

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

APPLICANTS

MOTION RECORD OF THE APPLICANTS

**(Motion for Approval of Lease Surrender Agreement with
Morguard REIT)**

May 15, 2015

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

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

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

Lawyers for the Applicants

TO: SERVICE LIST

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

Service List
(as at May 15, 2015)

<u>PARTY</u>	<u>CONTACT</u>
<p>OSLER, HOSKIN & HARCOURT LLP Barristers & Solicitors Box 50, 1 First Canadian Place Toronto, ON M5X 1B8</p> <p>Canadian Counsel to the Applicants</p>	<p>Tracy Sandler Tel: 416.862.5890 Email: tsandler@osler.com</p> <p>Jeremy Dacks Tel: 416.862.4923 Email: jdacks@osler.com</p> <p>Shawn T. Irving Tel: 416.862.4733 Email: sirving@osler.com</p> <p>Robert Carson Tel: 416.862.4235 Fax: 416.862.6666 Email: rcarson@osler.com</p> <p>Andrea Lockhart Tel: 416.862.6829 Fax: 416.862.6666 Email: alockhart@osler.com</p>
<p>DAVIES WARD PHILLIPS & VINEBERG LLP Barristers & Solicitors 155 Wellington Street West Toronto, ON M5V 3J7</p> <p>Canadian Counsel to Target Corporation</p>	<p>Jay A. Swartz Tel: 416.863.5520 Email: jswartz@dwpv.com</p> <p>Robin Schwill Tel: 416.863.5502 Email: rschwill@dwpv.com</p> <p>Dina Milivojevic Tel: 416.367.7460 Fax: 416.863.0871 Email: dmilivojevic@dwpv.com</p>
<p>FAEGRE BAKER DANIELS LLP Barristers & Solicitors 2200 Wells Fargo Center 90 S. Seventh Street Minneapolis, MN U.S.A. 55402</p> <p>U.S. Counsel to Target Corporation</p>	<p>Dennis Ryan Tel: 612.766.6810 Fax: 612.766.1600 Email: Dennis.Ryan@FaegreBD.com</p>

<p>GOODMANS LLP Barristers & Solicitors Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7</p> <p>Counsel to Alvarez & Marsal Canada Inc. in its capacity as Monitor</p>	<p>Jay Carfagnini Tel: 416.597.4107 Fax: 416.979.1234 Email: jcarfagnini@goodmans.ca</p> <p>Alan Mark Tel: 416.597.4264 Fax: 416.979.1234 Email: amark@goodmans.ca</p> <p>Gale Rubenstein Tel: 416.597.4148 Fax: 416.979.1234 Email: grubenstein@goodmans.ca</p> <p>Melaney Wagner Tel: 416.597.4258 Fax: 416.979.1234 Email: mwagner@goodmans.ca</p> <p>Jesse Mighton Tel: 416.597.5148 Fax: 416.979.1234 Email: jmighton@goodmans.ca</p>
<p>ALVAREZ & MARSAL CANADA INC. Royal Bank Plaza, South Tower 200 Bay Street, Suite 2900 P.O. Box 22 Toronto, ON M5J 2J1</p> <p>Monitor</p>	<p>Doug McIntosh Tel: 416.847.5150 Fax: 416.572.2201 Email: dmcintosh@alvarezandmarsal.com</p> <p>Al Hutchens Tel: 416.847.5159 Fax: 416.847.5201 Email: ahutchens@alvarezandmarsal.com</p> <p>Bill Kosturos Tel: 1.415.490.2309 Fax: 1.415.837.1684 Email: bkosturos@alvarezandmarsal.com</p> <p>Matthew Henry Tel: 1.310.975.2684 Fax: 1.310.975.2601 Email: mhenry@alvarezandmarsal.com</p>

<p>KOSKIE MINSKY LLP Barristers & Solicitors 20 Queen Street West Suite 900, P.O. Box 52 Toronto ON M5H 3R3</p> <p>Employee Representative Counsel</p>	<p>Susan Philpott Tel: 416.595.2104 Fax: 416.977.3316 Email: sphilpott@kmlaw.ca</p> <p>Simon Archer Tel: 416.595.2267 Fax: 416.977.3316 Email: sarcher@kmlaw.ca</p> <p>Clio Godkewitsch Tel: 416.595.2120 Fax: 416.977.3316 Email: cgodkewitsch@kmlaw.ca</p> <p>James Harnum Tel: 416.542.6285 Fax: 416.977.3316 Email: jharnum@kmlaw.ca</p>
<p>CHAITONS LLP Barristers & Solicitors 5000 Yonge Street 10th Floor Toronto ON M2N 7E9</p> <p>Counsel to the Directors and Officers of the Applicants</p>	<p>Harvey Chaiton Tel: 416.218.1129 Fax: 416.222.8402 Email: harvey@chaitons.com</p>
<p>LAX O'SULLIVAN SCOTT LISUS LLP Barristers & Solicitors Suite 2750, 145 King Street West Toronto, ON M5H 1J8</p> <p>Counsel to Hon. John D. Ground in his capacity as Trustee of the Employee Trust</p>	<p>Terrence O'Sullivan Tel: 416.598.3556 Fax: 416.598.3730 Email: tosullivan@counsel-toronto.com</p> <p>Lauren Epstein lepstein@counsel-toronto.com</p>
<p>DAOUST VUKOVICH LLP Barristers & Solicitors 20 Queen Street West Suite 3000 Toronto, ON M5H 3R3</p> <p>Counsel to Fishman Holdings North America Inc.</p>	<p>Wolfgang Kaufmann Tel: 416.597.3952 Fax: 416.597.8897 Email: wolfgang@dv-law.com</p> <p>Gasper Galati Tel: 416.598.7050 Fax: 416.597.8897 Email: ggalati@dv-law.com</p> <p>Kenneth Pimentel Tel: 416.597.9306 Fax: 416.597.8897 Email: kpimentel@dv-law.com</p>

<p>DAOUST VUKOVICH LLP Barristers & Solicitors 20 Queen Street West Suite 3000 Toronto, ON M5H 3R3</p> <p>Counsel to Montez Corporation</p>	<p>Wolfgang Kaufmann Tel: 416.597.3952 Fax: 416.597.8897 Email: wolfgang@dv-law.com</p> <p>Gasper Galati Tel: 416.598.7050 Fax: 416.597.8897 Email: ggalati@dv-law.com</p> <p>Kenneth Pimentel Tel: 416.597.9306 Fax: 416.597.8897 Email: kpimentel@dv-law.com</p>
<p>DAOUST VUKOVICH LLP Barristers & Solicitors 20 Queen Street West Suite 3000 Toronto, ON M5H 3R3</p> <p>Counsel to Westcliffe Management Ltd.</p>	<p>Wolfgang Kaufmann Tel: 416.597.3952 Fax: 416.597.8897 Email: wolfgang@dv-law.com</p> <p>Gasper Galati Tel: 416.598.7050 Fax: 416.597.8897 Email: ggalati@dv-law.com</p> <p>Kenneth Pimentel Tel: 416.597.9306 Fax: 416.597.8897 Email: kpimentel@dv-law.com</p>
<p>DAOUST VUKOVICH LLP Barristers & Solicitors 20 Queen Street West Suite 3000 Toronto, ON M5H 3R3</p> <p>Counsel to Valiant Rental Inc.</p>	<p>Wolfgang Kaufmann Tel: 416.597.3952 Fax: 416.597.8897 Email: wolfgang@dv-law.com</p> <p>Gasper Galati Tel: 416.598.7050 Fax: 416.597.8897 Email: ggalati@dv-law.com</p>
<p>DAOUST VUKOVICH LLP Barristers & Solicitors 20 Queen Street West Suite 3000 Toronto, ON M5H 3R3</p> <p>Counsel to Bridlewood Mall Management Inc.</p>	<p>Wolfgang Kaufmann Tel: 416.597.3952 Fax: 416.597.8897 Email: wolfgang@dv-law.com</p> <p>Gasper Galati Tel: 416.598.7050 Fax: 416.597.8897 Email: ggalati@dv-law.com</p>

<p>PLAZA RETAIL REIT 145 King Street West Suite 1710 Toronto, ON M5H 1J8</p>	<p>Kevin Salsberg Tel: 416.361.1520 Fax: 416.815.7760 Email: kevin.salsberg@plaza.ca</p> <p>Jamie Petrie Tel: 416.361.5892 Fax: 416.815.7760 Email: Jamie.petrie@plaza.ca</p> <p>Michael Zakuta Tel: 416.361.5892 Fax: 416.815.7760 Email: michael.zakuta@plaza.ca</p>
<p>BENNETT JONES LLP Barristers & Solicitors One First Canadian Place Suite 3400 Toronto, ON M5X 1A4</p> <p>Counsel to RioCan Management Inc.</p>	<p>S. Richard Orzy Tel: 416.777.5737 Fax: 416.863.1716 Email: orzyr@bennettjones.com</p> <p>Sean H. Zweig Tel: 416.777.6254 Fax: 416.863.1716 Email: zweigs@bennettjones.com</p> <p>Richard Swan Tel: 416.777.7479 Fax: 416.863.1716 Email: swanr@bennettjones.com</p>
<p>BENNETT JONES LLP Barristers & Solicitors One First Canadian Place Suite 3400 Toronto, ON M5X 1A4</p> <p>Counsel to Kingsett Capital Inc.</p>	<p>S. Richard Orzy Tel: 416.777.5737 Fax: 416.863.1716 Email: orzyr@bennettjones.com</p> <p>Sean H. Zweig Tel: 416.777.6254 Fax: 416.863.1716 Email: zweigs@bennettjones.com</p> <p>Richard Swan Tel: 416.777.7479 Fax: 416.863.1716 Email: swanr@bennettjones.com</p>

<p>LAWSON LUNDELL LLP Barristers & Solicitors 1600 Cathedral Place 925 West Georgia Street Vancouver, BC V6C 3L2</p> <p>Counsel to APL Co. Pte Ltd.</p>	<p>Heather M.B. Ferris Tel: 1.604.631.9145 Fax: 1.604.694.2957 Email: hferris@lawsonlundell.com</p>
<p>LAWSON LUNDELL LLP Barristers & Solicitors 1600 Cathedral Place 925 West Georgia Street Vancouver, BC V6C 3L2</p> <p>Counsel to Shape Properties Ltd.</p>	<p>Heather M.B. Ferris Tel: 1.604.631.9145 Fax: 1.604.694.2957 Email: hferris@lawsonlundell.com</p>
<p>DENTONS CANADA LLP Barristers & Solicitors 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p>Counsel to Carlton Cards Limited and Papyrus-Recycled Greetings Canada Ltd.</p>	<p>Kenneth Kraft Tel: 416.863.4374 Fax: 416.863.4592 Email: kenneth.kraft@dentons.com</p> <p>John Salmas Tel: 416.863.4737 Fax: 416.863.4592 Email: john.salmas@dentons.com</p>
<p>DENTONS CANADA LLP Barristers & Solicitors 850 - 2nd Street SW 15th Floor, Bankers Court Calgary, AB T2P 0R8</p> <p>Counsel to Carlton Cards Limited and Papyrus-Recycled Greetings Canada Ltd.</p>	<p>Robert Kennedy Tel: 1.403.268.7161 Fax: 1.403.268.3100 Email: robert.kennedy@dentons.com</p>

<p>DENTONS CANADA LLP Barristers & Solicitors 99 Bank Street, Suite 1420 Ottawa, ON K1P 1H4</p> <p>Counsel to Mead Johnson Nutrition Canada Co.</p>	<p>David Elliott Tel: 1.613.783.9638 Email: david.elliott@dentons.com</p> <p>Fraser Mackinnon Blair Tel: 1.613.783.9647 Email: fraser.mackinnon.blair@dentons.com</p> <p>Philip Rimer Tel: 1.613.783.9634 Email: Philip.rimer@dentons.com</p>
<p>OWEN BIRD LAW CORPORATION Barristers & Solicitors Bentall 3, Suite 2900, 595 Burrard Street PO Box 49130 Vancouver, BC V7X 1J5</p> <p>Counsel to Glentel Inc.</p>	<p>Jonathan L. Williams Tel: 1.604.688.0401 Fax: 1.604.688.2827 Email: jwilliams@owenbird.com</p>
<p>BORDEN LADNER GERVAIS LLP Barristers & Solicitors 1200 Waterfront Centre, 200 Burrard Street P.O. Box 48600 Vancouver, BC V7X 1T2</p> <p>Counsel to Damco Canada Inc.</p>	<p>Kendall E. Andersen Tel: 1.604.640.4078 Fax: 1.604.622.5936 Email: kandersen@blg.com</p>
<p>DAMCO CANADA INC.</p>	<p>Dennis O'Brien Email: dennis.a.obrien@maersk.com</p> <p>Jan K. Andersen Email: jan.k.andersen@damco.com</p>
<p>DAMCO DISTRIBUTION CANADA INC.</p>	<p>Dennis O'Brien Email: dennis.a.obrien@maersk.com</p> <p>Colin Green Email: colin.green@damco.com</p> <p>Kellie Kopeck Email: kellie.kopeck@damco.com</p>
<p>LONDON DRUGS LIMITED 12831 Horseshoe Way Richmond, BC V7A 4X5</p>	<p>Christine MacLean General Counsel Tel: 1.604.272.7674 Email: cmaclean@londondrugs.com</p>

<p>THORNTON GROUT FINNIGAN LLP Barristers & Solicitors 100 Wellington Street West Suite 3200 Toronto, ON M5K 1K7</p> <p>Counsel to Oxford Properties Group Inc.</p>	<p>D.J. Miller Tel: 416.304.0559 Fax: 416.304.1313 Email: djmiller@tgf.ca</p>
<p>BRENNAN, RECUPERO, CASCIONE, SCUNGIO & MCALLISTER, LLP Barristers & Solicitors 362 Broadway Providence, RI U.S.A. 02909</p> <p>Counsel to Expeditors International of Washington, Inc. and its subsidiaries and affiliates, including Expeditors Canada, Inc.</p>	<p>Thomas S. Hemmendinger Tel: 1.401.453.2300 Ext. 106 Fax: 1.401.453.2345 Email: themmendinger@brasm.com</p>
<p>DENTONS CANADA LLP Barristers & Solicitors 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p>Counsel to Canada Mortgage and Housing Corporation</p>	<p>Renée Brosseau Tel: 416.863.4650 Fax: 416.863.4592 Email: renee.brosseau@dentons.com</p>
<p>TORYS LLP Barristers & Solicitors 79 Wellington St. West, 30th Floor Box 270, TD Tower South Toronto, ON M5K 1N2</p> <p>Counsel to The Cadillac Fairview Corporation Limited and its affiliates</p>	<p>David Bish Tel: 416.865.7353 Fax: 416.865.7380 Email: dbish@torys.com</p> <p>Adam Slavens Tel: 416.865.7333 Fax: 416.865.7380 Email: aslavens@torys.com</p> <p>Lily Coodin Tel: 416.865.7541 Fax: 416.865.7380 Email: lcoodin@torys.com</p>
<p>TORYS LLP Barristers & Solicitors 79 Wellington St. West, 30th Floor Box 270, TD Tower South Toronto, ON M5K 1N2</p> <p>Counsel to First Capital Realty Inc.</p>	<p>Scott A. Bomhof Tel: 416.865.7370 Fax: 416.865.7380 Email: sbomhof@torys.com</p> <p>Jeremy Opolsky Tel: 416.865.8117 Fax: 416.865.7380 Email: jopolsky@torys.com</p>

