERS that the Target Canada Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after this Order to the extent that such expenses are incurred and payable by the Target Canada Entities:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental and similar benefit plans or arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll processing expenses;
- (b) all outstanding or future amounts owing in respect of customer rebates, refunds, discounts or other amounts on account of similar customer programs or obligations;
- (c) all outstanding or future amounts related to honouring gift cards issued before or after the date of this Order;
- (d) the fees and disbursements of any Assistants retained or employed by the Target Canada Entities at their standard rates and charges;
- (e) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Target Canada Entities prior to the date of this Order by:
 - (i) logistics or supply chain providers, including customs brokers and freight forwarders and security and armoured truck carriers;
 - (ii) providers of credit, debit and gift card processing related services; and

- (iii) other third party suppliers up to a maximum aggregate amount of \$10,000,000, if, in the opinion of the Target Canada Entities, the supplier is critical to the Orderly Wind-down (as defined herein); and
- (f) any and all sums due and owing to Amex Bank of Canada and JPMorgan in respect of credit cards issued to management and employees of the Target Canada Entities.

9. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Target Canada Entities shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the Business in the ordinary course during the Orderly Wind-down after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Target Canada Entities following the date of this Order.

10. THIS COURT ORDERS that the Target Canada Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the Target Canada Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Target Canada Entities in connection with the sale of goods and services by the Target Canada Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or

where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Target Canada Entities; and
- (d) taxes under the *Income Tax Act* (Canada) or other relevant taxing statute giving rise to any statutory deemed trust amounts in favour of the Crown in right of Canada or any Province thereof or any political subdivision thereof or any other taxation authority.

11. THIS COURT ORDERS that, except as specifically permitted herein, the Target Canada Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the Target Canada Entities to any of their creditors as of the date of this Order; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of the Court.

ORDERLY WIND-DOWN

12. THIS COURT ORDERS that the Target Canada Entities shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the term sheet (the "**Term Sheet**") governing the DIP Facility (as defined herein), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of redundant or non-material assets not exceeding \$1,000,000 in any one transaction or \$5,000,000 in the aggregate, provided that, with respect to any leased premises, the Target Canada Entities may, subject to the requirements of the CCAA and paragraphs 13 to 15 herein, vacate, abandon or quite the whole but not part of any leased premises and may permanently but not temporarily cease, downsize or shut down;

- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant Target Canada Entity deems appropriate;
- (c) pursue all offers for sales of material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any sale (except as permitted by paragraph 12(a)) above;
- (d) in consultation with, and with the oversight of, the Monitor, engage in discussions with and solicit proposals and agreement(s) from third parties in respect of the liquidation of the inventory, furniture, equipment and fixtures located in and/or forming part of the Property (the “**Liquidation Agent Solicitation Process**”) and return to Court for approval of such agreement(s); and
- (e) to apply to this Court for such approval, vesting or other Orders as may be necessary to consummate sale transactions for all or any part of the Property,

all of the foregoing to permit the Target Canada Entities to proceed with an orderly wind-down of the Business (the “**Orderly Wind-down**”).

REAL PROPERTY LEASES

13. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Target Canada Entities shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under its lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Target Canada Entities or the making of this Initial Order) or as otherwise may be negotiated between the applicable Target Canada Entity and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

14. THIS COURT ORDERS that the Target Canada Entities shall provide each of the relevant landlords with notice of the relevant Target Canada Entity's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the relevant Target Canada Entity's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Target Canada Entity, or by further Order of this Court upon application by the Target Canada Entities on at least two (2) days' notice to such landlord and any such secured creditors. If any of the Target Canada Entities disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the relevant Target Canada Entity's claim to the fixtures in dispute.

15. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA by any of the Target Canada Entities, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Target Canada Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Target Canada Entities in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

16. [Intentionally Deleted]

STAY OF PROCEEDINGS

17. THIS COURT ORDERS that until and including February 13, 2015, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect

of the Target Canada Entities or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Target Canada Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Target Canada Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

18. THIS COURT ORDERS that during the Stay Period, no Person having any agreements or arrangements with the owners, operators, managers or landlords of commercial shopping centres or other commercial properties (including retail, office and industrial (warehouse) properties) in which there is located a store, office or warehouse owned or operated by the Target Canada Entities shall take any Proceedings or exercise any rights or remedies under such agreements or arrangements that may arise upon and/or as a result of the making of this Order, the declarations of insolvency by the Target Canada Entities or as a result of any steps taken by the Target Canada Entities pursuant to this Order and, without limiting the generality of the foregoing, no Person shall terminate, accelerate, suspend, modify, determine or cancel any such arrangement or agreement or be entitled to exercise any rights or remedies in connection therewith.

19. THIS COURT ORDERS that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Target Corporation and its direct and indirect subsidiaries (other than the Target Canada Entities) (collectively, "**Target US**") arising out of or in connection with any right, remedy or claim of any Person (as defined herein) against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US under contract, statute or otherwise, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by indemnity, guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution, indemnity or otherwise, with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future, which indebtedness, indemnity, liability or obligation is derivative of the primary liability of the Target Canada Entities except with the written consent of the Target Canada Entities and

Target US and the Monitor, or with leave of this Court; provided that this paragraph shall not apply to (i) any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System, and (ii) any landlord in connection with any right, remedy or claim such landlord may have against Target US in connection with any indebtedness, indemnity, liability or obligation of any kind whatsoever of Target US pursuant to a written contractual indemnity, guarantee or surety provided by Target US to such landlord.

19A. THIS COURT ORDERS that, without in any way altering, increasing, creating or eliminating any obligation or duty to mitigate losses or damages, the rights, remedies and claims (collectively, the “**Landlord Guarantee Claims**”) of any landlord against Target US pursuant to any indemnity, guarantee, or surety relating to a lease of real property, including, without limitation, the validity, enforceability or quantum of such Landlord Guarantee Claims: (a) shall be determined by a judge of the Ontario Superior Court of Justice (Commercial List), whether or not the within proceedings under the CCAA continue (without altering the applicable and operative governing law of such indemnity, guarantee or surety) and notwithstanding the provisions of any federal or provincial statutes with respect to procedural matters relating to the Landlord Guarantee Claims; provided that any landlord holding such guarantees, indemnities or sureties that has not consented to the foregoing, may, within fifteen (15) days of the making of this Order, bring a motion to have the matter of the venue for the determination of its Landlord Guarantee Claim adjudicated by the Court; (b) shall not be determined, directly or indirectly, in the within CCAA proceedings; (c) shall be unaffected by any determination (including any findings of fact, mixed fact and law or conclusions of law) of any rights, remedies and claims of such landlords as against the Target Canada Entities, whether made in the within proceedings under the CCAA or in any subsequent proposal or bankruptcy proceedings under the BIA, other than that any recoveries under such proceedings received by such landlords shall constitute a reduction and offset to any Landlord Guarantee Claims; and (d) shall be treated as unaffected and shall not be released or affected in any way in any Plan filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of them, under the BIA.

NO EXERCISE OF RIGHTS OR REMEDIES

20. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Target Canada Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the prior written consent of the Target Canada Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Target Canada Entities to carry on any business which the Target Canada Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien, and provided further that this paragraph shall not apply to any present or future bank providing the Cash Management System (including, without limitation, Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan) in connection with any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

NO INTERFERENCE WITH RIGHTS

21. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Target Canada Entities, except with the written consent of the relevant Target Canada Entity and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant Target Canada Entity shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

22. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Target Canada Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payroll and

benefits services, pharmaceutical services, insurance, warranty services, transportation services, freight services, security and armoured truck carrier services, utility, customs clearing, warehouse and logistics services or other services to the Business or the Target Canada Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Target Canada Entities, and that the Target Canada Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Target Canada Entities in accordance with normal payment practices of the Target Canada Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Target Canada Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

23. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Target Canada Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

24. THIS COURT ORDERS that the Key Employees Retention Plan (the “**KERP**”), as described in the Wong Affidavit, is hereby approved and the Target Canada Entities are authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

25. THIS COURT ORDERS that the key employees referred to in the KERP shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$6.5 million to secure amounts owing to such key employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 63 and 65 herein.