H.Y. LOUIE CO. LIMITED 2821 Production Way Burnaby, BC V5A 3G7	Michelle Simpson Corporate Counsel Tel: 1.604.444.6226 Email: michelles@hylouie.com
THE CIT GROUP/COMMERCIAL SERVICES, INC. 201 South Tryon Street P.O. Box 30317, 28231-1307 Charlotte, North Carolina U.S.A. 28202	Robert W. Franklin Director and Assistant Chief Counsel, Law Department Tel: 1.704.339.2975 Fax: 1.704.339.2894 Email: robert.franklin@cit.com
MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1 Counsel to Hamilton Beach Brands Canada, Inc.	Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com Margaret R. Sims Tel: 416.595.8577 Fax: 416.595.8695 Email: msims@millerthomson.com
MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1 Counsel to Spectrum Brands Canada, Inc. and Spectrum Brands, Inc.	Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com Margaret R. Sims Tel: 416.595.8577 Fax: 416.595.8695 Email: msims@millerthomson.com
MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1 Counsel to GL Creations	Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com Margaret R. Sims Tel: 416.595.8577 Fax: 416.595.8695 Email: msims@millerthomson.com
MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1 Counsel to Travelway Group Int'l Inc.	Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com Margaret R. Sims Tel: 416.595.8577 Fax: 416.595.8695 Email: msims@millerthomson.com

<p>MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p>Counsel to Skechers USA Canada, Inc.</p>	<p>Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com</p>
<p>MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p>Counsel to Ginsey Industries, Inc.</p>	<p>Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com</p>
<p>MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p>Counsel to Indo Count Industries Ltd.</p>	<p>Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com</p>
<p>MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p>Counsel to Asurion Canada, Inc.</p>	<p>Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com</p>
<p>MILLER THOMSON LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 5800 P.O. Box 1011 Toronto, ON M5H 3S1</p> <p>Counsel to Thomas, Large & Singer Inc.</p>	<p>Jeffrey C. Carhart Tel: 416.595.8615 Fax: 416.595.8695 Email: jcarhart@millerthomson.com</p>

<p>BURNET, DUCKWORTH & PALMER LLP Barristers & Solicitors Suite 2400, 525-8th Ave SW Calgary, AB T2P 1G1</p> <p>Counsel to Highfield Investment Group Inc.</p>	<p>Carole J. Hunter Tel: 1.403.260.0368 Fax: 1.403.260.0332 Email: chunter@bdplaw.com</p>
<p>UNITED CLEANING SERVICES LIMITED 46 Hedgedale Road Brampton, ON L6T 5L2</p> <p>Counsel to United Cleaning Services Limited</p>	<p>Randhir S. Garcha Tel: 905.595.4830 Ext. 272 Fax: 905.595.4831 Email: randy.garcha@ucsl.com</p>
<p>FOGLER, RUBINOFF LLP Barristers & Solicitors Suite 3000, P.O. Box 95 Toronto-Dominion Centre 77 King Street West Toronto, ON M5K 1G8</p> <p>Counsel to Doral Holdings Limited and 430635 Ontario Inc.</p>	<p>Vern W. DaRe Tel: 416.941.8842 Fax: 416.941.8852 Email: vdare@foglers.com</p>
<p>LAVERY, DE BILLY, LLP Barristers & Solicitors 1, Place Ville Marie, Suite 4000 Montréal, QC H3B 4M4</p> <p>Counsel to Dorel Industries Inc.</p>	<p>Jonathan Warin Tel: 1.514.878.5616 Fax: 1.514.871.8977 Email: jwarin@lavery.ca</p>
<p>COMINAR REIT Complexe Jules-Dallaire – T3 2820 Laurier Blvd, Suite 850 Québec City, QC G1V 0C1</p>	<p>Manon Deslauriers Tel: 1.418.681.6300 ext 2321 Fax: 1.418.681.2946 Email: manon.deslauriers@cominar.com</p> <p>Michel Paquet Email: michel.paquet@cominar.com</p> <p>Sylvain Cossette Email: sylvain.cossette@cominar.com</p> <p>Jean Leclerc Email: jean.leclerc@cominar.com</p> <p>Gilles Hamel Email: gilles.hamel@cominar.com</p> <p>Guillaume Rouleau Email: Guillaume.rouleau@cominar.com</p>

CANADIAN PACIFIC RAILWAY 1100 Avenue des Canadiens-de-Montréal Suite G3 Montréal, QC H3B 2S2	Ken Legrand Tel: 1.514.395.6436 Email: Ken_legrand@cpr.ca
CANADIAN PACIFIC RAILWAY Building #1, 7550 Ogdendale Road South Calgary, AB T2C 4X9	Cassandra Quach Tel: 1.403.319.7016 Email: Cassandra_Quach@cpr.ca
WEIRFOULDS LLP Barristers & Solicitors 66 Wellington Street West Suite 4100, P.O. Box 35 Toronto-Dominion Centre Toronto, ON M5K 1B7 Counsel to PCL Constructors Canada Inc.	Glenn Ackerley Tel: 416.947.5008 Fax: 416.365.1876 Email: gackerley@weirfoulds.com Scott McGrath Tel: 416.947.5038 Fax: 416.365.1876 Email: smcgrath@weirfoulds.com Graham Brown Tel: 416.947.5073 Fax: 416.365.1876 Email: gbrown@weirfoulds.com
WEIRFOULDS LLP Barristers & Solicitors 66 Wellington Street West Suite 4100, P.O. Box 35 Toronto-Dominion Centre Toronto, ON M5K 1B7 Counsel to PCL Construction Management Inc.	Glenn Ackerley Tel: 416.947.5008 Fax: 416.365.1876 Email: gackerley@weirfoulds.com Scott McGrath Tel: 416.947.5038 Fax: 416.365.1876 Email: smcgrath@weirfoulds.com Graham Brown Tel: 416.947.5073 Fax: 416.365.1876 Email: gbrown@weirfoulds.com
WEIRFOULDS LLP Barristers & Solicitors 66 Wellington Street West Suite 4100, P.O. Box 35 Toronto-Dominion Centre Toronto, ON M5K 1B7 Counsel to Ace Bayou Corporation	H. Scott Fairley Tel: 416.947.5015 Fax: 416.365.1876 Email: sfairley@weirfoulds.com Nadia Chiesa Tel: 416.947.5084 Fax: 416.365.1876 Email: nchiesa@weirfoulds.com

<p>MINDEN GROSS LLP Barristers & Solicitors 145 King Street West Suite 2200 Toronto, ON M5H 4G2</p> <p>Counsel to Menkes Property Management Services Ltd., as agent for HOOPP Realty Inc.</p>	<p>David T. Ullmann Tel: 416.369.4148 Fax: 416.864.9223 Email: dullmann@mindengross.com</p>
<p>MINDEN GROSS LLP Baristers & Solicitors 145 King Street West Suite 2200 Toronto, ON M5H 4G2</p> <p>Counsel to Primaris Reit</p>	<p>David T. Ullmann Tel: 416.369.4148 Fax: 416.864.9223 Email: dullmann@mindengross.com</p> <p>Catherine Francis Tel: 416.369.4137 Fax: 416.864.9223 Email: cfrancis@mindengross.com</p>
<p>McLEAN & KERR LLP Barristers & Solicitors 130 Adelaide Street West Suite 2800 Toronto, ON M5H 3P5</p> <p>Counsel to 20 VIC Management Inc. (on behalf of various landlords), Morguard Investments Limited (on behalf of various landlords), Calloway Real Estate Investment Trust (on behalf of Calloway REIT (Hopedale) Inc., Calloway REIT (Laurentian Inc.), Crombie REIT, Triovest Realty Advisors Inc. (on behalf of various landlords), Brad-Lea Meadows Limited and Blackwood Partners Management Corporation (on behalf of Surrey CC Properties Inc.)</p>	<p>Walter R. Stevenson Tel: 416.369.6602 Fax: 416.366.8571 Email: wstevenson@mcleankerr.com</p> <p>Linda Galessiere Tel: 416.369.6609 Fax: 416.366.8571 Email: lgalessiere@mcleankerr.com</p> <p>Gus Camelino Tel: 416.369.6621 Fax: 416.366.8571 Email: gcamelino@mcleankerr.com</p>

<p>McLEAN & KERR LLP Barristers & Solicitors 130 Adelaide Street West Suite 2800 Toronto, ON M5H 3P5</p> <p>Counsel to Imagine! Print Solutions Inc.</p>	<p>S. Michael Citak Tel: 416.369.6619 Fax: 416.366.8571 Email: mcitak@mcleankerr.com</p>
<p>BORDEN LADNER GERVAIS LLP S.E.N.C.R.L., S.R.L. Barristers & Solicitors 1000 Rue de la Gauchetière Ouest Suite / Bureau 900 Montréal, QC H3B 5H4</p> <p>Counsel to Bell Canada</p>	<p>François Gagnon Tel: 1.514.954.2553 Fax: 1.514.954.1905 Email: fgagnon@blg.com</p>
<p>BORDEN LADNER GERVAIS LLP S.E.N.C.R.L., S.R.L. Barristers & Solicitors 1000 Rue de la Gauchetière Ouest Suite / Bureau 900 Montréal, QC H3B 5H4</p> <p>BORDEN LADNER GERVAIS LLP Barristers & Solicitors Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4</p> <p>Counsel to Hasbro Canada Corporation</p>	<p>Marc Duchesne Tel: 1.514.954.3102 Fax: 1.514.954.1905 Email: mduchesne@blg.com</p> <p>Kyle Plunkett Tel: 416.367.6314 Fax: 416.361.2557 Email: kplunkette@blg.com</p>
<p>BORDEN LADNER GERVAIS LLP Barristers & Solicitors Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4</p> <p>Counsel to Razor USA LLC</p>	<p>Aliza Premji Tel: 416.367.6704 Fax: F 416.682.2845 Email: apremji@blg.com</p>

<p>BORDEN LADNER GERVAIS LLP Barristers & Solicitors Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4</p> <p>Counsel to Bell Canada</p>	<p>Andrew Hodhod Tel: 416.367.6290 Fax: 416.361.2799 Email: ahodhod@blg.com</p>
<p>8239959 CANADA INC. c/o SHINDICO REALTY INC. 200-1355 Taylor Ave. Winnipeg, MB R3M 3Y9</p>	<p>Robert W. Shindleman Tel: 1.202.474.2000 Fax: 1.202.284.7155 Email: rshindleman@shindico.com</p> <p>Justin G. Zarnowski Tel: 1.202.928.8212 Fax: 1.202.284.7155 Email: jzarnowski@shindico.com</p>
<p>FILLMORE RILEY LLP Barristers & Solicitors 1700-360 Main Street Winnipeg, MB R3C 3Z3</p> <p>Counsel to TransX Ltd.</p>	<p>David J. Kroft Tel: 1.204.957.8346 Fax: 1.204.954.0346 Email: djkroft@fillmoreriley.com</p>
<p>TRANSX LTD. 2595 Inkster Boulevard Winnipeg, MB R3C 2E6</p>	<p>Pankaj Sharma Tel: 1.204.631.4135 Fax: 1.204.631.4109 Email: vpfinance@transx.com</p>
<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solicitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Warner Brothers Distributing Inc.</p>	<p>Larry Ellis Tel: 416.869.5406 Fax: 416.640.3004 Email: lellis@casselsbrock.com</p> <p>Erin Craddock Tel: 416.860.6480 Fax: 416.644.9324 Email: ecraddock@casselsbrock.com</p>
<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solcitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Solutions 2 GO Inc.</p>	<p>Larry Ellis Tel: 416.869.5406 Fax: 416.640.3004 Email: lellis@casselsbrock.com</p> <p>Erin Craddock Tel: 416.860.6480 Fax: 416.644.9324 Email: ecraddock@casselsbrock.com</p>

<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solicitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Merchant Retail Solutions ULC</p>	<p>R. Shayne Kukulowicz Tel: 416.860.6463 Fax: 416.640.3176 Email: skukulowicz@casselsbrock.com</p> <p>Jane O. Dietrich Tel: 416.860.5223 Fax: 416.640.3144 Email: jdietrich@casselsbrock.com</p>
<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solicitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Gordon Brothers Canada ULC</p>	<p>R. Shayne Kukulowicz Tel: 416.860.6463 Fax: 416.640.3176 Email: skukulowicz@casselsbrock.com</p> <p>Jane O. Dietrich Tel: 416.860.5223 Fax: 416.640.3144 Email: jdietrich@casselsbrock.com</p>
<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solicitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Roots Canada Ltd.</p>	<p>Joseph Bellissimo Tel: 416.860.6572 Fax: 416.642.7150 Email: jbellissimo@casselsbrock.com</p> <p>Erin Craddock Tel: 416.860.6480 Fax: 416.644.9324 Email: ecraddock@casselsbrock.com</p> <p>Leonard Loewith Tel: 416.860.6471 Fax: 416.640.3092 Email: lloewith@casselsbrock.com</p>
<p>CASSELS BROCK & BLACKWELL LLP Barristers & Solicitors 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p>Counsel to Conair Consumer Products ULC</p>	<p>Joseph Bellissimo Tel: 416.860.6572 Fax: 416.642.7150 Email: jbellissimo@casselsbrock.com</p> <p>Natalie Levine Tel: 416.860.6568 Fax: 416.640.3207 Email: nlevine@casselsbrock.com</p>

<p>STIKEMAN ELLIOTT LLP Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5H 3C2</p> <p>Counsel to Eleven Points Logistic Inc.</p>	<p>Daniel S. Murdoch Tel: 416.869.5529 Fax: 416.947.0866 Email: dmurdoch@stikeman.com</p> <p>Kathryn Esaw Tel: 416.869.6820 Fax: 416.947.0866 Email: kesaw@stikeman.com</p>
<p>SOLMON ROTHBART GOODMAN LLP Barristers & Solicitors 375 University Avenue, Suite 701 Toronto, ON M5G 2J5</p> <p>Counsel to ISSI Inc.</p>	<p>Melvyn L. Solmon Tel: 416.947.1093 (Ext. 333) Fax: 416.947.0079 Email: msolmon@srglegal.com</p> <p>Nancy J. Tourgis Tel: 416.947.1093 (Ext. 342) Fax: 416.947.0079 Email: ntourgis@srglegal.com</p>
<p>BULL, HOUSSER & TUPPER LLP Barristers & Solicitors 900 Howe Street, Suite 900 Vancouver, BC V6Z 2M4</p> <p>Counsel to Vanprop Investments Ltd.</p>	<p>Kieran E. Siddall Tel: 1.604.641.4868 Fax: 1.604.646.4556 Email: kes@bht.com</p> <p>E. Jane Milton QC Email: ejm@bht.com and kes@bht.com</p>
<p>SPORTS INDUSTRY CREDIT ASSOCIATION 245 Victoria Avenue Suite 800 Montreal, QC H3Z 2M6</p>	<p>Brian Dabarno Tel: 1.514.931.5561 Ext: 226 Fax: 1.514.931.2896 Email: brian@sica.ca</p>
<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors 333 Bay Street, Suite 2400 Bay Adelaide Centre, Box 20 Toronto, ON M5H 2T6</p> <p>Counsel to Ivanhoe Cambridge Inc.</p>	<p>Aubrey E. Kauffman Tel: 416.868.3538 Fax: 416.364.7813 Email: akauffman@fasken.com</p>
<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors 333 Bay Street, Suite 2400 Bay Adelaide Centre, Box 20 Toronto, ON M5H 2T6</p> <p>Counsel to Sobeys Capital Incorporated</p>	<p>Stuart Brotman Tel: 416.865.5419 Fax: 416.364.7813 Email: sbrotman@fasken.com</p>

<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors The Stock Exchange Tower 800 Victoria Square Suite 3700, PO Box 242 Montréal, PQ H4Z 1E9</p> <p>Counsel to Ivanhoe Cambridge Inc.</p>	<p>Luc Morin Tel: 1.514.397.5121 Fax: 1.514.397.7600 Email: lmorin@fasken.com</p>
<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors The Stock Exchange Tower 800 Victoria Square Suite 3700, PO Box 242 Montréal, PQ H4Z 1E9</p> <p>Counsel to Canadian Pacific Railway Ltd.</p>	<p>Brandon Farber Tel: 1.514.397.5179 Fax: 1.514.397.7600 Email: bfarber@fasken.com</p>
<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors The Stock Exchange Tower 800 Victoria Square Suite 3700, PO Box 242 Montréal, PQ H4Z 1E9</p> <p>Counsel to McKesson Canada</p>	<p>Luc Béliveau Tel: 1.514.397.4336 Fax: 1.514.397.7600 Email: lbeliveau@fasken.com</p> <p>Brandon Farber Tel: 1.514.397.5179 Fax: 1.514.397.7600 Email: bfarber@fasken.com</p>
<p>FASKEN MARTINEAU DuMOULIN LLP Barristers & Solicitors The Stock Exchange Tower 800 Victoria Square Suite 3700, PO Box 242 Montréal, PQ H4Z 1E9</p> <p>Counsel to Distribution Select, a division of Archambault Group inc., a subsidiary of Quebecor Media Inc.</p>	<p>Guillaume-Pierre Michaud Tel: 1.514.397.5264 Fax: 1.514.397.7600 Email: gmichaud@fasken.com</p>
<p>THE SCOTTS COMPANY LLC 14111 Scottslawn Road Marysville, Ohio USA 43041</p>	<p>Lewis J. Dolezal Jr. Tel: 1.937.578.1319 Fax: 1.937.644.7568 Email: lewis.dolezal@scotts.com</p>
<p>COTY CANADA 1255 Rte Transcanadienne Dorval, QC H9P 2V4</p>	<p>Robert Spensieri Tel: 1.514.421.5066 Email: robert_spensieri@cotyinc.com</p>

<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Advitek Inc.</p>	<p>Lou Brzezinski Tel: 416.593.2952 Fax: 416.594.5084 Email: lbrzezinski@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Universal Studios Canada Inc.</p>	<p>Lou Brzezinski Tel: 416.593.2952 Fax: 416.594.5084 Email: lbrzezinski@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Nintendo of Canada, Ltd.</p>	<p>Lou Brzezinski Tel: 416.593.2952 Fax: 416.594.5084 Email: lbrzezinski@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Thyssenkrupp Elevator (Canada) Limited</p>	<p>Lou Brzezinski Tel: 416.593.2952 Fax: 416.594.5084 Email: lbrzezinski@blaney.com</p> <p>Chad Kopach Tel: 416.593.2985 Fax: 416.594.5437 Email: ckopach@blaney.com</p> <p>Varoujan Arman Tel: 416.596.2884 Fax: 416.593.5437 Email: varman@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>

<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Optrust Retail Inc.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Sun Life Assurance Company of Canada</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to bcIMC Realty Corporation</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to PCM Sheridan Inc.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Artis Tamarack Ltd.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>

<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Hazeldean Mall LP</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Milton Mall LP</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Penretail III Limited Partnership and Penretail Management Ltd.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Hillside Centre I LP and Hillside Cente II LP</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to 2725312 Canada Inc. and 2973758 Canada Inc.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p> <p>Alexandra Teodorescu Tel: 416.596.4279 Fax: 416.593.5437 Email: ATEodorescu@blaney.com</p>

<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Investors Group Trust Co. Ltd. as Trustee for Investors Real Property Fund</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to 391102 B.C. Ltd.</p>	<p>John C. Wolf Tel: 416.593.1221 Fax: 416.593.5437 Email: jwolf@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to Direct Energy Marketing Limited</p>	<p>Ralph Cuervo-Lorens Tel: 416.593.2990 Fax: 416.594.2437 Email: rcuervolorens@blaney.com</p>
<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5</p> <p>Counsel to RPI Consulting Group Inc.</p>	<p>Lou Brzezinski Tel: 416.593.2952 Fax: 416.594.5084 Email: lbrzezinski@blaney.com</p>
<p>DE GRANDPRÉ CHAIT LLP 1000 De La Gauchetière Street Ouest Suite 2900 Montreal, QC H3B 4W5</p> <p>Counsel to Faubourg Boisbriand Shopping Centre Limited Partnership</p>	<p>Stephen M. Raicek Tel: 1.514.878.3215 Fax: 1.514.878.5715 Email: sraicek@dgcllex.com</p> <p>Matthew Maloley Tel: 1.514.878.3243 Fax: 1.514.878.5743 Email: mmaloley@dgcllex.com</p>

<p>DE GRANDPRÉ CHAIT LLP 1000 De La Gauchetière Street Ouest Suite 2900 Montreal, QC H3B 4W5</p> <p>Counsel to Sun Life Assurance Company of Canada</p>	<p>Stephen M. Raicek Tel: 1.514.878.3215 Fax: 1.514.878.5715 Email: sraicek@dgclelex.com</p> <p>Matthew Maloley Tel: 1.514.878.3243 Fax: 1.514.878.5743 Email: mmaloley@dgclelex.com</p>
<p>DE GRANDPRÉ CHAIT LLP 1000 De La Gauchetière Street Ouest Suite 2900 Montreal, QC H3B 4W5</p> <p>Counsel to Place Versailles Inc.</p>	<p>Stephen M. Raicek Tel: 1.514.878.3215 Fax: 1.514.878.5715 Email: sraicek@dgclelex.com</p> <p>Ronald Stein Tel: 1.514.878.3254 Fax: 1.514.878.5754 Email: rstein@dgclelex.com</p> <p>Matthew Maloley Tel: 1.514.878.3243 Fax: 1.514.878.5743 Email: mmaloley@dgclelex.com</p>
<p>ROYAL BANK OF CANADA 200 Bay Street, North Tower Toronto, ON M5J 2J5</p>	<p>Livia Kolter-Held Tel: 416.974.0356 Fax: 416.974.2217 Email: livia.kolter-held@rbc.com</p> <p>Mary Arzoumanidis Tel: 416.955.4730 Fax: 416.955.5015 Email: mary.arzoumanidis@rbc.com</p>
<p>CCA and B LLC 3350 Riverwood Parkway, Ste 300 Atlanta, GA 30339 U.S.A.</p>	<p>Hillary Gardner Tel: 1.678.402.0947 Email: Hillary.Gardner@elfontheshelf.com</p>
<p>HAHN & HESSEN LLP Barristers & Solicitors 488 Madison Avenue New York, NY 10022 U.S.A.</p>	<p>Edward L. Schnitzer Tel: 1.212.478.7215 Fax: 1.212.478.7400 Email: eschnitzer@hahnhausen.com</p> <p>Joseph Orbach Tel: 1.212.478.7396 Fax: 1.212.478.7400 Email: jorbach@hahnhausen.com</p>

<p>STIKEMEN ELLIOTT LLP Barristers & Solicitors 4300 Bankers Hall West 888-3rd Street S.W. Calgary, AB T2P 5C5</p> <p>Counsel to Albari Holdings Ltd.</p>	<p>Michael E. Mestinek Tel: 1.403.266.9078 Fax: 1.403.255.9034 Email: mmestinek@stikeman.com</p>
<p>TRANSOURCE FREIGHTWAYS 620 Alford Avenue Delta, BC V3M 6X1</p>	<p>Kal Kajla Tel: 1.604.525.0527 Email: Kal@transourcefreightways.ca</p>
<p>SUTTS, STROSBERG LLP Barristers & Solicitors 251 Goyeau Street Suite 600 Windsor, ON N9A 2475</p> <p>Counsel to Pharmacy Franchisee Association of Canada</p>	<p>William V. Sasso Tel: 1.519.561.6222 Fax: 1.519.561.6203 Email: wvs@strosbergco.com</p> <p>Sharon Strosberg Tel: 1.519.561.6244 Fax: 1.519.561.6203 Email: sharon@strosbergco.com</p> <p>Jacqueline A. Horvat Tel: 1.519.561.6245 Fax: 1.519.561.6203 Email: jhorvat@strosbergco.com</p>
<p>CROCHETIERE, PÉTRIN Barristers & Solicitors 5800 boul. Louis-H. – La Fontaine Montréal, QU H1M 1S7</p> <p>Counsel to Aliments Triumph Inc.</p>	<p>Alexandre Franco Tel: 1.514.354.3645 Fax: 1.514.354.6511 Email: afranco@crochetiere-petrin.qc.ca</p>
<p>ALIMENTS TRIUMPH INC. 1020 Boulevard Michèle-Bohec Blainville, QC J7C 5L7</p>	<p>Patrick J. Carvell Email: pcarvell@atriomphe.com</p>
<p>BENNETT JONES LLP Barristers & Solicitors One First Canadian Place Suite 3400 Toronto, ON M5X 1A4</p> <p>Counsel to One York Street Inc. (Menkes Development Ltd.)</p>	<p>Raj Sahni Tel: 416.777.4804 Fax: 416.863.1716 Email: sahnir@bennettjones.com</p> <p>Derek Bell Tel: 416.777.4638 Fax: 416.863.1716 Email: belld@bennettjones.com</p>

CORRE PARTNERS MANAGEMENT LLC 1370 Avenue of the Americas 29th Floor New York, New York 10019 U.S.A.	Stephen Lam Tel: 1.646.863.7157 Fax: 1.646.863.7161 Email: steve.lam@correpartners.com
BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Counsel to Philips Electronics Ltd.	Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com
BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Counsel to Bose Limited	Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com
BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Counsel to Dyson Canada Ltd.	Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com
BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Counsel to Lego Canada Inc.	Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com
BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Counsel to Hanesbrands Inc.	Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com

<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Smucker Foods of Canada Corp. / Corp. de Produits Alimentaires Smucker du Canada</p>	<p>Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com</p> <p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Vita-Mix Corporation</p>	<p>Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com</p> <p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Moore Canada Corporation d/b/a RR Donnelley</p>	<p>Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com</p> <p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Nestlé Canada Inc.</p>	<p>Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com</p> <p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Funai Corporation Inc.</p>	<p>Linc Rogers Tel: 416.863.4168 Fax: 416.863.2653 Email: linc.rogers@blakes.com</p> <p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>

<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Medela Canada Inc.</p>	<p>Aryo Shalviri Tel: 416.863.2962 Fax: 416.863.2653 Email: aryo.shalviri@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to Northwest Plaza Ltd.</p>	<p>Joseph Grignano Tel: 416.863.4025 Fax: 416.863.2653 Email: joseph.grignano@blakes.com</p>
<p>BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9</p> <p>Counsel to ASM Capital V, L.P.</p>	<p>Milly Chow Tel: 416.863.2594 Fax: 416.863.2653 Email: milly.chow@blakes.com</p>
<p>ASM CAPITAL V, L.P. 7600 Jericho Turnpike Suite 302 Woodbury, NY 11797 U.S.A.</p>	<p>Douglas Wolfe Tel: 1.516.422.7102 Fax: 1.516.422.7118 Email: DWolfe@asmcapital.com</p>
<p>GOWLING LAFLEUR HENDERSON LLP Barristers & Solicitors 1 First Canadian Place 100 King St. West, Suite 1600 Toronto, ON M5X 1G5</p> <p>Counsel to Fiera Properties Limited</p>	<p>Clifton P. Prophet Tel: 416.862.3509 Fax: 416.862.7661 Email: clifton.prophet@gowlings.com</p> <p>Frank Lamie Tel: 416.862.3609 Fax: 416.862.7661 Email: frank.lamie@gowlings.com</p> <p>Haddon Murray Tel: 416.862.3604 Fax: 416.862.7661 Email: haddon.murray@gowlings.com</p>

<p>BURCHELLS LLP Barristers & Solicitors 1801 Hollis St., Suite 1800 Halifax, NS B3J 3N4</p> <p>Counsel to Halifax 1658 Bedford Highway Inc.</p>	<p>David Hutt Tel: 1.902.442.8373 Fax: 1.902.420.9326 Email: dhutt@burchells.ca</p>
<p>AIRD & BERLIS LLP Barristers & Solicitors 181 Bay St., Suite 1800 Toronto, ON M5J 2T9</p> <p>Counsel to CompuCom Systems, Inc. and CompuCom Canada Co.</p>	<p>D. Robb English Tel: 416.865.4748 Fax: 416.863.1515 Email: renglish@airdberlis.com</p>
<p>EVOLUTION LIGHTING, LLC 16200 NW 59th Ave, Suite 101 Miami Lakes, FL 33014 U.S.A.</p>	<p>Mitch Mossman Tel: 1.786.533.1807 Ext. 246 Fax: 1.305.558.8027 Email: mitchm@evolutionlightingllc.com</p>
<p>DEPARTMENT OF JUSTICE Ontario Regional Office 130 King Street West, Suite 3400 Toronto, ON M5X 1K6</p> <p>Counsel to Attorney General of Canada in Right of Canada</p>	<p>Diane Winters Tel: 416.973.3172 Fax: 416.973.0810 Email: Diane.Winters@justice.gc.ca</p>
<p>CANDA SIX FORTUNE ENTERPRISE CO. LTD. 1 President's Choice Circle Brampton, ON L6Y 5S5</p>	<p>Liisa Kaarid Tel: 905.861.2483 Fax: 905.861.2360 Email: liisa.kaarid@loblaw.ca</p>
<p>SEAPORT GLOBAL HOLDINGS LLC 360 Madison Avenue, 22nd Floor New York, NY 10017 U.S.A.</p>	<p>Scott Friedberg Tel: 1.212.616.7728 Cell: 1.917.913.4281 Email: SFriedberg@theseaportgroup.com</p>
<p>NORTON ROSE FULBRIGHT CANADA LLP Barristers & Solicitors Royal Bank Plaza, South Tower, Suite 3800 200 Bay Street, P.O. Box 84 Toronto, ON M5J 2Z4</p>	<p>Alan Merskey Tel: 416.216.4805 Fax: 416.216.3930 Email: alan.merskey@nortonrosefulbright.com</p> <p>Evan Cobb Tel: 416.216.1929 Fax: 416.216.3930 Email: evan.cobb@nortonrosefulbright.com</p>