EMPLOYEE TRUST

26. THIS COURT ORDERS that the creation of the Employee Trust, as defined and described in the Wong Affidavit, is hereby approved on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation the appointments of Hon. John D. Ground as trustee and the Monitor as administrator (the “**Administrator**”) of the Employee Trust and authorizes and directs the Monitor to act in such capacity.

27. THIS COURT ORDERS that TCC is authorized to process or cause to be processed all amounts received from the Employee Trust, including making payments to the Beneficiaries (as defined in the Employee Trust Agreement), subject to and in accordance with the terms and conditions of the Employee Trust Agreement.

28. THIS COURT ORDERS that the amounts received by TCC from the Employee Trust in the hands of TCC and when paid to any payment processor shall be deemed to be held in trust for and on behalf of the Beneficiaries, subject to and in accordance with the Employee Trust Agreement and shall not constitute property of TCC, including, without limitation, under the CCAA and the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and shall not be subject to the claims of any person other than as provided under the Employee Trust Agreement.

29. THIS COURT ORDERS that the creation, establishment, funding and administration of the Employee Trust shall not, in whole or in part, directly or indirectly, (a) cause Target US to be or be deemed to be, or (b) in any way be relied upon to claim or assert that Target US is or is deemed to be, either (i) an employer or (ii) a common or related employer under contract, statute, common law or otherwise of any employee of the Target Canada Entities.

30. THIS COURT ORDERS that:

- (a) each Beneficiary shall be deemed to release the Releasees (as defined in the Employee Trust Agreement) on the payment of a distribution from the Employee Trust in respect of such Beneficiary’s Eligible Employee Claim (as defined in the Employee Trust Agreement), to the extent of such distribution (the “**Payment Release**”); and

- (b) each Beneficiary shall be deemed to release the Releasees in respect of the full amount of the Beneficiary's Eligible Employee Claim 60 days after the final payment to such Beneficiary under the Employee Trust or such later date as the Monitor in its sole discretion may designate, provided that the Beneficiary has not, on or before such date, provided notice of dispute to the Monitor and Employee Representative Counsel (as defined herein) substantially in the manner and form attached as Schedule "B"; provided further that in the event of any insufficiency of Trust funds to cover an individual's total Eligible Employee Claim, only the Payment Release shall be effective and there shall be no deemed full and final release of the full Eligible Employee Claim.

EMPLOYEE REPRESENTATIVE COUNSEL

31. THIS COURT ORDERS that Koskie Minsky LLP ("**Employee Representative Counsel**") is hereby appointed as counsel for all employees other than officers and directors (the "**Employees**") of the Target Canada Entities in these proceedings, any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before this Honourable Court (the "**Insolvency Proceedings**"), for any issues affecting the Employees in the Insolvency Proceedings including, without limitation, with respect to the Employee Trust Agreement and the Claims Process (as defined in the Employee Trust Agreement).

32. THIS COURT ORDERS that the Employee Representative Counsel shall commence the process of identifying no more than 7 Employees to be nominated as Court-appointed representatives (the "**Employee Representatives**") as soon as practicable. The Employee Representatives, once appointed, shall represent the Employees in the Insolvency Proceedings, including, without limitation, for the purpose of settling or compromising claims by the Employees in the Insolvency Proceedings.

33. THIS COURT ORDERS that notice of the appointment of Employee Representative Counsel shall be provided to the Employees by:

- (a) referring thereto in a letter to be sent to the Employees, other than former employees, by Target Canada Entities, no later than January 19, 2015;

- (b) postings in each place of work;
- (c) notice on the Monitor's Website (as defined herein) and on the Representative Counsel's website; and
- (d) referring thereto in the notices provided for in paragraph 69 below.

34. THIS COURT ORDERS that the Target Canada Entities shall provide to Employee Representative Counsel, without charge:

- (a) the names, last known address and last known email addresses (if any) of all the Employees as well as applicable data regarding their entitlements, subject to a confidentiality agreement and to only be used for the purposes of these proceedings; and
- (b) upon request of Employee Representative Counsel, such documents and data as may be relevant to matters relating to the issues in these proceedings, including documents and data pertaining to the various benefits, termination allowance plans, severance and termination payments and other arrangements for group health, life insurance, retirement and severance payments, including up to date financial information regarding the funding and investments of any of these arrangements.

35. THIS COURT ORDERS that all reasonable fees and disbursements as may have been incurred by the Employee Representative Counsel prior to the date of this Order or which shall be incurred by the Employee Representative Counsel shall be paid by the Target Canada Entities on a weekly basis, forthwith upon the rendering of accounts to the Target Canada Entities. In the event of any disagreement regarding such fees, such matters may be remitted to this Court for determination.

36. THIS COURT ORDERS that Employee Representative Counsel is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

37. THIS COURT ORDERS that Employee Representative Counsel shall have no liability as a result of its appointment or the fulfilment of its duties in carrying out the provisions of this Order save and except for any gross negligence or wilful misconduct on its part.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

38. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Target Canada Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Target Canada Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Target Canada Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the Target Canada Entities or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

39. THIS COURT ORDERS that the Target Canada Entities shall jointly and severally indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Target Canada Entities after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

40. THIS COURT ORDERS that the directors and officers of the Target Canada Entities shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$64 million, as security for the indemnity provided in paragraph 39 of this Order. The Directors' Charge shall have the priority set out in paragraphs 63 and 65 herein.

41. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage

under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 39 of this Order.

APPROVAL OF ADVISOR AGREEMENTS

42. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Lazard Freres & Co. LLC ("**Lazard**") as financial advisor to TCC in connection with the sales process for the real property assets held by the Target Canada Entities (the "**Real Property Portfolio Sales Process**") in the form attached as a confidential appendix to the Pre-Filing Report (the "**Financial Advisor Agreement**"), and the retention of Lazard under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

43. THIS COURT ORDERS that Confidential Appendix "A" to the Pre-Filing Report shall be and is hereby sealed, kept confidential and shall not form part of the public record.

44. THIS COURT ORDERS that the agreement dated January 14, 2015 engaging Northwest Atlantic (Canada) Inc. ("**Northwest**") to provide real estate advisory services, including any required brokerage services, to TCC in respect of the Real Property Portfolio Sales Process in the form attached as Exhibit V to the Wong Affidavit (the "**Real Estate Advisor Agreement**"), and the retention of Northwest under the terms thereof, is hereby ratified and approved and the Target Canada Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Real Estate Advisor Agreement.

45. THIS COURT ORDERS that Lazard and Northwest shall consult with and report to the Monitor on a regular basis in connection with the Real Property Portfolio Sales Process.

APPOINTMENT OF MONITOR

46. THIS COURT ORDERS that Alvarez & Marsal Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Target Canada Entities with the powers and obligations set out in the CCAA or set forth herein and that the Target Canada Entities and their direct and indirect

shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Target Canada Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

47. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Target Canada Entities' receipts and disbursements;
- (b) assist with the wind-down of the Business and operations of the Target Canada Entities;
- (c) liaise with Assistants with respect to all matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (d) oversee and consult with Lazard and Northwest with respect to the Real Property Portfolio Sales Process;
- (e) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Shared Services, the Orderly Wind-down and such other matters as may be relevant to the proceedings herein;
- (f) assist the Target Canada Entities, to the extent required by the Target Canada Entities, in their dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Target Canada Entities and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (g) advise the Target Canada Entities in their preparation of the Target Canada Entities' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis in accordance with the Term Sheet;

- (h) advise the Target Canada Entities in their development of the Plan and any amendments to the Plan;
- (i) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Target Canada Entities, to the extent that is necessary to adequately assess the Target Canada Entities' business and financial affairs or to perform its duties arising under this Order;
- (k) oversee and consult with the Target Canada Entities, any liquidation agent selected through the Liquidation Agent Solicitation Process and any Assistants retained (including brokers), to the extent required, with any and all wind-down activities and/or any marketing or sale of the Property and the Business or any part thereof;
- (l) administer the Employee Trust, in its role as Administrator thereof, in consultation with the Trustee thereof, TCC and Employee Representative Counsel;
- (m) be at liberty to engage independent legal counsel or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (n) be at liberty to serve as a "foreign representative" of the Applicants in any proceeding outside Canada;
- (o) assist the Target Canada Entities, to the extent required by the Target Canada Entities, with any matters relating to any foreign proceeding commenced in relation to any of the Target Canada Entities, including retaining independent legal counsel, agents, experts, accountants or such other persons as the Monitor deems necessary or desirable respecting the exercise of this power; and

- (p) perform such other duties as are required by this Order or by this Court from time to time.

48. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

49. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

50. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Target Canada Entities and the DIP Lender with information provided by the Target Canada Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Target Canada Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Target Canada Entities may agree.

51. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, including for greater certainty in the Monitor's capacity as Administrator of the Employee Trust, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

52. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order by the Target Canada Entities as part of the costs of these proceedings. The Target Canada Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Target Canada Entities and counsel to the Directors on a weekly basis and, in addition, the Target Canada Entities are hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Target Canada Entities and counsel to the Directors retainers in the aggregate amount of \$1,000,000 to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

53. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

54. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Target Canada Entities, counsel to the Directors, Employee Representative Counsel, Lazard (with respect to its Monthly Fee set out in the Financial Advisor Agreement) and Northwest shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$6.75 million, as security for their professional fees and disbursements incurred at their respective standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 63 and 65 hereof.

55. THIS COURT ORDERS that Lazard shall be entitled to the benefit of and is hereby granted a charge (the “**Financial Advisor Subordinated Charge**”) on the Property with respect to its fees under the Financial Advisor Agreement other than its Monthly Fee thereunder (the “**Transaction Fee**”), which charge shall not exceed an aggregate amount of \$3 million, as security for the Transaction Fee. The Financial Advisor Subordinated Charge shall have the priority set out in paragraphs 63 and 65 hereof.

DIP FINANCING

56. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under a credit facility from Target Corporation (the “**DIP Lender**”) in order to finance the DIP Entities’ working capital requirements and other general corporate purposes and allow them to make such other payments as permitted under this Order and the Term Sheet (the “**DIP Facility**”), provided that borrowings under the DIP Facility shall not exceed US\$175 million unless permitted by further Order of this Court.

57. THIS COURT ORDERS that the DIP Facility shall be on the terms and subject to the conditions set forth in the Term Sheet.

58. THIS COURT ORDERS that the DIP Facility and the Term Sheet be and are hereby approved and the DIP Entities are hereby authorized and directed to execute and deliver the Term Sheet.

59. THIS COURT ORDERS that the DIP Entities are hereby authorized and empowered to execute and deliver the promissory note as is contemplated by the Term Sheet (the “**Promissory Note**”), and the DIP Entities are hereby authorized and directed to pay and perform all of their respective indebtedness, interest, liabilities and obligations to the DIP Lender under and pursuant to the Term Sheet and the Promissory Note as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

60. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the DIP Property, as security for any and all obligations of the DIP Entities under the DIP Facility, the Term Sheet and the Promissory Note (including on account of principal, interest, fees, expenses and other liabilities) (the aggregate of all such obligations being the “**DIP Obligations**”), which DIP

Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time. The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 63 and 65 hereof.

61. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or the Promissory Note;
- (b) upon the occurrence of an event of default under the Term Sheet, the Promissory Note or the DIP Lender's Charge, the DIP Lender, upon 3 business days' prior written notice to the DIP Entities and the Monitor and on application to the Court, may exercise any and all of its rights and remedies against the DIP Entities or the DIP Property under or pursuant to the Term Sheet, the Promissory Note and the DIP Lender's Charge, including without limitation, to cease making advances to the DIP Entities and set off and/or consolidate any amounts owing by the DIP Lender to the DIP Entities against the obligations of the DIP Entities to the DIP Lender under the Term Sheet, the Promissory Note or the DIP Lender's Charge, to give notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the DIP Entities and for the appointment of a trustee in bankruptcy of the DIP Entities; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the DIP Entities or the DIP Property.

62. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Target Canada Entities, or any of them, under the CCAA, or any proposal filed by the Target Canada Entities, or any of them, under the BIA, with respect to any advances made under the DIP Facility, the Term Sheet or the Promissory Note.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

Fifth – DIP Lender's Charge.

64. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, and the DIP Lender's Charge, (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

65. THIS COURT ORDERS that each of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge shall constitute a charge on the Property and the DIP Lender's Charge shall constitute a charge on the DIP Property and such Charges (other than the DIP Lender's Charge) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, except for any Person who is a “secured creditor” as defined in the CCAA. For greater certainty, the DIP Lender's Charge shall rank behind all Encumbrances in favour of any Person.

66. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Target Canada Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge,

the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge, unless the Target Canada Entities also obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge, the KERP Charge, the Directors' Charge and the Financial Advisor Subordinated Charge, or further Order of this Court.

67. THIS COURT ORDERS that the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, the Term Sheet, the Promissory Note and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Target Canada Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Promissory Note shall create or be deemed to constitute a breach by any of the Target Canada Entities of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Target Canada Entities entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Promissory Note; and
- (c) the payments made by the Target Canada Entities pursuant to this Order, the Term Sheet or the Promissory Note, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

68. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant Target Canada Entity's interest in such real property leases.

SERVICE AND NOTICE

69. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Target Canada Entities of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available.

70. THIS COURT ORDERS that any employee of any of the Target Canada Entities that receives a notice of termination from any of the Target Canada Entities shall be deemed to have received such notice of termination by no more than the seventh day following the date such notice of termination is delivered, if such notice of termination is sent by ordinary mail, expedited parcel or registered mail.

71. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <http://www.alvarezandmarsal.com/targetcanada> (the "Monitor's Website").

72. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Guide is not practicable, the Target Canada Entities and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Target Canada Entities' creditors or other interested parties at their respective addresses as last shown on the records of the Target Canada Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

73. THIS COURT ORDERS that the Target Canada Entities or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

74. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Target Canada Entities, the Business or the Property.

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

76. THIS COURT ORDERS that each of the Target Canada Entities and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act

as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as the foreign representative of the Target Canada Entities to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto.

77. THIS COURT ORDERS that any interested party (including the Target Canada Entities and the Monitor) may apply to this Court to vary or amend this Order at the comeback motion scheduled for February 11, 2015, on not less than seven (7) calendar days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

78. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"
PARTNERSHIPS

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

Draft

SCHEDULE "B"
NOTICE OF DISPUTE REGARDING ELIGIBLE EMPLOYEE CLAIM

I, _____ (insert name and employee number if known), am disputing that I have been paid in full in respect of my Eligible Employee Claim, as such term is defined in the Employee Trust Agreement. ****Please see the Monitor's website at www.alvarezandmarsal.com/targetcanada or Employee Representative Counsel's website at www.kmlaw.ca for further information.****

I am a _____ (insert position) in the Target Canada Co. store located at _____ (insert address/location).

The basis for my objection is:
 (insert full particulars regarding dispute, including all facts and calculations on which you are relying)

Based on the foregoing, I claim that I am owed the sum of \$ _____.

Dated at _____ this _____ day of _____, 2015.

Signature: _____

Address: _____

Tel: _____

Email: _____

Draft

METHOD OF DELIVERY:

This notice of dispute must be sent to Employee Representative Counsel and to the Monitor at the following addresses:

To Employee Representative Counsel:

Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Attention: Susan Philpott
Fax: (416) 204-2897
Email: targetemployees@kmlaw.ca

To the Monitor at:

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Attention: Target Canada Monitor
Fax: (416) 847-5201
Email: targetcanada.monitor@alvarezandmarsal.com

**NOTE: THIS MUST BE SENT TO EMPLOYEE REPRESENTATIVE COUNSEL
AND THE MONITOR NO LATER THAN 45 DAYS AFTER YOU
RECEIVE YOUR LAST PAYMENT FROM TCC PAYROLL.**

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TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	WEDNESDAY, THE 11 TH
)	
REGIONAL SENIOR JUSTICE)	DAY OF FEBRUARY, 2015
)	
MORAWETZ)	

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

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

ORDER

**(Approving Real Property Portfolio Sales
 Process and Extending the Stay Period)**

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the “CCAA”) for an order, *inter alia*: (i) approving the Real Property Portfolio Sales Process (defined below); and (ii) extending the Stay Period (as defined in paragraph 17 of the Initial Order of Regional Senior Justice Morawetz dated January 15, 2015 (the “**Initial Order**”)) until and including May 15, 2015, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Mark J. Wong sworn January 29, 2015 and the exhibits thereto, the Supplementary Affidavit of Mark J. Wong sworn February 9, 2015 and the exhibits thereto, the First Report of Alvarez & Marsal Canada Inc., in its capacity as the Monitor (the “**Monitor**”) dated January 30, 2015 (the “**Monitor's First Report**”), the Supplementary Report to the First Report of the Monitor dated February 3, 2015 (the “**Monitor's Supplemental**

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Report”), and the Second Report of the Monitor (the “**Monitor’s Second Report**”), and on hearing the submissions of respective counsel for the Applicants and the Partnerships listed on Schedule “A” hereto, the Monitor, Target Corporation, and such other counsel as were present, and on being advised that the Service List was served with the Motion Record herein:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and that service thereof upon any interested party other than the persons served with the Motion Record is hereby dispensed with.