<p>NORTON ROSE FULBRIGHT CANADA LLP Barristers & Solicitors Suite 1500, 2828 Laurier Boulevard Québec, QC G1V 0B9</p> <p>Counsel to Cominar Real Estate Investment Trust</p>	<p>Christian Roy Tel: 1.418.640.5028 Fax: 1.418.640.1500 Email: christian.roy@nortonrosefulbright.com</p>
<p>PALIARE ROLAND ROSENBERG ROTHSTEIN LLP Barristers & Solicitors 155 Wellington Street West 35th Floor Toronto, ON M5V 3H1</p> <p>Counsel to Microsoft Corporation</p>	<p>Lindsay Scott Tel: 416.646.7442 Fax: 416.646.4301 Email: lindsay.scott@paliareroland.com</p>
<p>FARRIS, VAUGHAN, WILLS & MURPHY LLP Barristers & Solicitors 200 - 700 W Georgia Street Vancouver, BC V7Y 1B3</p> <p>Counsel to Claims Recovery Group LLC</p>	<p>David E. Gruber Tel: 1.604.661.9361 Fax: 1.604.661.9349 Email: dgruber@farris.com</p> <p>Arden Beddoes Tel: 1.604.661.9380 Fax: 1.604.661.9349 Email: abeddoes@farris.com</p>
<p>SOLMON ROTHBART GOODMAN LLP Barristers & Solicitors 375 University Avenue, Suite 701 Toronto, ON M5G 2J5</p> <p>Counsel to ISSI Inc.</p>	<p>Melvyn L. Solmon Tel: 416.947.1093 Ext.333 Fax: 416.947.0079 Email: msolmon@srglegal.com</p>
<p>CLARK WILSON LLP Barristers & Solicitors 900-885 West Georgia Street Vancouver, BC V6C 3H1</p> <p>Counsel to Narland Properties (Haney) Ltd.</p>	<p>Christopher Ramsay Tel: 1.604.643.3176 Fax: 1.604.687.6314 Email: cjr@cwilson.com</p> <p>Katie G. Mak Tel: 1.604.643.3105 Fax: 1.604.687.6314 Email: kgm@cwilson.com</p>
<p>DAVPART INC. 4576 Yonge Street, Suite 700 Toronto, ON M2N 6N4</p> <p>Landlord to Target Store T3560, located at Lindsay Square, 401 Kent Street West</p>	<p>Karen Citron Tel: 416.222.3010 Fax: 416.222.3013 Email: citronk@davpart.com</p>

LIQUIDITY SOLUTIONS, INC. One University Plaza, Suite 312 Hackensack, NJ 07601 U.S.A.	Michael Handler Tel: 1.201.968.0001 Fax: 1.201.968.0010 Email: mhandler@liquiditysolutions.com and lsi@liquiditysolutions.com
TORKIN MANES LLP Barristers & Sol28 West 44th Street 16th Floor New York, NY 10036rs 151 Yonge Street, Suite 1500 Toronto, ON M5C 2W7 Counsel to Springs Window Fashion LLC	S. Fay Sulley Tel: 416.777.5419 Fax: 1.888.587.5769 Email: fsulley@torkinmanes.com
ALLUVIUM PARTNERS LLC 28 West 44th Street, 16 TH Floor New York, NY 10036 U.S.A.	Darren F. Yulfo Tel: 1.212.882.1866 Fax: 1.212.882.1867 Email: dyulfo@alluviumpartnersllc.com
UNIQUE INDUSTRIES, INC. 4750 League Island Blvd. Philadelphia, PA USA, 19112-1222	Michael Dougherty Tel: 1.215.218.7794 Email: mdougherty@favours.com Glenn Wattenmaker Tel: 1.215.218.7704 Email: gwattenmaker@favours.com
FARMER BROS. CO. 20333 S. Normandie Avenue Torrance, CA USA, 90502	Colleen A. Brooks Tel: 1.310.787.5393 Fax: 1.310.787.5376 Email: cbrooks@farmerbros.com
LAPOINTE ROSENSTEIN MARCHAND MELANÇON S.E.N.C.R.L. 1250 boul. René-Lévesque West, suite 1400 Montréal, QC H3B 5E9 Counsel to Canpro Investment Inc.	Michel Ménard Tel: 1.514.925.6328 Fax: 1.514.925.5028 Email: michel.menard@lrmm.com
KELLY SANTINI LLP Barristers & Solicitors 160 Elgin Street, Suite 2401 Ottawa, ON K2P 2P7 Counsel to Lozier Corporation	Rick Brooks Tel: 1.613.238.6321 Ext.248 Fax: 1.613.233.4553 Email: rbrooks@kellysantini.com

<p>KELLY SANTINI LLP Barristers & Solicitors 160 Elgin Street, Suite 2401 Ottawa, ON K2P 2P7</p> <p>Counsel to Lozier Store Fixtures, LLC</p>	<p>Rick Brooks Tel: 1.613.238.6321 Ext.248 Fax: 1.613.233.4553 Email: rbrooks@kellysantini.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Helen of Troy LP</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Kaz Canada Inc.</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Kaz Far East Ltd.</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Idelle Labs Ltd.</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Helen of Troy LP</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>

<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Kaz Canada Inc.</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>GARDINER ROBERTS LLP Barristers & Solicitors Scotia Plaza 40 King Street West, Suite 3100 Toronto, ON M5H 3Y2</p> <p>Counsel to Idelle Labs Ltd.</p>	<p>Jeffrey Rosekat Tel: 416.865.6662 Fax: 416.865.6636 Email: jrosekat@gardiner-roberts.com</p>
<p>First Capital 3350 Riverwood Parkway, Suite 1750 Atlanta, GA 30339 U.S.A.</p> <p>Counsel to Tara Toy Corp.</p>	<p>Kim Withrow Tel: 1.678.594.5900 Email: kwithrow@firstcapital.com</p> <p>Vicki Heller Tel: 1.678.594.5900 Email: vheller@firstcapital.com</p> <p>Kevin McGarry Tel: 1.678.594.5900 Email: kmcgarry@firstcapital.com</p>
<p>First Capital 3350 Riverwood Parkway, Suite 1750 Atlanta, GA 30339 U.S.A.</p> <p>Counsel to Miken Clothing</p>	<p>Kim Withrow Tel: 1.678.594.5900 Email: kwithrow@firstcapital.com</p> <p>Vicki Heller Tel: 1.678.594.5900 Email: vheller@firstcapital.com</p> <p>Kevin McGarry Tel: 1.678.594.5900 Email: kmcgarry@firstcapital.com</p>
<p>GOLDMAN SLOAN NASH & HABER LLP Barristers & Solicitors 480 University Avenue, Suite 1600 Toronto, ON M5G 1V2</p> <p>Counsel to Virginia Johnson Lifestyle Ltd.</p>	<p>Michael Rotsztain Tel: 416.597.7870 Fax: 416.597.3370 Email: rotsztain@gsnh.com</p>

<p>GOLDMAN SLOAN NASH & HABER LLP Barristers & Solicitors 480 University Avenue, Suite 1600 Toronto, ON M5G 1V2</p> <p>Counsel to Virginia Johnson Lifestyle Ltd.</p>	<p>Michael Rotsztain Tel: 416.597.7870 Fax: 416.597.3370 Email: rotsztain@gsnh.com</p>
<p>Periscope, Inc. 921 Washington Avenue South Minneapolis, MN 55415 U.S.A.</p>	<p>Aaron Martin Tel: 1.612.399.0417 Email: amartin@periscope.com</p> <p>Virginia Hines Tel: 1.612.399.0410 Email: vhines@periscope.com</p>
<p>Periscope Canada, Inc. 921 Washington Avenue South Minneapolis, MN 55415 U.S.A.</p>	<p>Aaron Martin Tel: 1.612.399.0417 Email: amartin@periscope.com</p> <p>Virginia Hines Tel: 1.612.399.0410 Email: vhines@periscope.com</p>
<p>Primeshares World Markets / VonWin Capital 261 Fifth Avenue, 22nd Floor New York, NY 10016 U.S.A.</p>	<p>Neil Desai Tel: 1.212.889.3088 Fax: 1.212.889.2232 Email: nd@primeshares.com</p>
<p>Coface North America Insurance Company 50 Millstone Road Bldg 100, Suite 360 East Windsor, NJ 08520 U.S.A.</p>	<p>Amy Schmidt Tel: 1.609.469.0459 Email: amy.schmidt@coface</p>
<p>Rapid Displays Inc. 4300 West 47th Street Chicago, IL 60632 U.S.A.</p>	<p>Karen Teel Tel: 1.773.843.7870 Fax: 1.773.927.0975 Email: kteel@rapiddisplays.com</p> <p>Brian L. Greenburg Tel: 1.773.927.5000 Fax: 1.773.927.1091 Email: bgreenburg@rapiddisplays.com</p>
<p>PERLMAN & ASSOCIATES, ALC Barristers & Solicitors 9454 Wilshire Boulevard, Suite 500 Beverly Hills, CA 90212 U.S.A.</p> <p>Counsel to Bauerfeind Productions, Inc. (BPI)</p>	<p>Dana M. Perlman Tel: 1.310.247.9500 Fax: 1.310.247.0109 Email: dperlman@perlmanlaw.com</p>

R S P ARCHITECTS 1220 Marshall Street N.E Minneapolis, MN 55413 U.S.A.	Heloise Weatherly Email: Heloise.weatherly@rsparch.com Pat Parrish Email: pat.parrish@rsparch.com Tel: 1.612.677.7100 Fax: 1.612.677.7499
BEAUWARD SHOPPING CENTRES LTD. 430, Arthur-Sauvé boulevard, Bureau 6010 Saint-Eustache, QC J7R 6V7	Nathalie Parent Tel: 1.450.473.6831 Ext. 203 Fax: 1.450.473.2184 Email: nparent@beauward.com Richard Hamelin Tel: 1.450.473.6831 Ext. 202 Fax: 1.450.473.2184 Email: rhamelin@beauward.com
MCMILLAN LLP Barristers & Solicitors Brookfield Place 181 Bay Street, Suite 4400 Toronto, ON M5J 2T3	Wael Rostom Tel: 416.865.7790 Fax: 416.865.7048 Email: wael.rostom@mcmillan.ca Stephen Eddy Tel: 416.865.1226 Fax: 416.865.7048 Email: stephen.eddy@mcmillan.ca
AMERICAN TEXTILE CO. RIDC Riverplace 10 North Linden Street Duquesne, PA 15110 U.S.A.	Scott Neil Tel: 1.412.948.1020 Ext.263 Fax: 1.412.948.1002 Email: sneil@americantextile.com
TIERNEY STAUFFER LLP Barristers & Solicitors 510-1600 Carling Avenue Ottawa, ON K1Z 0A1 Counsel to Katherine Stredinyn	Susan Mitchell Tel: 1.613.288.3209 Fax: 1.613.728.9866 Email: smitchell@tslawyers.ca
POLTEN & ASSOCIATES Barristers & Solicitors DBRS Tower 181 University Avenue, Suite 2200 Toronto, ON M5H 3Y2 Counsel to M.E.T.R.O. (Manufacture, Export, Trade, Research Office) Incorporated / Kerson Invested Limited	Daniel Walker Tel: 416.601.6816 Fax: 416.947.0909 Email: dwalker@poltenassociates.com

JEFFERIES LEVERAGED CREDIT PRODUCTS, LLC 520 Madison Avenue New York, NY 10022 U.S.A.	Richard Dalessio Tel: 1.212.284.2300 Email: rdalessio@jefferies.com Michael Richards Tel: 1.212.708.2826 Email: mrichards@jefferies.com Jay Sommer Tel: 1.212.708.2822 Email: jsommer1@jefferies.com
LOWENSTEIN SANDLER LLP Barristers & Solicitors 1251 Avenue of the Americas, 19th Floor New York, NY 10020 U.S.A.	Bruce S. Nathan Tel: 1.212.204.8686 Fax: 1.973.422.6851 Email: bnathan@lowenstein.com David M. Banker Tel: 1.212.204.8692 Fax: 1.973.422.6863 Email: dbanker@lowenstein.com
CENTERBRIDGE PARTNERS, L.P. 375 Park Avenue, 12th Floor New York, NY 10152 U.S.A.	Tim Denari Tel: 1.212.672.4457 Email: tdenari@centerbridge.com
STIKEMAN ELLIOTT LLP Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5H 3C2 Counsel to Lowe's Companies Canada, ULC	Mario Paura Tel: 416.869.5938 Fax: 416.947.0866 Email: mpaura@stikeman.com Maria Konyukhova Tel: 416.869.5230 Fax: 416.947.0866 Email: mkonyukhova@stikeman.com

ADDITIONAL SERVICE PARTIES FOR THE MORGUARD TRANSACTION

STIKEMAN ELLIOTT LLP Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5H 3C2 Counsel to Morguard Investments Limited	Eric Carmona Tel: 416.869.5597 Fax: 416.947.0866 Email: ecarmona@stikeman.com
ZELLERS INC. 401 Bay Street Suite 500 Toronto, Ontario MSH 2Y4 -and- ZELLERS INC. 401 Bay Street Suite 600 Toronto, Ontario MSH 2Y4 -and- ZELLERS INC. Legal Services, 3rd Flr. 698 Lawrence Ave. W. Toronto, Ontario M6A 3A5	General Manager, Legal Services
HUDSON'S BAY COMPANY Legal Services, 3rd Flr. 698 Lawrence Ave. W. Toronto, Ontario M6A 3A5	General Manager, Legal Services
SASKATCHEWAN FINANCE Revenue Division 2350 Albert Street Regina, SK S4P 4A6	Tel: 306.787.6768 Fax: 306.787.0241
MINISTRY OF JUSTICE (SASKATCHEWAN) 355 Legislative Building Regina, SK S4S 0B3	

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TAB 1

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

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

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

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

Applicants

NOTICE OF MOTION

**(Motion for Approval of Lease Surrender Agreement with
Morguard REIT)**

The Applicants will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on May 20, 2015 at 8:30 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form attached at Tab 4 of the Motion Record, *inter alia*, approving the Lease Surrender Agreement entered into as of May 6, 2015 between Morguard REIT ("Morguard") and Target Canada Co. ("TCC"), and vesting TCC's right, title and interest in and to the Leases and the Real Property Interests (as defined in the Lease Surrender Agreement) in Morguard.
2. Such further and other relief as this Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Applicants and Partnerships listed on Schedule A to the Approval and Vesting Order (collectively, the “**Target Canada Entities**”) were granted protection from their creditors under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) pursuant to the Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 15, 2015, as amended and restated;
2. Alvarez & Marsal Canada Inc. was appointed to act as the Monitor (the “**Monitor**”) in the CCAA proceeding;
3. On February 11, 2015, the Court approved a process (the “**Real Property Portfolio Sales Process**”) by which the Target Canada Entities, with the assistance of TCC’s financial advisor, Lazard Frères & Co. LLC, and under the supervision of the Monitor, would seek to sell all or substantially all of TCC’s leases and real property;
4. TCC and Morguard have entered into the Lease Surrender Agreement, pursuant to which TCC has agreed to surrender its real property interests relating to TCC’s lease at Centre At Circle & Eighth (Saskatoon, SK).
5. The process leading to the Lease Surrender Agreement was fair and reasonable in the circumstances and was approved by the Monitor;
6. The consideration to be received in the transaction is fair and reasonable;
7. The Lease Surrender Agreement is in the best interests of the creditors and other stakeholders of the Target Canada Entities;
8. The relief sought on this motion is supported by the Monitor;
9. The provisions of the CCAA, including section 36 thereof, and the inherent and equitable jurisdiction of this Honourable Court;

10. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

11. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

1. The Affidavit of Mark J. Wong, to be sworn, and the exhibits attached thereto;
2. The Report of the Monitor, to be filed; and
3. Such further and other evidence as counsel may advise and this Court may permit.

May 15, 2015

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

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

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

Lawyers for the Applicants

TO: SERVICE 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., *et al.*

Applicants

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

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

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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

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

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

Lawyers for the Applicants

Matter No: 1159785

TAB 2

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

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

APPLICANTS

**AFFIDAVIT OF MARK J. WONG
(To be Sworn)**

**(Motion for Approval of Lease Surrender Agreement
with Morguard REIT)**

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 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 Affidavit in support of the motion brought by the Applicants and Partnerships listed on Schedule A (the “**Target Canada Entities**”) seeking an Order, substantially in the form attached to the Motion Record, approving the Lease Surrender Agreement between Morguard REIT (“**Morguard**”), as the beneficial owner, Centre At Circle & Eight Property Inc., as nominee for the beneficial owner, and TCC (the “**Lease Surrender Agreement**”) relating to the lease held by TCC at the Centre At Circle & Eighth in Saskatoon, Saskatchewan, of which Morguard is the landlord (the “**Circle & Eighth Lease**”).