APPROVAL OF THE REAL PROPERTY PORTFOLIO SALES PROCESS

2. THIS COURT ORDERS that the Real Property Portfolio Sales Process attached hereto as Schedule “B” is hereby approved. The Target Canada Entities, the Monitor and Lazard (each as defined in the Initial Order) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Real Property Portfolio Sales Process.

3. THIS COURT ORDERS that at any time during the Real Property Portfolio Sales Process, the Monitor may apply to the Court for advice and directions with respect to the discharge of its powers and duties in connection with the Real Property Portfolio Sales Process.

EXTENSION OF STAY PERIOD

4. THIS COURT ORDERS that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including May 15, 2015.

5. THIS COURT ORDERS that the extension of the Stay Period set out herein shall not in any way affect the "comeback rights" of any interested party set out in paragraph 77 of the Initial Order.

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APPROVAL OF MONITOR'S REPORTS AND ACTIVITIES

6. THIS COURT ORDERS that the Monitor's First Report, the Monitor's Supplementary Report, and the Monitor's Second Report, and the activities of the Monitor described in those reports, are hereby approved.

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**SCHEDULE “A”
PARTNERSHIPS**

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

Draft

SCHEDULE "B"

REAL PROPERTY PORTFOLIO SALE PROCESS

Introduction

On January 15, 2015, Target Canada Co. (the "**Company**") and those parties listed in Schedule "A" (collectively, the "**Applicants**") sought and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order (as amended, restated or varied from time to time, the "**Initial Order**") granted by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the "**Monitor**")

On January 29, 2015, the Applicants served a motion seeking an order for the approval of a sale process (as same may be amended from time to time, the "**Real Property Portfolio Sales Process**") under the supervision of the Court and the Monitor and in accordance with the procedures set forth herein (as same may be amended from time to time, the "**Sales Process Procedures**").

The purpose of this Real Property Portfolio Sales Process is to seek Sale Proposals from Qualified Bidders and to implement one or a combination of them in respect of the Leases and the Real Property, which implementation may include sales, dispositions, assumptions, assignments, disclaimers, terminations, or other transaction forms.

On February 11, 2015, the Court entered an order approving the Real Property Portfolio Sales Process and the Sales Process Procedures (the "**Sales Process Order**"). Accordingly, the following Sales Process Procedures shall govern the Real Property Portfolio Sales Process.

This Real Property Portfolio Sales Process describes, among other things: (a) the Leases and the Real Property available for sale; (b) the manner in which prospective bidders may gain access to due diligence materials concerning the Leases and the Real Property; (c) the manner in which bidders and bids become Competing Bidders or Qualified Bidders and Competing Bids or Qualified Bids, respectively; (d) the manner in which Competing Bidders submit Stalking Horse Bids; (e) the manner in which Stalking Horse Bids, if any, become Selected Stalking Horse Bids; (f) the receipt, evaluation and negotiation of bids received; (g) the ultimate selection of one or more Successful Bidders and Backup Bidders; and (h) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Defined Terms

1. The following capitalized terms have the following meanings when used in this Real Property Portfolio Sales Process:
 - (a) "Applicants" is defined in the introduction hereto.
 - (b) "Approval Motion" is defined in paragraph 38.
 - (c) "Auctions" is defined in paragraph 32.

- (d) "Backup Bid" is defined in paragraph 33(h).
- (e) "Backup Bidder" is defined in paragraph 33(h).
- (f) "Baseline Bid" is defined in paragraph 33(d)(i).
- (g) "Break Fee" is defined in paragraph 25(b).
- (h) "Broker" means Northwest Atlantic Canada, Inc.
- (i) "Business Day" means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario.
- (j) "CA" means a confidentiality agreement in form and substance satisfactory to the Company, in consultation with the Monitor.
- (k) "CCAA" is defined in the introduction hereto.
- (l) "CCAA Charges" means the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge and the DIP Lender's Charge (as such terms are defined in the Initial Order) together with any other charges approved by the Court.
- (m) "Claims and Interests" is defined in paragraph 4.
- (n) "Company" is defined in the introduction hereto.
- (o) "Competing Bid" is defined in paragraph 18.
- (p) "Competing Bidder" means a bidder that submits a Competing Bid.
- (q) "Confidential Information Memorandum" is defined in paragraph 9.
- (r) "Court" is defined in the introduction hereto.
- (s) "Deposit" is defined in paragraph 29(l).
- (t) "DIP Lender" means Target Corporation.
- (u) "Expense Reimbursement" is defined in paragraph 25(b).
- (v) "Financial Advisor" means Lazard Frères & Co. LLC.
- (w) "Form of Purchase Agreement" means the form of purchase and sale agreement to be developed by the Applicants, in consultation with the Monitor and the Financial Advisor, and provided to Qualified Bidders that submit a Qualified LOI for a Sale Proposal.
- (x) "Initial Order" is defined in the introduction hereto.
- (y) "Interested Bidder" is defined in paragraph 9.

- (z) "Leases" means the Applicants' leasehold interests and all related rights and obligations in connection with the properties listed in Schedule "C" hereto.
- (aa) "LOI" is defined in paragraph 8.
- (bb) "Landlord LOI" means a non-binding letter of intent from a landlord for an acquisition or consensual transaction for one or more of its Leases that is submitted on or before the Phase 1 Bid Deadline.
- (cc) "Landlord Qualified Bid" means a final binding proposal from a landlord for an acquisition or consensual transaction for one or more of its Leases and which meets the requirements set out in paragraphs 29(a), (c), (d), (f), (h), (i), (j), (k) and (m).
- (dd) "Monitor" is defined in the introduction hereto.
- (ee) "Outside Backup Date" is defined in paragraph 33(h).
- (ff) "Outside Date" means June 30, 2015.
- (gg) "Phase 1" is defined in paragraph 8.
- (hh) "Phase 1 Bid Deadline" is defined in paragraph 11.
- (ii) "Phase 2" means such period of time from the Phase 1 Bid Deadline to the Approval Motion.
- (jj) "Qualified Bid" means an offer or combination of offers, in the form of a Sale Proposal or Sale Proposals, which meets the requirements of paragraph 29.
- (kk) "Qualified Bid Deadline" is defined in paragraph 27.
- (ll) "Qualified Bidder" means a bidder that submits a Qualified Bid.
- (mm) "Qualified LOI" is defined in paragraph 12.
- (nn) "Real Property" means the lands and premises described in Schedule "D" hereto.
- (oo) "Sales Process Order" is defined in the introduction hereto.
- (pp) "Sale Process Procedures" is defined in the introduction hereto.
- (qq) "Sale Proposal" means an offer to acquire or otherwise dispose of all or some of the Leases and/or the Real Property. A "Sale Proposal" may include a transaction involving the assignment and assumption, termination and/or surrender or disclaimer of a Lease or Leases.
- (rr) "Selected Stalking Horse Bid" is defined in paragraph 23.
- (ss) "Selected Stalking Horse Bidder" is defined in paragraph 23.

- (tt) “Stalking Horse Bid” is defined in paragraph 20.
- (uu) “Successful Bid” is defined in paragraph 33(g).
- (vv) “Successful Bidder” is defined in paragraph 33(g).
- (ww) “Targeted Outside Date” means May 15, 2015, or such later date as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender, provided that in no event shall such date be after June 1, 2015.
- (xx) “Teaser Letter” is defined in paragraph 6.

Supervision of the Real Property Portfolio Sales Process

2. The Monitor will supervise, in all respects, the Real Property Portfolio Sales Process and any attendant sales and, without limitation, will supervise the Financial Advisor’s performance under its engagement by the Company in connection therewith. The Applicants shall assist and support the efforts of the Monitor and the Financial Advisor as provided for herein. In the event that there is disagreement or clarification required as to the interpretation or application of this Real Property Portfolio Sales Process or the responsibilities of the Monitor, the Financial Advisor or the Applicants hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of any interested person. For the avoidance of doubt, and without limiting the rights and protections afforded the Monitor under the CCAA, the Initial CCAA Order and the Sales Process Order, the terms of the Initial Order and the Sales Process Order shall govern the Monitor’s role in regards to the Real Property Portfolio Sales Process.

“As Is, Where Is”

3. The sale of the Leases and the Real Property will be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Monitor, the Financial Advisor, the Applicants or any of their respective directors, officers, employees, advisors, professionals, agents, estates or otherwise, except and only to the extent set forth in a definitive sale agreement executed by an Applicant.
4. [intentionally deleted]

Solicitation of Interest

5. As soon as reasonably practicable, the Monitor will cause a notice of the Real Property Portfolio Sales Process (and such other relevant information which the Monitor, in consultation with the Financial Advisor and the Applicants, considers appropriate) to be published in The Globe and Mail (National Edition) and The Wall Street Journal (National Edition) and posted on the Monitor’s website.
6. As soon as reasonably practicable, but in any event no more than three (3) Business Days after the issuance of the Sales Process Order, the Financial Advisor shall distribute an

initial offering summary of the Leases and the Real Property in form acceptable to the Applicants and the Monitor (the **"Teaser Letter"**) notifying those potentially interested parties that are identified by the Financial Advisor, the Broker, the Monitor and the Applicants, each in their sole discretion, of the existence of the Real Property Portfolio Sales Process and inviting such parties to express an interest in making an offer to acquire all or some of the Leases and the Real Property in accordance with the Sales Process Procedures.

Participation Requirements

7. Unless otherwise ordered by the Court, or as otherwise determined by the Applicants, in consultation with the Monitor, each person seeking to participate in the Real Property Portfolio Sales Process must deliver to the Financial Advisor at the address specified in Schedule "B" hereto (including by email transmission):
 - (a) a letter setting forth such person's identity, the contact information for such person and full disclosure of the principals of such person; and
 - (b) an executed CA which shall include provisions whereby such person agrees to accept and be bound by the provisions contained therein.

REAL PROPERTY PORTFOLIO SALES PROCESS – PHASE 1

Phase 1 Initial Timing

8. For a period from the date of the Sales Process Order until the Phase 1 Bid Deadline (**"Phase 1"**), the Financial Advisor (with the assistance of the Monitor, the Applicants and the Broker) will solicit non-binding letters of intent from prospective parties to acquire one or more of the Leases and/or the Real Property (each, an **"LOI"**).

Due Diligence

9. Subject to the provisions of paragraph 43, a confidential information memorandum (the **"Confidential Information Memorandum"**) describing the opportunity to acquire all or some of the Leases and the Real Property will be made available by the Financial Advisor to those parties who have executed a CA (each party who executes a CA shall be deemed to be an **"Interested Bidder"**).
10. Subject to the provisions of paragraph 43, the Financial Advisor will provide each Interested Bidder with access to an electronic data room. The Monitor, the Financial Advisor, the Broker, the DIP Lender and the Applicants make no representation or warranty as to the information: (a) contained in the Confidential Information Memorandum or the electronic data room; (b) provided through any diligence process; or (c) otherwise made available, except to the extent expressly contemplated in any definitive sale agreement executed by an Applicant.

Non-Binding Letters of Intent from Interested Bidders

11. Interested Bidders that wish to pursue a Sale Proposal must deliver an LOI to the Financial Advisor at the address specified in Schedule "B" hereto (including by email

transmission), so as to be received by the Financial Advisor not later than 5:00 PM (Toronto time) on or before March 5, 2015, or such later date or time as may be determined by the Applicants, on the consent of the Monitor, and in consultation with the Financial Advisor and the DIP Lender (the “**Phase 1 Bid Deadline**”).

12. An LOI so submitted will be considered a qualified LOI for the purposes hereof (a “**Qualified LOI**”) only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline;
 - (b) it contains an indication of whether the Interested Bidder is offering to acquire all or some of the Leases and the Real Property;
 - (c) it identifies or contains the following:
 - (i) the purchase price (or range thereof) in Canadian dollars;
 - (ii) the Leases and/or the Real Property subject to the transaction; and
 - (iii) any proposed allocation of the purchase price as between each Lease and/or Real Property;
 - (d) it provides a general description of any likely financing associated with the proposed transaction;
 - (e) it describes any additional due diligence required to be conducted during Phase 2;
 - (f) it identifies any anticipated terms or conditions of the Sale Proposal that may be material to the proposed transaction; and
 - (g) it contains such other information reasonably requested by the Applicants in consultation with the Monitor and the Financial Advisor.
13. A Landlord LOI shall be deemed to be a Qualified LOI.
14. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements specified above (other than those in (c) and (d)) and deem such non-compliant bids to be a Qualified LOI. However, for the avoidance of doubt, the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of such approval may not be waived.

Assessment of Qualified LOIs and Continuation or Termination of Real Property Portfolio Sales Process

15. Within five (5) Business Days following the Phase 1 Bid Deadline, or such later date as may be determined by the Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, the Applicants will, in consultation with the Financial Advisor and the Monitor, assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified

Bid. For the purpose of such consultations and evaluations, the Monitor or the Financial Advisor may request clarification of the terms of any Qualified LOI submitted by an Interested Bidder.

16. In assessing the Qualified LOIs submitted in Phase 1, the Applicants, following consultation with the Monitor and the Financial Advisor will consider, among other things, the following:
 - (a) the form and amount of consideration being offered;
 - (b) the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (c) the financial capability of the Interested Bidder to consummate the proposed transaction;
 - (d) the financial and other capability of the Interested Bidder to perform, observe and comply with the terms (including payment and other obligations) of the applicable Leases(s);
 - (e) the anticipated conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (f) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date; and
 - (g) such other criteria as the Applicants may, in consultation with the Monitor and the Financial Advisor, determine.
17. If one or more Qualified LOIs are received and the Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, determine that there is a reasonable prospect of obtaining a Qualified Bid, the Applicants shall continue the Real Property Portfolio Sales Process as set forth herein.

PHASE 2

Due Diligence

18. Each Interested Bidder that: (a) submits a Qualified LOI; and (b) is not eliminated from the Real Property Portfolio Sales Process by the Applicants, following consultation with the Financial Advisor and the Monitor, and after assessing whether such Qualified LOI meets the criteria in paragraph 16 herein, may be invited by the Applicants to participate in Phase 2 (each such bidder, a "**Competing Bidder**").
19. Subject to the provisions of paragraph 43, the Financial Advisor will provide each Competing Bidder with access to additional due diligence materials and information relating to the Leases and Real Property as the Applicants, in their reasonable business

judgment and in consultation with the Financial Advisor and the Monitor, determine appropriate, including all guarantees and indemnities by any person, and information or materials reasonably requested by Competing Bidders.