3. The consideration that TCC will receive in this proposed transaction with Morguard is \$100,000. In addition, this transaction will eliminate a variety of claims and potential claims from the Target Canada Entities’ estates, including claims relating to the Circle & Eighth Lease.

4. The Target Canada Entities believe that this transaction with Morguard is in the best interests of the Target Canada Entities and their stakeholders and the consideration to be paid in respect of this transaction is fair and reasonable.

5. It is my understanding that the Monitor approved the process that has been followed by TCC and Lazard, and supports the Target Canada Entities’ motion seeking approval of the Lease Surrender Agreement.

Description of the Subject Property

6. The property that is the subject of the Lease Surrender Agreement is described in the following chart:

Property	City	Landlord	Size of Store (square feet)	Lease Expiration	Options Remaining, Outside Expiration
Centre At Circle & Eighth	Saskatoon, SK	Morguard REIT	100,319	8/31/2026	9 options, 8/31/2071

Background regarding the Real Property Portfolio Sales Process

7. 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. Further details regarding the background to this proceeding are set out in my Affidavits sworn January 14, January 29, February 9 and May 4, 2015.

8. On February 11, 2015, the Court approved the Real Property Portfolio Sales Process by which the Target Canada Entities, with the assistance of TCC’s financial advisor, Lazard, and the Monitor, are seeking to sell all or substantially all of TCC’s leases and real property under the supervision of the Court and the Monitor. A copy of the Real Property Portfolio Sales Process is attached as Exhibit “A”.

9. A comprehensive description of the Real Property Portfolio Sales Process is set out in my affidavits dated January 29 and February 9, 2015.

10. In general terms, the Target Canada Entities and Lazard, in consultation with the Monitor, designed the Real Property Portfolio Sales Process to be flexible in order to maximize the value of TCC’s real estate portfolio for the benefit of the Target Canada Entities’ stakeholders. The process was designed to occur in two phases. Phase 1 included providing initial diligence materials and soliciting indications of interest from prospective purchasers and

culminated in the receipt of letters of intent. Phase 2 included the provision of additional diligence materials and culminated in the submission of binding proposals (referred to as “Qualified Bids”) from prospective purchasers, negotiations with Qualified Bidders, and, for some of the subject leases and properties, one or more auctions in which all Qualified Bidders were allowed to participate.

11. The current status of the Real Property Portfolio Sales Process is described in detail in my Affidavit sworn May 4, 2015 (in support of the Target Canada Entities’ stay extension motion), in the Eighth Report of the Monitor dated April 30, 2015 and in the Eleventh Report of the Monitor dated May 12, 2015. Except where so stated, capitalized terms not otherwise defined herein have the meaning ascribed to them in those Affidavits or in the Lease Surrender Agreement.

Background to the Qualified Bids

12. Commencing in early February, Lazard contacted approximately 360 prospective purchasers and provided most of them with a “teaser” document regarding the process and a form of confidentiality agreement. TCC entered into confidentiality agreements with approximately 70 different parties, all of whom received select access to an electronic data room containing information relating to TCC’s real estate portfolio and a confidential information memorandum (“CIM”) describing the opportunity. All of the properties which are the subject of the transactions described herein were described in the CIM.

13. In March 2015, 56 letters of intent (“LOIs”) were submitted by interested third parties in respect of TCC’s lease portfolio. In an effort to generate further and continued interest,

Lazard engaged in discussions with interested parties about the properties in TCC's lease portfolio – irrespective of whether LOIs were received – and facilitated certain calls between landlords and interested third parties. Lazard actively encouraged the submission of Qualified Bids or other offers. During this period, Lazard had numerous discussions with Morguard (as well as other potentially interested parties) regarding the Circle & Eighth Lease in an effort to secure Qualified Bids or other offers with respect to that lease.

14. On April 23, 2015, Morguard submitted a Qualified Bid in respect of the Circle & Eighth Lease, in which Morguard offered to purchase all of TCC's right, title and interest in the Circle & Eighth Lease and certain ancillary assets, on the terms and conditions set out in Morguard's proposed form of lease surrender agreement.

15. Following the Qualified Bid Deadline, Lazard continued to negotiate with Morguard to see if a transaction based on its Qualified Bid could be consummated. Lazard, the Target Canada Entities and the Monitor considered whether it would be more advantageous to complete a transaction in respect of the Qualified Bid before the auction, or to include the lease in a formal auction.

16. Following these continued discussions, TCC elected to enter into a transaction with Morguard in respect of the lease for which it had submitted a Qualified Bid. In the view of TCC and Lazard, the purchase price being offered was fair and reasonable in the circumstances.

17. In coming to this view, TCC, in consultation with Lazard and the Monitor, considered the following additional benefits to entering into the Lease Surrender Agreement:

- (a) the proposed transaction will eliminate a variety of potential claims into the Target Canada Entities' estate, including pre-filing claims into the estate from the landlord relating to the subject lease.

- (b) there was no certainty that a higher price could have been achieved in an auction and, even if a higher price could have been achieved, there was a real possibility that the Target Canada Entities would have faced difficult negotiations with the landlord over an alternate transaction. Accordingly, an important benefit of this transaction is that it increases the certainty of closing and realization of the value of the subject lease, since the transaction is not conditional upon, and does not require, any potential tenant-requested amendments to the lease, and does not raise any other issues that may have required the consent of the landlord.

The Lease Surrender Agreement

18. On May 6, 2015, TCC and Morguard entered into the Lease Surrender Agreement in respect of the Circle & Eighth Lease, together with certain ancillary assets, a copy of which is attached as Exhibit "B". The Lease Surrender Agreement provides for, among other things, the following:

- (a) Morguard will pay CDN \$100,000.00 in Surrender Consideration (as defined therein). The Surrender Consideration is subject to typical adjustments as set out in the Lease Surrender Agreement, which adjustments will be final and not

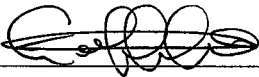
subject to readjustment. This allows for final settlement of TCC's obligations relating to the Leases and the Real Property Interests, giving certainty of result.

- (b) Morguard has paid a Deposit in the amount of \$10,000.00 to be held by the Monitor, as escrow agent. Upon Closing, the Deposit will be paid to TCC and applied to the Surrender Consideration. If the Closing does not occur by reason of a breach by Morguard of any of its representations, warranties or covenants or other default of Morguard, the full amount of the Deposit together with all accrued interest earned thereon, shall become the property of TCC on account of damages to compensate it for the expenses incurred and the delay caused and opportunities foregone as a result of the failure of the Transaction to close, in addition to any other remedies TCC may have against the Landlord Entities. Otherwise, if the Transaction does not close, the Monitor shall return the Deposit to Morguard.
- (c) TCC agrees to surrender and Morguard agrees to accept the surrender of the Leases and the Real Property Interests on the Closing Date in accordance with the terms and conditions of the Morguard Lease Surrender Agreement.
- (d) The Morguard Lease Surrender Agreement and the Transaction contemplated therein are subject to the Court issuing the proposed Approval and Vesting Order and the Monitor issuing the Monitor's Certificate.

- (e) The Closing will take place on the date that is three Business Days following the issuance of the Approval and Vesting Order, or on such other date as may be agreed upon in writing by the parties.
- (f) Subject to the terms of the Lease Surrender Agreement, the Landlord Entities are accepting the Surrendered Premises on an “as is, where is” basis.
- (g) On Closing, Morguard on its own behalf and on behalf of certain affiliates and certain beneficial owners, shall execute a Release whereby Morguard will fully and unconditionally release and forever discharge each of the Releasees (which include, among others, TCC, but not Target Corporation) of and from any and all Claims which Morguard ever had, now has or hereafter can, shall, or may have against any of the Releasees in any way relating to or arising from any of the Leases, the Premises, and/or the Property.

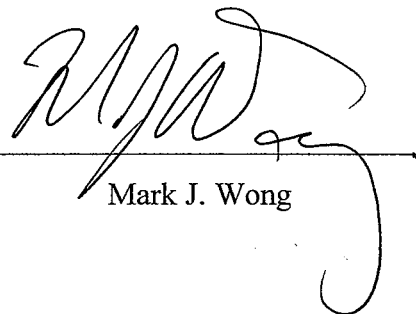
19. For all of the foregoing reasons, the Target Canada Entities believe that approval of the Lease Surrender Agreement is in the best interests of the Target Canada Entities and their stakeholders.

SWORN BEFORE ME at the City of
Toronto, on the 19th day of May, 2015.



Commissioner for taking Affidavits

GEORGEY CROWE



Mark J. Wong

SCHEDULE A**Partnerships**

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

A
B

THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF MARK J. WONG
SWORN MAY 19, 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.

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- (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.

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- (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.
- (ji) "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.

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- (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

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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

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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

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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:

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- (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

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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

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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.

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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

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- (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 I, 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.

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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

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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'Estric	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	Centrepoint 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

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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	Galeries 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	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

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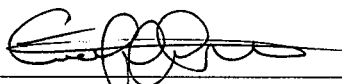
3732	Cabot Square	St John's	NL
3737	Shoppes At Shawnessy	Calgary	AB
3738	Burlington Mall	Burlington	ON
3739	Abbotsford Power Centre	Abbotsford	BC
3742	East York Town Centre	Toronto	ON
3743	Place Fleur De Lys	Quebec City	QC
3744	Sahali Centre Mall	Kamloops	BC
3746	Billings Bridge Plaza	Ottawa	ON
3747	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

THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF MARK J. WONG
SWORN MAY 19, 2015



Commissioner for Taking Affidavits

TARGET CANADA CO.
as the Tenant

- and -

MORGUARD REAL ESTATE INVESTMENT TRUST
as the Beneficial Owner

- and -

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.
as Nominee for Beneficial Owner

LEASE SURRENDER AGREEMENT
May 6, 2015

OSLER, HOSKIN & HARCOURT LLP

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THIS LEASE SURRENDER AGREEMENT dated with effect as of May 6, 2015

BETWEEN:

TARGET CANADA CO. (the “**Tenant**”)

OF THE FIRST PART,

- and -

MORGUARD REAL ESTATE INVESTMENT TRUST (the
“**Beneficial Owner**”)

OF THE SECOND PART,

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.,
(the Nominee, and together with the Beneficial Owner, the “**Landlord**”)

OF THE THIRD PART.

RECITALS:

- A. The Tenant and certain of its affiliates applied for and together with the limited partnerships listed on Schedule “A” to the Initial Order (the Tenant, its affiliates and the limited partnerships being collectively, the “**Applicants**”) were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Alvarez & Marsal Canada Inc. (the “**Monitor**”) was appointed by the Court as the monitor of the Tenant pursuant to an Order of the Court dated January 15, 2015, as amended and restated on February 11, 2015, and as further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”).
- B. On February 11, 2015, the Court entered an order approving the process for the disposition of the Tenant's real property interests and the procedures set forth therein (as same may be amended from time to time, the “**Sale Procedures**”).
- C. Pursuant to the Sale Procedures, the Landlord submitted a Landlord LOI for the purchase of certain leases and related interests and/or assets with respect to certain leased premises the Tenant uses or used in its operations, and has been invited to submit a Landlord Qualified Bid in accordance with the Sale Procedures.
- D. The Landlord hereby offers to accept a surrender from the Tenant of the Tenant’s right, title and interest in and to the Leases, the Real Property Interests and the Premises and to accept the resiliation of such Leases on the terms and conditions set out herein (the “**Offer**”).

- E. This Agreement is subject to approval by the Court, and the completion of the Transaction is subject to the Court issuing the Approval and vesting Order and Monitor releasing the Monitor's Certificate, all as more particularly described herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Tenant and the Landlord (individually, a "**Party**" and collectively, the "**Parties**") covenant and agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

Unless otherwise provided for herein, all capitalized terms set out below when used in this Agreement shall have the meaning ascribed thereto unless the context expressly or by necessary implication otherwise requires:

"**Agency Agreement**" has the meaning ascribed thereto in the Agency Agreement Order.

"**Agency Agreement Order**" means the Approval Order – Agency Agreement of the Court dated February 4, 2015, as amended, restated and/or amended and restated from time to time.

"**Agent**" has the meaning ascribed thereto in the Agency Agreement Order.

"**Agreement**" means this agreement constituted by the Tenant's acceptance of the Offer together with all schedules and instruments in written amendment or confirmation of it, and the expression "**Section**" followed by a number means and refers to the ascribed thereto Section of this Agreement.

"**Applicants**" has the meaning ascribed thereto in Recital A.

"**Approval and Vesting Order**" means an order issued by the Court approving this Agreement and the transactions contemplated by this Agreement, and surrendering to the Landlord all of the Tenant's right, title and interest in and to the Leases and the Real Property Interests free and clear of all Encumbrances other than the Permitted Encumbrances, which order shall be substantially in the form of Schedule "E".

"**Assignment and Assumption of Assumed Liabilities**" means an assignment by the Tenant and an assumption by the Landlord of the Tenant's right, title and interest and all liability, covenants and obligations in, to and under any Assumed Liabilities. The agreement evidencing same shall include an indemnity given by the Landlord in favour of the Tenant from and against any Claims arising pursuant to or in connection with any of the Assumed Liabilities and shall be in substantially the form attached as Schedule "G".

"**Assignment and Assumption of Realty Tax Appeals**" means an assignment by the Tenant and an assumption by the Landlord of the Tenant's right, title and interest and all liability,

covenants and obligations, in respect of the Realty Tax Appeals to be delivered on Closing. The agreement evidencing same shall be in substantially the form attached as Schedule “T”.

“**Assumed Liabilities**” has the meaning ascribed thereto in Section 3.4(a).

“**Auctions**” has the meaning ascribed thereto in the Sale Procedures.

“**Authorization**” means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Authority having jurisdiction over the Person.

“**Backup Bidder**” has the meaning ascribed thereto in the Sale Procedures.

“**Balance**” has the meaning ascribed thereto in Section 3.1(b).

“**Beneficial Owner**” has the meaning ascribed thereto on page 1 hereof.

“**Beneficial Owner Direction and Authorization**” means a direction and authorization by the Beneficial Owner addressed to the Nominee and the Tenant directing and authorizing the Nominee to enter into, execute and deliver this Agreement and all other documents required to complete the Transaction on the Landlord’s behalf, and shall include a covenant by the Beneficial Owner that, in the event that the Beneficial Owner is not an original party to a document required to complete the Transaction, the Beneficial Owner shall nevertheless be bound by and liable under the terms and conditions of any document required to complete the Transaction as if they were each an original party.

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

“**CCAA**” has the meaning ascribed thereto in Recital A.

“**CCAA Proceedings**” means the proceedings commenced by the Applicants before the Court under the CCAA, court file no. CV-15-10832-00CL.

“**Claims**” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, equitable interests, options, preferential arrangements of any kind or nature, assignments, restrictions, financing statements, deposit arrangements, leases, sub-leases, licences, rights of first refusal or similar restrictions, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, including loss of value, reasonable professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all actual and documented costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

“**Closing**” has the meaning ascribed thereto in Section 7.5(a).

“**Closing Date**” has the meaning ascribed thereto in Section 7.5(a).

“**Closing Documents**” means those documents and deliveries to be delivered in connection with the Closing as contemplated in this Agreement including those set out in Section 7.3.

“**Competing Bidder**” has the meaning ascribed thereto in the Sale Procedures.

“**Contracts**” means, collectively, all of the Tenant’s contracts and agreements to enter into contracts with respect to the operation, fire protection, servicing, maintenance, repair and cleaning of the Premises, or the furnishing of supplies or services to the Premises, any property management or asset management contracts, any employment contracts and any insurance contracts, and any sublease, license or other right of occupancy entered into by the Tenant or any manager or agent on behalf of the Tenant with respect to the Premises or the Leases.

“**Court**” has the meaning ascribed thereto in Recital A.

“**Deposit**” has the meaning ascribed thereto in Section 3.1(a).

“**Encumbrance**” means any restriction, reservation, easement, servitude, right-of-way, encroachment, mortgage, charge, pledge, hypothec, prior claims, lien (statutory or otherwise), security interest, title retention agreement or arrangement, assignment, claim, prior claim, liability (direct, indirect, absolute or contingent), obligation, trust, deemed trust, right of retention, judgment, writ of seizure or execution, notice of sale, contractual right, option, right of first refusal, or any other right or interest, of any nature or any other arrangement or condition, whether or not registered, published or filed, statutory or otherwise, secured or unsecured.

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C., 1985, c. E-15, as amended, restated, supplemented or substituted from time to time.

“**Excluded Assets**” means those assets (in each case, as of the date hereof) described in Schedule “C”.

“**Execution Date**” means the date of this Agreement as set out on the top of page 1 hereof.

“**Financial Advisor**” means Lazard Frères & Co. LLC.

“**FF&E**” means, in each case, to the extent located on the Property as at the date hereof in all material respects, all tools, signs, furniture, machinery, equipment, furnishings and fixtures, including shelves, video cameras and equipment, security systems, point-of-sales systems and related appurtenances, telecommunications systems and related appurtenances, electric light fixtures, elevating devices and equipment, and Trade Fixtures and owned, leased or licensed by the Vendor, if any.

“**Guarantees**” means the promises, assurances, guarantees and/or indemnities provided by or on behalf of Target to the Landlord in respect of any or all of the liabilities and obligations of the Tenant under a Lease and/or with respect to the Premises and/or a Property. The Guarantees related to any one Lease are referred to as a “**Guarantee**”.

“**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, agents, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b)

exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“**GST/HST Certificate, Undertaking and Indemnity**” mean the Landlord’s certificate to be in substantially the form set out in Schedule “F”.

“**Initial Order**” has the meaning ascribed thereto in Recital A.

“**Interim Period**” means the period between the close of business on the Execution Date and the Closing on the Closing Date.

“**Inventory**” includes all inventory, stock, supplies and all other items to be sold from any of the Premises.

“**Joint Direction**” has the meaning ascribed thereto in Section 3.2(d).

“**Landlord**” has the meaning ascribed thereto on page 1 hereof.

“**Landlord LOI**” has the meaning ascribed thereto in the Sale Procedures.

“**Landlord Qualified Bid**” has the meaning ascribed thereto in the Sale Procedures.

“**Laws**” means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, ruling or awards, and general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which the word is used.

“**Leases**” means the leases and other agreements to occupy the Premises entered into by, or assigned in favour of the Tenant and listed in Schedule “B”. If the Premises comprise more than one leased location, the Leases related to any one leased location are referred to as a “**Lease**”.

“**Lease Amendment and Surrender Agreement**” means, with respect to each Lease, an amendment and surrender of lease in substantially the form attached as Schedule “H”.

“**Letters of Credit**” means letters of credit, letters of guarantee, deposits and/or security deposits provided by or on behalf of the Tenant to any third party in respect of any of the Leases and/or the Premises and of which the Tenant has provided copies or Notice to the Landlord.

“**Matching Security**” has the meaning ascribed thereto in Section 3.6.

“**Monitor**” has the meaning ascribed thereto in Recital A.

“**Monitor’s Certificate**” means the certificate filed with the Court by the Monitor certifying receipt of confirmation from the Landlord and the Tenant that all conditions of Closing in Sections 7.1, 7.2 and 7.3 of this Agreement have been satisfied or waived.

“**Nominee**” shall have the meaning ascribed thereto on page 1 hereof.

“**Notice**” has the meaning ascribed thereto in Section 8.17.

“Off-Title Compliance Matters” means open permits or files, work orders, Orders, deficiency notices, directives, notices of violation, non-compliance and/or complaint and/or other outstanding matters or matters of non-compliance with the zoning and/or other requirements of any Governmental Authorities or any open building permits.

“Offer” has the meaning ascribed thereto in Recital D.

“Orders” means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator.

“Outside Date” has the meaning ascribed thereto in the Sale Procedures.

“Permitted Encumbrances” means, collectively: (a) any Encumbrances encumbering the freehold or other ownership interest in the Property or any other Landlord’s interest in the Property, but excludes any Encumbrances solely encumbering the Tenant’s leasehold interest in on which the Premises are located; (b) Encumbrances resulting from the Landlord’s actions or omissions; and (c) the items identified in Schedule “K” hereto, but shall not include any liens or other financial encumbrances granted by the Tenant under the Lease.

“Person” means an individual, partnership, corporation, trust, unincorporated organization, company, government, or any department or agency thereof, and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual.

“Pre-Assignment Realty Tax Refunds” has the meaning ascribed thereto in Section 4.3(d).

“Premises” means, collectively, the lands and premises which are leased to the Tenant pursuant to the Leases.

“Property” means collectively, the real or immovable property of which the Premises form part for the purposes of the Leases and includes the Landlord’s freehold or other ownership interest, ground leasehold interest therein.

“Property Claims” means any and all Claims which the Landlord ever had, now has or hereafter can, shall or may have against the Tenant in respect of the Leases, the Real Property Interests, the Premises, and/or the Property.

“Qualified Bid Deadline” has the meaning ascribed thereto in the Sale Procedures.

“Real Property Interests” means all properties, assets, interests and rights of the Tenant which are related to the operation at each of the Premises, which for greater certainty do not include Excluded Assets but include: (a) the Tenant’s right, title and interest, including its leasehold interest at common law and its rights as a lessee under civil law, in and to the Leases and the Premises, including, if any, the benefit of all easements, restrictive covenants, access rights, licences to use any common areas or rooftop areas of the buildings or shopping centres of which the Premises form part, rights to renew or extend the term of any Lease, options and similar rights of first offer, first refusal or first opportunity or otherwise to lease or purchase (if any), parking rights and signage rights; and (b) the FF&E which are left on the Premises on the Closing Date.

“**Realty Tax Appeals**” has the meaning ascribed thereto in Section 4.3(a).

“**Realty Tax Refunds**” has the meaning ascribed thereto in Section 4.3(b).

“**Release of Property Claims**” means a release by the Landlord of any Property Claims against the Tenant and all predecessors in interest to the Tenant under any of the Leases, in substantially the form attached as Schedule “L”.

“**Sale Procedures**” has the meaning ascribed thereto in Recital B.

“**Surrender Consideration**” has the meaning ascribed thereto in Section 3.1

“**Successful Bid**” has the meaning ascribed thereto in the Sale Procedures.

“**Successful Bidder**” has the meaning ascribed thereto in the Sale Procedures.

“**Taxes**” means, in relation to the Real Property Interests, taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Authority under applicable Laws, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, transfer, land transfer, registration, sales, goods and services, harmonized sales, use, value-added, excise, stamp, and registration fees.

“**Target**” means Target Corporation and its successors and assigns.

“**Tenant**” has the meaning ascribed thereto on page 1 hereof.

“**Trade Fixtures**” means the fixtures, shelves, counters, equipment, and other improvements used in connection with the operation of the Subject Assets and which are owned, leased or licensed by the Vendor and listed on Schedule “J”.

“**Transaction**” means collectively the transactions contemplated in this Agreement.

“**Transaction Agreement**” means the amended and restated transaction agreement dated September 12, 2011 between Zellers Inc., Hudson’s Bay Company, Target and the Tenant.

“**Zellers Entity**” means Zellers Inc., Hudson’s Bay Company or any of their affiliates.

ARTICLE 2 SURRENDER TRANSACTION

2.1 Offer and Acceptance

- (a) Subject to the Initial Order and the Sale Procedures, the Tenant hereby agrees to surrender and the Landlord hereby agrees to accept a surrender of the Leases and the Real Property Interests on the Closing Date in accordance with the terms and conditions of this Agreement.

- (b) Upon acceptance of this Offer by the Tenant, this Offer shall constitute a binding agreement to surrender the Leases and the Real Property Interests, on and subject to the terms and conditions of this Agreement.

2.2 As Is, Where Is

Notwithstanding the foregoing or anything else contained herein or elsewhere, the Landlord acknowledges and agrees in favour of the Tenant that as of the Execution Date and the Closing Date:

- (a) the Landlord is accepting the surrender of the Leases and the Real Property Interests and accepting the Premises on an “as is, where is” basis, without any written or oral statements, representations, warranties, promises or guaranties of any nature or kind whatsoever, either legal or conventional, express or implied (by operation of law or otherwise), as to the state of title thereto, the state of any Encumbrances, the condition of any of the Premises and the Real Property Interests and the status of any of the Leases or the Encumbrances, the existence of any default on the part of the Tenant, the physical, environmental or other condition of, in, on, under or in the vicinity of any of the Premises, the existence of any Encumbrance and/or Off-Title Compliance Matters affecting the Leases, the Real Property Interests, the Premises, the Assumed Liabilities, or the Permitted Encumbrances, the structural integrity or any other aspect of the physical condition of the Premises, the conformity of the Premises to past, current or future applicable zoning or building code requirements or other applicable Laws, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill or any other matter affecting the stability or integrity of the Premises, the sufficiency of any drainage, the availability of public utilities, access, parking and/or services for the Premises, the fitness or suitability of the Premises for occupancy or any intended use (including matters relating to health and safety), the potential for further development of the Premises, the existence of land use, zoning or building entitlements affecting the Premises, the presence, release or use of wastes of any nature, hazardous materials, pollutants, contaminants or other regulated substances in, under, on or about the Premises or any neighbouring lands; and without limiting the foregoing, any and all conditions or warranties expressed or implied pursuant to the *Sale of Goods Act (Ontario)* will not apply and are hereby waived by the Landlord;
- (b) any disclosure in respect of the Leases, the Real Property Interests and/or the Premises, if any, was made available to the Landlord solely as a courtesy but the Landlord is not entitled to rely on such disclosure, and it is expressly acknowledged by the Landlord that no written or oral statement, representation, warranty, promise or guarantee of any nature or kind whatsoever, either legal or conventional, express or implied (by operation of law or otherwise), is made by the Tenant and/or the Monitor and/or their respective legal counsel, the Financial Advisor or other advisors or representatives as to the accuracy, currency or completeness of any such disclosure, and each of them expressly disclaims any and all liabilities with respect to such disclosure and any and all errors therein or omissions therefrom;

- (c) the Landlord hereby unconditionally and irrevocably waives any and all actual or potential rights or Claims the Landlord might have against the Tenant pursuant to any warranty, legal or conventional, express or implied, of any kind or type relating to the Leases, the Real Property Interests, the Premises or the Assumed Liabilities or any other assets or any other aspect of the Transaction. Such waiver is absolute, unlimited and includes, but is not limited to, waiver of express warranties, implied warranties, any warranties at law and/or in equity, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and Claims of every kind and type, including, but not limited to, Claims regarding defects, whether or not discoverable, product liability Claims, or similar Claims, and to all other extent or later created or conceived of strict liability or strict liability type Claims and rights;
- (d) the Landlord conducted its own independent review, inspection, diligence and investigations and forming its own independent opinions and conclusions in respect of the Leases, the Real Property Interests, the Premises and the Assumed Liabilities. The Landlord's decision to make this Offer and enter into this Agreement was made of its own accord without reference to or reliance upon any disclosure made by the Tenant and/or the Monitor and/or their respective legal counsel, the Financial Advisor or other advisors or representatives. The Landlord acknowledges having been given a reasonable and adequate opportunity to conduct its own independent diligence prior to entering in this Agreement;
- (e) subject to the Tenant's obligation to leave the Buildings in a "broom-swept" and clean condition, during the Interim Period, the Tenant shall be entitled to remove any and all chattels, personal or movable property, Inventory, FF&E and any other Excluded Assets from all or any of the Premises that the Tenant elects to remove; and
- (f) the Leases, the Real Property Interests, the Premises or the Assumed Liabilities may be subject to certain Off-Title Compliance Matters, municipal requirements, including building or zoning by-laws and regulations, servitudes, easements for hydro, gas, telephone affecting same, and like services to the Premises, and restrictions and covenants affecting the Premises, including but not limited to the Permitted Encumbrances. The Tenant shall not be responsible for rectification of any matters disclosed by any Governmental Authority or quasi-governmental authority having jurisdiction.

The Tenant has no and shall have no obligations or responsibility to the Landlord after Closing with respect to any matter relating to the Leases, the Premises or the Property or the condition thereof save and only to the extent expressly provided in this Agreement. This Section 2.2 shall survive and not merge on Closing and all Closing Documents shall incorporate this Section 2.2 by reference.

ARTICLE 3 CONSIDERATION

3.1 Surrender Consideration

The consideration payable by the Landlord to the Tenant for the Transaction shall be ONE HUNDRED THOUSAND DOLLARS (\$100,000) (the “**Surrender Consideration**”) exclusive of all Taxes. Subject only to adjustment in accordance with this Agreement, the Surrender Consideration shall be paid to the Tenant as follows:

- (a) as to the sum of TEN THOUSAND DOLLARS (\$10,000) (the “**Deposit**”), by wire transfer of immediately available funds from any of the five largest (by asset size) Canadian Schedule I chartered banks pursuant to the Large Value Transfer System as administered by the Canadian Payments Association payable to or to the order of the Monitor, in trust, or as it may otherwise direct in writing, on or prior to 3:00 p.m. (Toronto time) on or before the Business Day following the Execution Date, to be held in trust as a deposit and invested in accordance with the provisions of Section 3.2 below pending the completion or other termination of this Agreement; and
- (b) as to the balance of the Surrender Consideration (the “**Balance**”), subject only to the adjustments made in accordance with this Agreement, by wire transfer of immediately available funds from any of the five largest (by asset size) Schedule I Canadian chartered banks pursuant to the Large Value Transfer System as administered by the Canadian Payments Association payable to the Monitor or as it may direct on the Closing Date.

3.2 Deposit

- (a) Following receipt, the Deposit shall be invested by the Monitor, in trust, in an interest bearing account or term deposit or guaranteed investment certificate with or issued by one of the five (5) largest (by asset size) Canadian Schedule I Canadian chartered banks pending completion of the Transaction or earlier termination or non-completion of this Agreement. In holding and dealing with the Deposit and any interest earned thereon pursuant to this Agreement, the Monitor is not bound in any way by any agreement other than this Section 3.2, and the Monitor shall not and shall not be considered to assume any duty, liability or responsibility other than to hold the Deposit, and any interest earned thereon, in accordance with the provisions of this Section 3.2, and to pay the Deposit, and any interest earned thereon, to the Person becoming entitled thereto in accordance with the terms of this Agreement, except in the event of a dispute between the Parties as to entitlement to the Deposit. In the case of such dispute, the Monitor may, in its sole, subjective and unreviewable discretion, or shall, if requested by any of the Parties, pay the Deposit and any and all interest earned thereon into Court, whereupon the Monitor shall have no further obligations relating to the Deposit or any interest earned thereon. The Monitor shall not, under any circumstances, be required to verify or determine the validity of any notice or other document whatsoever delivered to the Monitor and the Monitor is hereby relieved of any liability or responsibility for any Claims which may arise as a

result of the acceptance by the Monitor of any such notice or other document in good faith.