Stalking Horse Bids from Competing Bidders

20. The Applicants, in their reasonable business judgment, on consent of the Monitor, and in consultation with the Financial Advisor, may select one or more bids from Competing Bidders to serve as Selected Stalking Horse Bids. Paragraphs 20 to 26 apply only in the event one or more such bids is so selected to serve as a Selected Stalking Horse Bid. Any Competing Bidder that wishes to submit a stalking horse bid (a “**Stalking Horse Bid**”) must deliver a Qualified Bid in accordance with paragraph 29, as applicable, to the Financial Advisor at the address specified in Schedule “B” hereto (including by email transmission) so as to be received by it not later than 5:00 pm (Toronto time) on or before March 26, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the “**Stalking Horse Bid Deadline**”).
21. The Applicants, in consultation with the Financial Advisor and the Monitor, will review and evaluate each Stalking Horse Bid in accordance with the criteria set out in paragraph 31(b) for the review of Qualified Bids, and, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids specified herein which are applicable to any Stalking Horse Bid(s).
22. If one or more Stalking Horse Bids is received, the Applicants, exercising their reasonable business judgment, on consent of the Monitor and in consultation with the Financial Advisor, may select the Stalking Horse Bid(s) it considers most favourable and shall negotiate and attempt to settle the terms of a definitive agreement in respect of such Stalking Horse Bid(s).
23. A definitive agreement negotiated and settled in respect of a Stalking Horse Bid as selected by the Applicants on the consent of the Monitor will be a “**Selected Stalking Horse Bid**” hereunder and the person(s) who made the Selected Stalking Horse Bid will be a “**Selected Stalking Horse Bidder**” hereunder. For greater certainty, the Applicants may select more than one Selected Stalking Horse Bid on the consent of the Monitor; provided, however, that only one Selected Stalking Horse Bid may be selected in respect of any particular Lease and/or Real Property.
24. For the avoidance of doubt, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose, on the consent of the Monitor, one or more successful bidders as Selected Stalking Horse Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.
25. The Applicants may grant, on consent of the Monitor and in consultation with the Financial Advisor, each Selected Stalking Horse Bidder, the following bid protections:

- (a) a Break Fee not to exceed 3.0% of the negotiated purchase price of the applicable Leases and/or the Real Property (the “**Break Fee**”); and/or
 - (b) an expense reimbursement of documented and reasonable out of pocket costs in pursuing the opportunity to consummate a Sale Proposal to a maximum amount of \$150,000 in the aggregate (the “**Expense Reimbursement**”).
26. A Selected Stalking Horse Bidder shall only be entitled to payment of a Break Fee and/or an Expense Reimbursement, as applicable, if and when the Applicants consummate a transaction for the applicable Leases and/or Real Property with a Successful Bidder or a Backup Bidder, neither of which is the Selected Stalking Horse Bidder.

Qualified Bids

27. The deadline for submission of bids to be considered for the sales of Lease(s) and/or Real Property (the “**Qualified Bids**”) shall be April 23, 2015, or such later date or time as may be determined by the Applicants on the consent of the Monitor and in consultation with the Financial Advisor and the DIP Lender (the “**Qualified Bid Deadline**”).
28. A Landlord Qualified Bid shall be deemed to be a Qualified Bid.
29. Any Competing Bidder (other than a Selected Stalking Horse Bidder, which, for the avoidance of doubt, is deemed to be a Qualified Bidder) who wishes to become a Qualified Bidder must submit a Qualified Bid satisfying the conditions set forth below for the applicable Lease(s) and/or Real Property:
- (a) it is received by the Qualified Bid Deadline;
 - (b) it is a final binding proposal in the form of a duly authorized and executed purchase agreement, including the purchase price for the Leases and/or the Real Property proposed to be acquired, based on the Form of Purchase Agreement and accompanied by a clean Word version and a blacklined mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Competing Bidder with all exhibits and schedules thereto;
 - (c) it is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid, and (ii) 28 days following the Qualified Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of its Successful Bid;
 - (d) it includes an irrevocable commitment of the Competing Bidder to serve as the Backup Bidder in accordance with the Sale Process Procedures;
 - (e) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate and perform the proposed transaction, and to meet all of the financial obligations under the Lease(s) that will allow the Monitor, in consultation with the Financial Advisor and the Applicants, to make a reasonable determination as to the Competing Bidder’s financial and other

capabilities to consummate and perform the transaction contemplated by its Qualified Bid;

- (f) it lists the Leases and/or the Real Property to be subject to the bid and an allocation of the purchase price on a property by property basis;
- (g) it includes details of any amendments which such Competing Bidder seeks to any such Lease(s) from the applicable landlord(s) and other non-landlord liabilities to be assumed by the Competing Bidder; for greater certainty, nothing in this Real Property Portfolio Sales Process shall be construed to (i) permit or require any amendments to the terms of any Lease(s) without the consent of the applicable landlord(s), or (ii) obligate any landlord to negotiate with a Competing Bidder regarding any such amendments;
- (h) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Competing Bidder; or
 - (ii) obtaining financing;
- (i) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
- (j) with respect to any condition to closing contained in the definitive documentation, it outlines the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (k) it includes evidence, in form and substance reasonably satisfactory to the Applicants, the Monitor and the Financial Advisor, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (l) it is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor on behalf of the Applicants, in trust, in an amount equal to 10% of the purchase price for the Leases and/or the Real Property proposed to be acquired, to be held and dealt with in accordance with the terms of a definitive agreement executed by an Applicant and this Real Property Portfolio Sales Process, provided, however, that such amount may be raised or lowered for any particular Qualified Bid by the Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor;
- (m) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by

operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement; and (iii) acknowledges that the occupancy of the premises set forth in the Leases may not be available until the completion of any inventory sale at the premises; and

- (n) it contains such other information reasonably requested by the Applicants, in consultation with the Monitor and the Financial Advisor.
30. The Applicants, with the consent of the Monitor and in consultation with the Financial Advisor, may waive compliance with any one or more of the requirements with respect to Qualified Bids or Landlord Qualified Bids specified herein.
31. The Applicants, in consultation with the Financial Advisor:
- (a) may, in consultation with the Monitor, engage in negotiations with Qualified Bidders as they deem appropriate and may accept revisions to Qualified Bids, in their discretion, that are otherwise consistent with these Sales Process Procedures;
 - (b) shall, on the consent of the Monitor, determine which is the most favourable bid with respect to such Lease(s) and/or Real Property, taking into account, among other things:
 - (i) the form and amount of consideration being offered;
 - (ii) whether the Qualified Bid maximizes value for the Leases and/or the Real Property, including the effect of accepting Sale Proposals which are not on an en bloc basis;
 - (iii) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction;
 - (iv) the conditions to closing of the proposed transaction (including any required regulatory and landlord approvals);
 - (v) the terms and provisions of any proposed transaction documentation;
 - (vi) the estimated time required to complete the proposed transaction and whether, in the Applicants' reasonable business judgment, in consultation with the Monitor and the Financial Advisor, it is reasonably likely to result in the execution of a definitive agreement on or before the Targeted Outside Date; and
 - (vii) such other criteria as the Applicants may in consultation with the Monitor and the Financial Advisor determine.

Auction Process

32. The Applicants, in consultation with the Financial Advisor and the Monitor, shall commence one or more auctions (the "**Auctions**") on or about April 28, 2015.

33. The Applicants, in consultation with the Financial Advisor and the Monitor, shall conduct Auctions on the following terms:
- (a) only Qualified Bidders for the Lease(s) and/or Real Property to be auctioned and their financial and legal advisors shall be entitled to participate in an Auction;
 - (b) the Qualified Bidders who wish to participate at an Auction must appear in person;
 - (c) official actions at any Auction shall be made on the record in the presence of a court reporter;
 - (d) the Applicants and their advisors shall, at the outset of any Auction, announce:
 - (i) the Qualified Bid(s) selected by the Applicants, in their reasonable business judgment and on the consent of the Monitor in consultation with the Financial Advisor, that are the most favourable Qualified Bid(s) as of the date thereof (the “**Baseline Bid**”); and
 - (ii) procedures for the conduct of the Auction, including, among other things, any overbid amounts;
 - (e) to make a bid at the Auction, a Qualified Bidder will modify and resubmit its Qualified Bid, which resubmission shall become its new Qualified Bid;
 - (f) subsequent bids after the Baseline Bid must be higher and better (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) by at least the amount of any applicable overbids;
 - (g) the Auction shall continue until there are no further higher and better Qualified Bids (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) that comply with the procedures set forth for the Auction, and such highest and best Qualified Bid at the time shall become the “**Successful Bid**” (and the person(s) who made the Successful Bid shall become the “**Successful Bidder**”);
 - (h) the entity with the next-highest or otherwise second best Qualified Bid at the Auction (as determined by the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor) shall be required to serve as a backup bidder (the “**Backup Bidder**”). The identity of the Backup Bidder and the amount and material terms of the final Qualified Bid of the Backup Bidder (the “**Backup Bid**”) shall be announced by the Financial Advisor at the conclusion of the Auction concurrently with announcement of the Successful Bidder. The Backup Bidder shall be required to keep its Backup Bid open and irrevocable until the earlier of (i) 5:00 p.m. (Toronto time) on the first Business Day that is 60 days after the date of the Auction (the “**Outside Backup Date**”) and (ii) the closing of the transaction with the Successful Bidder; and