- (b) If the Transaction is completed, the Deposit shall be paid to the Tenant forthwith on Closing and applied to the Surrender Consideration. Interest on the Deposit shall accrue from the date of deposit with the Monitor until the Closing or other termination or non-completion of this Agreement. If the Transaction is successfully completed, all interest earned on the Deposit until Closing shall be paid to the Landlord within five (5) Business Days of Closing.
- (c) If the Transaction is terminated or not completed by reason of a breach by the Landlord of its representations, warranties or covenants or other default of the Landlord under this Agreement, the full amount of the Deposit together with all accrued interest earned thereon, if any, shall become the absolute property of, and may be retained by, the Tenant as liquidated damages (and not as a penalty) to compensate the Tenant for the expenses incurred and the delay caused and opportunities foregone as a result of the failure of the Transaction to close. The entitlement of the Tenant to receive and retain the Deposit together with all accrued interest earned thereon, if any, in such circumstances shall not limit the Tenant's right to exercise any other rights or remedies which the Tenant may have against the Landlord in respect of such breach or default. If the Transaction is terminated or not completed for any other reason, the Deposit together with all interest accrued thereon if, any shall be thereupon returned to the Landlord.
- (d) In holding and dealing with the Deposit and any interest earned thereon pursuant to this Agreement, the Monitor shall release the Deposit and any interest earned thereon to the Persons becoming entitled thereto in accordance with the provisions of this Section 3.2 as evidenced by a joint direction in writing executed by the Tenant and the Landlord (the "**Joint Direction**") except in the event of a dispute between the Parties as to entitlement to the Deposit and any interest earned thereon in which event the Monitor may, in its sole, unfettered and unreviewable discretion, pay the Deposit and any interest earned thereon into Court, whereupon the Monitor shall have no further obligations relating to the Deposit and any interest earned thereon or otherwise hereunder.
- (e) The Monitor shall not, under any circumstances, be required to verify or determine the validity of the Joint Direction and the Monitor is hereby relieved of any liability or responsibility for any loss or damage which may arise as the result of the acceptance by the Monitor of the Joint Direction in good faith.
- (f) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of the Tenant and the Landlord acknowledges and agrees that: (i) the Monitor's obligations hereunder are and shall remain limited to those specifically set out in this Section 3.2; and (ii) Alvarez & Marsal Canada Inc. is acting solely in its capacity as the Court-appointed Monitor of the Tenant in the CCAA Proceedings and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor's wilful misconduct.

- (g) The Parties acknowledge that the Monitor may rely upon the provisions of this Section 3.2 notwithstanding that the Monitor is not a party to this Agreement. The provisions of this Section 3.2 shall survive the termination or non-completion of the Transaction.

3.3 Surrender Consideration Allocation

- (a) [Intentionally deleted].
- (b) On or prior to the Closing Date, the Landlord and the Tenant, each acting reasonably, shall agree as to the allocation of the Surrender Consideration as between the Real Property Interests. The Landlord and the Tenant shall adopt such allocations for the purposes of all tax returns, elections and filings respectively made by them or on their behalf, provided that if the Parties cannot agree upon such an allocation on or prior to the Closing Date this Agreement shall still constitute a binding agreement and the Transaction shall proceed.

3.4 Assumed Liabilities

- (a) The Landlord covenants with the Tenant that it shall, as and from the Closing Date, assume, discharge, perform and fulfill all the obligations and liabilities on the part of the Tenant with respect to the Premises and the Property, including without limitation the Permitted Encumbrances in respect of the period on or after the Closing Date, or otherwise arising, incurred or accrued on or after the Closing Date whether in respect of the period before or after the Closing Date, including, any default as a consequence of the closing of the Transaction (collectively, the “**Assumed Liabilities**”).
- (b) Without limiting the foregoing, the Landlord shall execute and deliver to the Tenant on the Closing Date: (i) the Lease Amendment and Surrender Agreement for each Lease; (ii) the Assignment and Assumption of Assumed Liabilities; and (iii) an Assignment and Assumption of Realty Tax Appeals.

3.5 Property Claims

The Landlord covenants with the Tenant that it shall, as and from the Closing Date, assign, release and quit claim to the Tenant all of the Landlord’s right, title and interest in and to the Property Claims, together with any and all benefits, advantages, privileges and rights relating thereto or arising and flowing therefrom, to have and to hold the same unto the Tenant, its successors and assigns, forever. On Closing, the Landlord shall execute and deliver to the Tenant a Release of Property Claims.

3.6 Letters of Credit and Deposits

On the Closing Date, the Landlord shall issue replacement letters of credit and/or security deposits for the Letters of Credit and shall use its reasonable commercial efforts to cause the Letters of Credit to be released and returned to the Tenant without any further drawings thereunder. Provided that to the extent that the Landlord is unable to cause all of the Letters of Credit to be released and returned to the Tenant, without any further drawings thereunder, in lieu

of issuing the replacement letters of credit and/or security deposits referred to above, the Landlord shall cause matching, unconditional and irrevocable letters of credit and/or security deposits in favour of the Tenant to be provided to the Tenant on the Closing Date (collectively, the “**Matching Security**”) which Matching Security may be drawn upon by the Tenant if and to the extent that the Tenant’s Letters of Credit are drawn upon from time to time.

3.7 Trade-Marks

Notwithstanding the foregoing or anything else contained herein or elsewhere, the Landlord acknowledges and agrees that: (a) no signs, trade-marks, trade-names, logos, commercial symbols, business names or other intellectual property rights identifying “Target” or “Target Canada” are conveyed or intended to be conveyed to the Landlord as part of the Transaction; and (b) all right, title and interest of the Tenant in and to all of its existing signs, trade-marks, trade-names, logos, commercial symbols, business names or other intellectual property rights identifying “Target” or “Target Canada” or containing the words “Target” are hereby specifically reserved and excluded from the Transaction. This Section shall survive and not merge on Closing.

ARTICLE 4 ADJUSTMENTS

4.1 Statement of Adjustments and Absence of Post-Closing Adjustments

The Tenant shall prepare a draft statement of adjustments and deliver same with supporting documentation to the Landlord for its review and approval no later than two (2) Business Days prior to the Closing Date. If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Closing Date, an estimate shall be made by the Landlord and the Tenant as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably, and such estimate shall serve as a final determination. There shall be no further adjustments or readjustments after Closing of any amounts adjusted or intended to be adjusted on the statement of adjustments pursuant to this Agreement and the amounts set out on the statement of adjustments shall be final.

4.2 Items of Adjustments Under the Leases

- (a) The Tenant and the Landlord shall adjust the rent (including basic or minimum rent and additional rent) and other amounts payable under each of the Leases which have been paid or pre-paid to the Landlord in respect of each of the Leases for any period prior to the Closing Date as well as the month in which the Closing Date occurs, with the Closing Date itself to be allocated to the Landlord.
- (b) Without limiting the generality of the foregoing, the Tenant and the Landlord shall as of the Closing Date adjust between themselves the following amounts:
 - (i) basic or minimum rent for the month in which the Closing occurs; and
 - (ii) 2014 and 2015 adjustments for additional rent paid by the Tenant required after reconciliation of actual amounts with estimated amounts. For greater certainty, there shall be no prior year reconciliations.

- (c) The Landlord shall be responsible for and pay all applicable Taxes payable in connection with the Transaction.
- (d) The Landlord hereby waives any fees or charges payable to the Landlord under any of the Leases in respect of the Transaction, including, without limitation, any fees, penalties, or charges payable to any Landlord in respect of a surrender of a Lease and any obligation in respect of the payment of accelerated and/or increased rent which arises solely as a result of a surrender of a Lease.

4.3 Realty Tax Appeals

- (a) The Tenant and the Landlord acknowledge that with respect to the Premises the Tenant may have instituted certain appeals and/or claims in respect of realty taxes or assessments for certain periods prior to the Closing Date and possibly including the tax year in which the Closing Date occurs (all such appeals and any associated reassessments are hereinafter collectively referred to as the “**Realty Tax Appeals**”). The Tenant shall not have any obligation to carry or pursue any of the Realty Tax Appeals from and after the Closing Date, but shall provide the Landlord with all relevant information relating to such Realty Tax Appeals forthwith following the execution of this Agreement by the Tenant.
- (b) On Closing, the Tenant shall assign to the Landlord all of its right, title and interest, if any, in and to any credit, refund and/or rebate arising from any of the Realty Tax Appeals (collectively, the “**Realty Tax Refunds**”) relating to the period from and after the Closing Date. In the event that the Landlord receives any Realty Tax Refunds after Closing which relate to the period preceding the Closing Date that is not a Pre-Assignment Realty Tax Refund, the Landlord shall remit to the Tenant 100% of the same received by the Landlord.
- (c) From and after the Closing Date, the Landlord may, at its sole cost and expense but without any obligation to do so, assume or retain the carriage of the Realty Tax Appeals and continue as the appellant in the Realty Tax Appeals. The Tenant agrees to co-operate with the Landlord with respect to the Realty Tax Appeals and to provide the Landlord with access to any reasonably necessary documents or materials required to continue any Realty Tax Appeals. If the Realty Tax Appeals may only be prosecuted in the name of the Tenant, the Tenant shall cooperate with the Landlord, including granting such authorizations as may be reasonably required, to enable the Landlord to pursue and prosecute such Realty Tax Appeals, at the Landlord’s sole cost and expense.
- (d) The Landlord acknowledges and agrees that a Zellers Entity may have initiated the Realty Tax Appeals for any prior tax years or partial tax years in respect of any of the Premises which relates to the period during which a Zellers Entity was a tenant of such Premises (the “**Pre-Assignment Realty Tax Refunds**”). To the extent that the Landlord receives any such Pre-Assignment Realty Tax Refunds, or to the extent the benefit of any Pre-Assignment Realty Tax Refunds accrues to or is received by the Landlord, in any manner, whether by way of a credit in the Landlord’s favour issued by the Landlord (against future rent or other amounts payable under a Lease or otherwise) or by the applicable taxing authority (against

future taxes or other amounts payable to such taxing authority) or otherwise, the Landlord shall forthwith endorse and deliver same to the applicable Zellers Entity or otherwise pay to the applicable Zellers Entity the amount equivalent to the benefit of any such Pre-Assignment Realty Tax Refunds that accrues to or is received by the Landlord. The Tenant hereby directs the Landlord to pay to the applicable Zellers Entity such portion of the Pre-Assignment Realty Tax Refunds or the benefit thereof in accordance with the Transaction Agreement.

This Section 4.3 shall survive and not merge on Closing.

4.4 Utilities

- (a) The Landlord shall not assume any contracts or agreements entered into by or on behalf of the Tenant for the supply of any utilities (including electricity, gas, water, fuel, telephone service, internet services, security and surveillance services or otherwise) at the Premises. On or before the Closing Date, the Tenant shall terminate all of its contracts and agreements for the supply of any utilities to the Premises. For the avoidance of doubt, there shall be no adjustment at Closing in respect of the payment of any utilities. The provisions of this Section 4.4(a) shall survive and not merge on Closing.
- (b) Any and all utility charges and other related fees payable for any of the Premises for the period from and after the Closing Date, pursuant to any invoice or statement issued on or after the Closing Date, shall be the sole responsibility of the Landlord, and there shall be no adjustments between the Tenant and the Landlord of any utility charges or related fees paid by the Landlord pursuant to any such invoice or statement issued on or after the Closing Date.

ARTICLE 5 INTERIM PERIOD & LEASE MATTERS

5.1 Interim Period

- (a) During the Interim Period, the Landlord and the Tenant shall comply with each and every term and condition of the Leases as currently applicable in the CCAA Proceedings, subject only to the provisions of the Initial Order, the Agency Agreement Order, the Sale Procedures and the provisions of this Section.
- (b) During the Interim Period, the Tenant by itself or through its Agent under the Agency Agreement shall be entitled to remove and sell, or permit any other Persons to remove and sell, any and all chattels, personal or movable property, Inventory, FF&E and any other Excluded Assets, from the Premises in accordance with this Agreement, the Initial Order, the Agency Agreement Order and the Sale Procedures. The Tenant shall not be obligated to remove the FF&E or the Excluded Assets.
- (c) The Tenant shall continue paying rent amounts payable under the Lease up to the Closing Date at the current rate at which the rent is payable. From and after such

date, the Tenant shall no longer have any obligations to pay any amounts under the Lease.

- (d) Notwithstanding any provision of the Leases, the Tenant shall have no obligation to operate in the Premises during the Interim Period and on Closing the Tenant shall surrender the Premises in a “broom-swept” clean condition and in the condition as of the Execution Date, ordinary wear and tear excepted, and, for greater certainty, the Tenant shall not be required to repair and/or reinstate the Premises.
- (e) In the event that prior to the Closing Date all or a part of the Premises or more is expropriated or notice of expropriation or intent to expropriate all or a part of the Premises is issued by any Governmental Authority, the Landlord shall immediately advise the Tenant thereof by Notice in writing. Notwithstanding the occurrence of any of the foregoing, the Landlord shall complete the Transaction contemplated herein in accordance with the terms hereof without reduction of the Surrender Consideration and all compensation for expropriation shall be payable to the Landlord and all right and claim of the Tenant to such amounts, if any, shall be assigned to the Landlord on a without recourse basis.
- (f) The Premises shall be and remain until Closing at the risk of the Tenant. In the event of material damage by fire or other hazard to the Premises or any part thereof occurring before the Closing Date, the Tenant shall immediately advise the Landlord thereof by Notice in writing. Notwithstanding the occurrence of any of the foregoing, the Landlord shall complete the Transaction contemplated herein in accordance with the terms hereof without reduction of the Surrender Consideration and the proceeds of any insurance available or actually paid or payable to the Tenant shall be paid and/or assigned to the Landlord on a without recourse basis.

5.2 Contracts

The Tenant covenants to terminate effective as of the Closing Date, at its sole cost and expense, all Contracts insofar as they relate to the Premises.

5.3 Releases

The Landlord shall use commercially reasonable efforts to assist the Tenant and shall co-operate with the Tenant, as reasonably requested, to obtain from third parties a full release of the Tenant’s and Target’s obligations under the Permitted Encumbrances to the extent that the Tenant or Target is bound thereby, and shall provide such financial and other information and enter into such assumption agreements as such third parties may reasonably require (but without obligating itself to expend funds in order to obtain such releases in favour of the Tenant), in form and substance acceptable to each of the parties thereto acting reasonably and without delay.

ARTICLE 6
REPRESENTATIONS, WARRANTIES & COVENANTS

6.1 Tenant's Representations and Warranties

The Tenant represents and warrants to and in favour of the Landlord that as of the Execution Date and as of Closing as to the following and acknowledges and confirms that the Landlord is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) the Tenant has been duly incorporated and is validly subsisting under the Laws of the jurisdiction of its incorporation, and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets;
- (b) the execution, delivery and performance by the Tenant of this Agreement has been duly authorized by all necessary corporate action on the part of the Tenant, subject to the Approval and Vesting Order and authorization as is required by the Court;
- (c) the Tenant is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada); and
- (d) the Tenant is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act*.