- (i) any break fees or other fees due to a Selected Stalking Horse Bidder who is not a Successful Bidder or Backup Bidder shall be payable upon the consummation of the Successful Bid or Backup Bid, as applicable, for the applicable Leases and/or Real Property.
- 34. The Applicants, with the consent of the Monitor, and in consultation with the Financial Advisor, may modify Auction procedures at any time.
- 35. Notwithstanding the foregoing or anything else contained herein, the Applicants reserve the right, taking into account all other factors set forth herein (including execution risk), to choose one or more bidders as Successful Bidders that did not offer the highest purchase price for the Leases and/or the Real Property.
- 36. All Deposits will be retained by the Monitor and invested in a separate interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by any Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price upon closing of the approved transaction and will be non-refundable. The Deposit (plus applicable interest) of each Qualified Bidder not selected as a Successful Bidder will be returned to such Qualified Bidder within five (5) Business Days of the date upon which the Successful Bids are approved by the Court; provided, however, that the Deposit of any Backup Bidder shall not be returned to such Backup Bidder until the earlier of (a) consummation of the Successful Bid and (b) the expiration of the Outside Backup Date. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within five (5) Business Days of the date upon which the Real Property Portfolio Sales Process is terminated in accordance with the Sale Process Procedures.
- 37. If a Successful Bidder breaches its obligations under its Qualified Bid, its Deposit shall immediately be forfeited to the Applicants without limiting any other of the Applicants' rights and remedies at law or at equity.

Approval Motion for Definitive Agreements

- 38. The Applicants will apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid(s), or for Lease(s) and/or Real Property not subject to an Auction, the applicable Qualified Bid(s), and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid(s) and Qualified Bid(s), as applicable, and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s) and Qualified Bid(s), as applicable. The Approval Motion may be adjourned or rescheduled by the Applicants, in consultation with the Monitor and the DIP Lender, and without further notice by an announcement of the adjourned date at the Approval Motion. Nothing in this Real Property Portfolio Sales Process and nothing in any arrangements made during the course thereof between the Monitor and/or the Applicants on the one hand and a Successful Bidder on the other shall in any way prejudice or impair the ability of a landlord(s) to object to the Court approval of a Successful Bid.

OTHER TERMS

Approvals

39. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid, Backup Bid or Qualified Bid, as applicable.

Amendment

40. If there is any proposed material modification to the Real Property Portfolio Sales Process by the Applicants, the Applicants will seek Court approval of such material modification on notice to the Service List. Otherwise, the Applicants retain the discretion, with the consent of the Monitor and the DIP Lender and in consultation with the Financial Advisor, to modify the Real Property Portfolio Sales Process from time to time.

DIP Lender Communications

41. The Applicants, the Monitor and the Financial Advisor will communicate and consult with the DIP Lender throughout the Real Property Portfolio Sales Process and will provide information to the DIP Lender in connection with such communications.

Monitor Updates

42. The Monitor will provide periodic updates to the Court on notice to the Service List with respect to the conduct and progress of the Real Property Portfolio Sales Process, including an update to be delivered to the Court at the conclusion of Phase 1, prior to the commencement of any Auction and at the conclusion of any Auction.

Reservation of Rights

43. The Applicants, in their reasonable business judgment and in consultation with the Monitor and the Financial Advisor, may provide Interested Bidders with any diligence materials and information, including site visits, that the Applicants deem necessary and appropriate to maximize the value of Real Property Portfolio Sales Process at any time after entry of the Sale Process Order.
44. Notwithstanding anything else contained herein, at any time after entry of the Sale Process Order, the Applicants, in their reasonable business judgment and in consultation with the Financial Advisor and the Monitor may, from time to time, withdraw any Lease(s) and/or Real Property from this Real Property Portfolio Sales Process in accordance with the CCAA, the Applicants' rights under the Initial Order, or if any agreement is reached with the landlord of the relevant Lease(s).
45. The Applicants, after consultation with the Financial Advisor and on the consent of the Monitor, may reject any or all bids.

46. To the extent any notice of changes to these procedures or related dates, time, or locations is required or otherwise appropriate, the Monitor may publish such notices on the Monitor's public web site at <http://www.alvarezandmarsal.com/targetcanada> and the Applicants shall forthwith serve such notices on the Service List, and such notice shall be deemed satisfactory, subject to any other notice requirements specifically set forth herein or as required by the Court.
47. This Real Property Portfolio Sales Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants or the Monitor and any Qualified Bidder, other than, with respect to the Applicants, as specifically set forth in a definitive agreement that may be executed by an Applicant. At any time during the Real Property Portfolio Sales Process, the Monitor may apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

Landlord Communications

48. The Applicants, the Monitor and the Financial Advisor will communicate with the landlords under the Leases from time to time, as appropriate, in connection with their respective interests in the Real Property Portfolio Sales Process.

Outside Date

49. If a definitive agreement with respect to a particular Lease(s) is not executed on or before June 1, 2015, any such Lease(s) that is not subject to a definitive executed agreement on or before such date (or not earlier disclaimed, which disclaimer has become effective by June 1, 2015) shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on June 1, 2015.
50. If a transaction with respect to a particular Lease(s) has not been completed on or before June 30, 2015 or such later date as may be ordered by the Court, any such Lease(s) that is the subject of such transaction shall be released from the stay of proceedings and shall be disclaimed in accordance with the CCAA and the Initial Order on the later of (i) June 30, 2015, and (ii) such later date as may be ordered by the Court, as applicable.

SCHEDULE "A"**Applicants**

Target Canada Co.

Target Canada Health Co.

Target Canada Mobile GP Co.

Target Canada Pharmacy (BC) Corp.

Target Canada Pharmacy (Ontario) Corp.

Target Canada Pharmacy Corp.

Target Canada Pharmacy (SK) Corp.

Target Canada Property LLC

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

SCHEDULE "B"*To the Company:*

Target Canada Co.
5570 Explorer Drive
Mississauga, ON L4W 0C3

Attn: Aaron Alt
Email: aaron.alt@target.com

With a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto, ON M5X 1B8

Attn: Tracy Sandler & Heather McKean
Email: tsandler@osler.com & hmckean@osler.com

To the Monitor:

Alvarez & Marsal Canada Inc., Court appointed Monitor of Target Canada Co. et al
Royal Bank Plaza , South Tower, Suite 2900
PO Box 22
Toronto ON M5J 2J1

Attn: Doug McIntosh and Bill Kosturos
Email: dmcintosh@alvarezandmarsal.com & bkosturos@alvarezandmarsal.com

With a copy to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Attn: Jay Carfagnini and Ken Herlin
Email: jcarfagnini@goodmans.ca & kherlin@goodmans.ca

To the Financial Advisor:

Lazard Freres & Co. LLC
30 Rockefeller Plaza
New York, NY 10112

Attn: Tim Pohl & Phillip Summers
Email: tim.pohl@lazard.com & phillip.summers@lazard.com

To the Broker:

Northwest Atlantic Canada, Inc.
864 York Mills Road
Toronto, Ontario M3B 1Y4

Attn: Tim Sanderson
Email: tim@nwaretail.com

To the DIP Lender:

Target Corporation
1000 Nicollet Mall
Minneapolis, MN 55403

Attn: Corey Haaland
Email: corey.haaland@target.com

With a copy to:

Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Attn: Dennis M. Ryan
Email: dennis.ryan@faegrebd.com

SCHEDULE "C"**Leases**

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
3505	Bayshore Mall	Ottawa	ON
3507	Intercity Shopping Centre	Thunder Bay	ON
3508	Discovery Harbour Shopping Centre	Campbell River	BC
3509	Nanaimo North Town Centre	Nanaimo	BC
3510	Westmount Shopping Centre	London	ON
3511	Hazeldean Mall	Kanata	ON
3512	Driftwood Mall	Courtenay	BC
3516	Carrefour Richelieu	St-Jean-sur-Richelieu	QC
3519	South Hamilton Square	Hamilton	ON
3522	County Fair Mall	Smiths Falls	ON
3524	Queenston Place	Hamilton	ON
3526	Lawrence Square	Toronto	ON
3530	Sydney Shopping Centre	Sydney	NS
3533	Thames-Lea Plaza	Chatham-Kent	ON
3534	Lansdowne Centre	Richmond	BC
3538	Forest Lawn Shopping Centre	Calgary	AB
3547	Les Galeries Gatineau	Gatineau	QC
3548	Hillside Mall	Victoria	BC
3550	Uptown Centre	Fredericton	NB
3552	Westdale Mall	Mississauga	ON
3557	Scottsdale Mall	Delta	BC
3559	Five Points Mall	Oshawa	ON
3560	Lindsay Square Mall	Lindsay	ON
3561	Kingsway Garden Mall	Edmonton	AB
3564	Sherwood Park Mall	Edmonton (Sherwood Park)	AB
3565	Upper Canada Mall	Newmarket	ON
3566	Northwest Centre	Moncton	NB
3572	Milton Mall Shopping Centre	Milton	ON
3574	Prairie Mall	Grande Prairie	AB
3575	Cottonwood Mall	Chilliwack	BC
3576	Carrefour St-Georges	Saint-Georges	QC
3577	The Mall At Lawson Heights	Saskatoon	SK
3586	Haney Place Mall	Maple Ridge	BC
3590	Carrefour De L'Estrie	Sherbrooke	QC
3591	Cataraqui Town Centre	Kingston	ON
3592	Les Rivières Shopping Centre	Trois-Rivières	QC
3595	Carrefour Angrignon	Montreal	QC
3608	Cambridge Centre	Cambridge	ON
3609	Centrepont Mall	Toronto	ON
3610	Terrarium Shopping Centre	Pointe-Claire	QC
3613	Le Carrefour Rimouski	Rimouski	QC
3614	Medicine Hat Mall	Medicine Hat	AB
3615	Tamarack Mall	Cranbrook	BC
3616	Coquitlam Centre	Coquitlam	BC
3617	Surrey Place/Central City	Surrey	BC
3623	Bramalea City Centre	Brampton	ON
3624	Bower Place	Red Deer	AB
3628	Meadowlands Shopping Centre	Ottawa-Gatineau	ON
3630	1899 Algonquin Avenue	North Bay	ON

3634	Place Portabello	Brossard	QC
3636	Square One	Mississauga	ON
3637	Charlottetown Mall	Charlottetown	PE
3639	Durham Centre	Ajax	ON
3642	Laurentian Power Centre	Kitchener	ON
3644	Kildonan Place Shopping Centre	Winnipeg	MB
3645	Seaway Mall	Welland	ON
3646	Erin Mills Town Centre	Mississauga	ON
3647	Galleries D'Anjou	Montreal	QC
3648	West Edmonton Mall	Edmonton	AB
3650	Corner Brook	Corner Brook	NL
3652	Bayers Lake Power Centre	Halifax	NS
3655	McAllister Place	Saint John	NB
3657	Carrefour Du Nord	Saint-Jerome	QC
3658	RioCan St. Laurent	Ottawa	ON
3663	Pickering Town Centre	Pickering	ON
3665	Orillia Square	Orillia	ON
3666	Hillcrest Mall	Richmond Hill	ON
3667	Bridlewood Mall	Scarborough	ON
3668	Shoppers World Brampton	Brampton	ON
3669	Sheridan Mall	Mississauga	ON
3670	Hopedale Mall	Oakville	ON
3671	Meadowland Power Centre	Hamilton	ON
3672	Conestoga Mall	Waterloo	ON
3677	Sudbury Supermall	Sudbury	ON
3682	Southdale Centre	Winnipeg	MB
3688	Village Green Mall	Vernon	BC
3690	Willowbrook Shopping Centre	Langley	BC
3693	Carrefour St-Eustache	Saint-Eustache	QC
3694	St. Albert Centre	St. Albert	AB
3695	Mega Centre Autoroute 13	Laval	QC
3696	Les Galeries De La Capitale	Quebec City	QC
3697	Mic Mac Mall	Halifax	NS
3698	Orchard Park Plaza	Kelowna	BC
3699	Stratford Mall	Stratford	ON
3702	Place Longueuil	Longueuil	QC
3704	Place Alexis Nihon	Westmount	QC
3705	Place Versailles Shopping Centre	Montreal	QC
3706	Masonville Place	London	ON
3707	Woodbine Centre	Toronto	ON
3708	Devonshire Mall	Windsor	ON
3709	Les Promenades Saint-Bruno	Saint-Bruno-de-Montarville	QC
3710	Bonnie Doon	Edmonton	AB
3711	Oakridge Centre	Vancouver	BC
3713	Sunridge Mall	Calgary	AB
3714	Market Mall	Calgary	AB
3715	Cloverdale Mall	Toronto	ON
3717	Metropolis At Metrotown	Burnaby	BC
3718	Les Galeries Joliette	Joliette	QC
3719	Pine Centre	Prince George	BC
3725	Galleries Chagnon	Levis	QC
3728	Northgate Mall	Regina	SK
3729	Shoppers World Danforth	Toronto	ON
3730	Pen Centre	St. Catharines	ON
3731	Bedford Place	Bedford	NS

3732	Cabot Square	St John's	NL
3737	Shoppes At Shawnessy	Calgary	AB
3738	Burlington Mall	Burlington	ON
3739	Abbotsford Power Centre	Abbotsford	BC
3742	East York Town Centre	Toronto	ON
3743	Place Fleur De Lys	Quebec City	QC
3744	Sahali Centre Mall	Kamloops	BC
3746	Billings Bridge Plaza	Ottawa	ON
3747	Grant Park	Winnipeg	MB
3749	Aurora Shopping Centre	Aurora	ON
3751	Gates Of Fergus	Wellington	ON
3753	Centre Mall	Hamilton	ON
3754	Signal Hill Centre	Calgary	AB
3755	Place Laurier	Quebec City	QC
3757	Clarington Town Centre	Clarington	ON
3759	Stone Road Mall	Guelph	ON
3760	Tillicum Mall	Victoria	BC
3761	Millcroft Centre	Burlington	ON
3762	Flamborough Power Centre	Hamilton	ON
3763	Shoppers Mall	Brandon	MB
3764	Place D'Orleans	Ottawa	ON
3765	Faubourg Boisbriand	Boisbriand	QC
3766	Centre At Circle & Eighth	Saskatoon	SK
3767	Taunton Road Power Centre	Whitby	ON
3768	Eglinton and Warden	Toronto	ON
3769	Place Vertu	St Laurent	QC
3770	Mill Woods Town Centre	Edmonton	AB
3772	Chinook Centre	Calgary	AB
3773	Trinity Common	Brampton	ON
7000	Centre Laval	Laval	QC
7001	RioCan Niagara Falls	Niagara Falls	ON
7002	Stockyards	Toronto	ON
7008	York Street	Toronto	ON
7325	Warehouse space	Mississauga	ON
7326	Warehouse space	Calgary	AB
7327	Warehouse space	Montreal	QC
7328	Warehouse space	Burnaby	BC
7329	Distribution Facility	Hamilton	ON
7330	Distribution Facility	Calgary	AB
7403	Office space	Oshawa	ON
7404			
7405	Office space	Burlington	ON
7406			
7407	Office space	Burnaby	BC
7408			
7409			
7410	Office space	Edmonton	AB
7411	Office space	Calgary	AB
7412	Office space	Winnipeg	MB
7413	Office space	Montreal	QC
7414			
7415			
7416	Office space	Quebec City	QC
7417	Office space	Ottawa	ON
7418	Office space	Dartmouth	NS

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9730	Office space	Mississauga	ON
9731 7400 7401 7402 7419	Office space	Mississauga	ON

SCHEDULE "D"**Real Property**

<u>ID #</u>	<u>Description</u>	<u>City</u>	<u>Province</u>
7004	Park Place	Barrie	ON
7006	Candiac Power Centre	Candiac	QC
7012	Polo Park	Winnipeg	MB
7300	Distribution Facility	Milton	ON
7301	Distribution Facility	Calgary	AB
7302	Distribution Facility	Cornwall	ON

**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

SUPPLEMENTAL MOTION RECORD

**(Motion for Approval of Real Property Portfolio Sales
Process and Stay Extension)**

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