6.2 Landlord's Representations and Warranties

The Landlord represents and warrants to and in favour of the Tenant that as of the Execution Date and as of Closing as to the following and acknowledges and confirms that the Tenant is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) the Nominee has been duly incorporated and the Beneficial Owner was created and each is validly subsisting under the Laws of the jurisdiction of its incorporation or creation, and each have all requisite capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets and are each qualified to carry on business under the Laws of the jurisdictions where it carries on a material portion of its business;
- (b) neither the Beneficial Owner nor the Nominee is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (c) the Beneficial Owner and Nominee are each a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act*;
- (d) the execution, delivery and performance by the Landlord of this Agreement:
 - (i) has been duly authorized by all necessary corporate action on the part of the Landlord;

- (ii) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected, including any consent or approval from a mortgagee or lender or its respective agent, servicer or *fondé de pouvoir* or such other creditor to the Landlord or its affiliates with security on all or part of a Property; and
- (iii) will not result in the violation of any Laws;
- (e) the execution, delivery and performance by the Nominee of this Agreement on behalf of the Landlord as agent has been authorized by the Landlord;
- (f) the Leases are in good standing, save and except for the CCAA Proceedings;
- (g) the registered and beneficial owner of the Property and the lessor under the Lease are each set out on Schedule “M” attached hereto;
- (h) this Agreement has been duly executed and delivered by the Landlord and constitutes legal, valid and binding obligations of the Landlord, enforceable against it in accordance with their respective terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors’ rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;
- (i) the Landlord has reviewed and is familiar with all of the terms and conditions of the Leases; and
- (j) the Landlord has, and will have at Closing, all funds on hand necessary to pay the Surrender Consideration.

The Landlord’s representations and warranties shall survive Closing for a period of one (1) year thereafter.

6.3 Landlord’s Covenants

- (a) The Landlord shall use commercially reasonable efforts to take all such actions as are within its power to control, and to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in Article 7 which are for the benefit of any other Party.
- (b) The Landlord shall take any and all steps in order to avoid the filing of an application for, or the issuance of any interim Order or other Order which would have the effect of delaying or preventing the Closing, and if any such interim Order or other Order is issued, the Landlord shall take any and all steps to have it

rescinded, revoked or set aside as soon as possible. For greater certainty, “any and all steps” shall include, committing to or effecting undertakings, a consent agreement, a hold separate arrangement, a consent Order, a hold separate Order, a sale, a divestiture, a disposition or other action, in any such case without any reduction of the Surrender Consideration.

- (c) The Landlord will promptly notify the Tenant and the Tenant will promptly notify the Landlord upon:
 - (i) becoming aware of any Order or any complaint requesting an Order restraining or enjoining the execution of this Agreement or the consummation of the Transaction; or
 - (ii) receiving any notice from any Governmental Authority of its intention (A) to institute a suit or proceeding to restrain or enjoin the execution of this Agreement or the consummation of the Transaction, or (B) to nullify or render ineffective this Agreement or the Transaction if consummated.
- (d) The Beneficial Owner shall be bound by and liable under this Agreement and any other Closing document, whether or not the Beneficial Owner is an original party to such agreement, and in the event of a breach or other default under this Agreement or any other Closing Document, Tenant may have recourse against the Beneficial Owner and the Nominee.

6.4 Tenant’s Covenants

The Tenant agrees, that subject to the Initial Order and the Sale Procedures, to thereafter take all commercially reasonable actions as are within its power to control, and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to fulfill the conditions set forth in Article 7 which are in the Tenant’s favour.

6.5 Tax Matters

In addition to the representations and warranties set forth in Section 6.2, the Landlord further warrants, represents and covenants to the Tenant, and acknowledges and confirms that the Tenant is relying on such representations and warranties, indemnities and covenants in connection with the entering into of this Agreement, that:

- (a) the Landlord is duly registered under Subdivision (d) of Division V of Part IX of the *Excise Tax Act* with respect to the goods and services tax and harmonized sales tax, and that (i) the Beneficial Owner’s registration number is set out on Schedule “M” attached hereto, which registrations shall be in full force and effect and shall not have been cancelled or revoked on the Closing Date; and (ii) On Closing, the Nominee will provide its registration number to the Tenant under the GST/HST Certificate, Undertaking and Indemnity, which registration shall be in full force and effect and shall not have been cancelled or revoked on the Closing Date;

- (b) the Landlord has entered into this Agreement and is accepting a surrender of the Leases and the Real Property Interests on the Closing Date, as principal for its own account and not as an agent, nominee, trustee or otherwise on behalf of another Person;
- (c) to the extent permitted under subsection 221(2) of the *Excise Tax Act* and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Landlord shall self-assess and remit directly to the appropriate Governmental Authority any Taxes including goods and services tax or harmonized sales tax, as the case may be, imposed under the *Excise Tax Act* and any similar value added or multi-staged tax or sales tax imposed by any applicable provincial or territorial legislation payable in connection with the Transaction, including the surrender of the Leases and the Real Property Interests;
- (d) on Closing, the Landlord will pay, in addition to the Surrender Consideration, and the Tenant will collect, any Taxes including transfer taxes as well as goods and services tax or harmonized sales tax, as the case may be, imposed under the *Excise Tax Act* and any similar value added or multi-staged tax or sales tax exigible on the Transaction, except to the extent that the Landlord is permitted under subsection 221(2) of the *Excise Tax Act* and any equivalent or corresponding provision under any applicable provincial or territorial legislation to self-assess and remit such Taxes directly to the appropriate Governmental Authority, and the Landlord shall have executed and delivered a certificate, undertaking and indemnity which includes its certification of its registration numbers issued under the *Excise Tax Act*, and incorporates the provisions of this Section 6.5 (the “**GST/HST Certificate, Undertaking and Indemnity**”);
- (e) the Landlord shall make and file all of its required and applicable tax return(s) in accordance with the requirements of subsection 228(4) of the *Excise Tax Act* and any equivalent or corresponding provision under any applicable provincial or territorial legislation; and
- (f) the Landlord shall indemnify and save the Tenant harmless from and against any and all Taxes including transfer taxes and goods and services tax or harmonized sales tax, as the case may be, imposed under the *Excise Tax Act* and any similar value added or multi-staged tax or sales tax, penalties, costs and/or interest which may become payable by or assessed against the Tenant as a result of any failure by the Tenant to collect and remit any goods and services tax or harmonized sales tax payable under the *Excise Tax Act* or any similar value added or multi-staged tax or sales tax and applicable on the Transaction or as a result of any inaccuracy, misstatement or misrepresentation made by the Landlord on the Closing Date in connection with any matter raised in this Section 6.5 or contained in the GST/HST Certificate, Undertaking and Indemnity or any failure by the Landlord to comply with the provisions of this Section 6.5 or the GST/HST Certificate, Undertaking and Indemnity.

The provisions of this Section 6.5 shall survive and not merge on Closing.

6.6 Survival of Covenants,

Except as otherwise expressly provided in this Agreement to the contrary, no representations, warranties, covenants or agreements of the Tenant or the Landlord in this Agreement shall survive the Closing.

ARTICLE 7 CLOSING

7.1 Conditions of Closing for the Benefit of the Landlord

The Landlord's obligation to complete the Transaction is subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the exclusive benefit of the Landlord and may be waived, in whole or in part, by the Landlord:

- (a) the representations and warranties of the Tenant in Section 6.1 shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date;
- (b) the Tenant shall have performed and complied with all of the other terms and conditions in this Agreement on its part to be performed or complied with at or before Closing in all material respects and shall have executed and delivered or caused to have been executed and delivered to the Landlord at Closing all the Closing Documents contemplated or required to be so executed and delivered in this Agreement;
- (c) the Landlord shall have received the Closing Documents.

7.2 Conditions of Closing for the Benefit of the Tenant

The Tenant's obligation to complete the Transaction is subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the exclusive benefit of the Tenant and may be waived, in whole or in part, by the Tenant:

- (a) the representations and warranties of the Landlord in Section 6.2 shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date;
- (b) the Landlord shall have paid the Balance in its entirety to the Monitor and shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing in all material respects and shall have executed and delivered or caused to have been executed and delivered to the Tenant at Closing all the documents contemplated required to be so executed and delivered in this Agreement; and
- (c) the Tenant shall have received the Closing Documents.

7.3 Conditions of Closing for the Mutual Benefit of the Parties

The obligations of either the Tenant or the Landlord to complete the Transaction are subject to the following conditions to be fulfilled or performed, on or before the Closing Date, which conditions are for the mutual benefit of each of the parties and may only be waived, in whole or in part, by agreement of the parties to this Agreement:

- (a) the Approval and Vesting Order, substantially in the form attached hereto as Schedule "E", shall have been issued and entered by the Court on or before the date that is the earlier of: (i) October 1, 2015; and (ii) five (5) Business Days prior to the Outside Date (as such date may be amended from time to time), or such other date as may be agreed upon in writing by the Parties, and the Approval and Vesting Order shall not be subject to a stay; and
- (b) the Monitor shall have delivered the Monitor's Certificate.

7.4 Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Tenant and the Landlord shall, execute or cause to be executed and shall deliver or cause to be delivered into escrow (in a sufficient number of copies or counterparts for the Landlord and the Tenant and, where applicable, in registerable form), the following, which shall be in form and substance reasonably satisfactory to the Landlord and the Tenant and their respective solicitors:

- (a) by the Tenant and the Landlord:
 - (i) the Lease Amendment and Surrender Agreement for each Lease;
 - (ii) the Assignment and Assumption of Realty Tax Appeals;
 - (iii) the Assignment and Assumption of Assumed Liabilities;
 - (iv) [intentionally deleted]; and
 - (v) such other documents as each Party or each Party's solicitors shall reasonably require in good faith in accordance with this Agreement or as may be required under applicable Laws.
- (b) by the Tenant:
 - (i) the Approval and Vesting Order;
 - (ii) a direction regarding payment of the Deposit and the Balance;
 - (iii) the statement of adjustments evidencing the adjustments made at Closing;
 - (iv) all master keys and duplicate keys relating to the Premises, if any, all security cards and access cards relating to the Premises, if any, and all combinations and passwords to vaults and combination locks and other

security features located in the Premises, if any, in each case, to the extent in the possession or control of the Landlord; and

- (v) such other documents as the Landlord or the Landlord's solicitors shall reasonably require in good faith in accordance with this Agreement or as may be required under applicable Laws.
- (c) by the Landlord:
- (i) the Balance plus all Taxes payable hereunder;
 - (ii) GST/HST Certificate, Undertaking and Indemnity;
 - (iii) the Matching Security, if applicable;
 - (iv) the Release of Property Claims;
 - (v) the Beneficial Owner Direction and Authorization executed by the Beneficial Owner; and
 - (vi) such other documents as the Tenant or the Tenant's solicitors shall reasonably require in good faith in accordance with this Agreement or as may be required under applicable Laws.

7.5 Closing Date

- (a) Subject to the Sale Procedures, the completion of the Transaction contemplated by this Agreement (the "**Closing**") shall take place at 10:00 a.m. (Toronto time) at the Toronto office of Osler, Hoskin and Harcourt LLP, on the date that is three (3) Business Days following the issuance of the Approval and Vesting Order, or at such other place, on such other date and such other time as may be agreed upon in writing by the parties (the "**Closing Date**"), provided that in no event shall the Closing Date take place prior to the completion of any sale of Inventory and/or FF&E at any of the Premises.
- (b) Subject to satisfaction or waiver by the relevant Party or Parties, as applicable, of the conditions of Closing in its favour contained in this Article 7, at Closing, the Landlord will pay or satisfy the Surrender Consideration in accordance with Article 3, and the Closing of the Transaction will take effect, pursuant to the Approval and Vesting Order, upon delivery of the Monitor's Certificate.

7.6 Confirmation of Satisfaction of Conditions

On the Closing Date, subject to satisfaction or waiver by the relevant Party or Parties, as applicable, of the conditions of Closing in its favour contained in Article 7, the Parties or their respective solicitors shall confirm to the Monitor the satisfaction of all conditions to Closing, whereupon the Monitor shall deliver copies of the Monitor's Certificate to the Parties hereto and release the Deposit and the Balance to the Tenant and following Closing forthwith file the Monitor's Certificate with the Court.

7.7 Closing

- (a) Subject always to Section 3.2 hereof, the Deposit and the Balance shall be held by the Monitor, in trust in a separate interest bearing account, pending completion of the Transaction or earlier termination of this Agreement. In holding and dealing with the funds paid to the Monitor in trust and any interest earned thereon pursuant to this Agreement, the Monitor is not bound in any way by any agreement other than Section 3.2 and this Section 7.7, and the Monitor shall not assume or be deemed to assume any duty, liability or responsibility other than to hold the trust funds and any interest earned thereon in accordance with the provisions of Section 3.2 and this Section 7.7 and to pay the funds, and any interest earned thereon, to the Party becoming entitled thereto in accordance with the terms of this Agreement, except in the event of a dispute between the Parties as to entitlement to the trust funds, of which the Monitor has been given notice in writing, the Monitor may, in its sole, subjective and unreviewable discretion, or shall, if requested by either of the Parties, pay the trust funds and any and all interest earned thereon into court, whereupon the Monitor shall have no further obligations relating to the trust funds or any interest earned thereon or otherwise hereunder.
- (b) The Monitor shall not, under any circumstances, be required to verify or determine the validity of any written notice or other document whatsoever delivered to the Monitor in connection with the trust funds and the Monitor is hereby relieved of any liability or responsibility for any loss or damage which may arise as a result of the acceptance by the Monitor of any such written notice or other document in good faith, provided that the Monitor shall not be relieved of any liability or responsibility for any loss or damage which may arise if the Monitor releases the trust funds or any interest thereon to a Party after having received prior written notice from the other Party hereto claiming entitlement to such trust funds or a dispute to such entitlement.
- (c) The Monitor shall be entitled to rely upon any written instructions received from the Tenant in respect of the investment of the trust funds, provided any and all such investments shall be in guaranteed investment certificates or segregated accounts issued by or held at Schedule I Canadian chartered bank(s).
- (d) On or before Closing, the parties' respective solicitors shall exchange the Closing Documents in escrow and the Balance shall be delivered to or paid to the order of the Monitor, in trust, and the Deposit and the Balance shall remain in escrow with the Monitor until the Monitor has delivered the Monitor's Certificate to the Tenant and the Landlord, upon the occurrence of which the escrow shall be lifted, the Closing Documents shall take effect as of the date and time set out in the Monitor's Certificate, the entire amount of the Deposit and the Balance shall be forthwith released to the Tenant and the Closing shall be deemed to have occurred as of such date and time and fully signed Closing Documents shall be released to each of the Tenant and Landlord.

- (e) The Parties acknowledge that, notwithstanding that the Monitor is not a party to this Agreement, the Monitor may rely upon the provisions of Section 3.2 hereof and this Section 7.7.
- (f) This Section 7.7 shall survive the Closing or termination of this Agreement.

7.8 Filings and Authorizations

- (a) Each of the Tenant and the Landlord, as promptly as practicable after the execution of this Agreement, will make, or cause to be made, all such filings and submissions under all Laws applicable to it, as may be required for it to consummate the Transaction in accordance with the terms of this Agreement (other than the motion seeking approval of the Transaction and the issuance of the Approval and Vesting Order). The Tenant and the Landlord shall co-ordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, providing each other with all notices and information supplied to or filed with any Governmental Authority (except for notices and information which the Tenant or the Landlord, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Authority.
- (b) The Landlord waives compliance with the *Bulk Sales Act* (Ontario) and any other similar bulk sales laws. This waiver shall survive the Closing or termination of this Agreement.
- (c) The Parties acknowledge and agree that the Monitor shall be entitled to file the Monitor's Certificate with the Court, without independent investigation, upon receiving written confirmation from the Tenant and the Landlord or their respective solicitors that all conditions of Closing have been satisfied or waived, and the Monitor shall have no liability to the Tenant or the Landlord or any other Person as a result of filing the Monitor's Certificate.

7.9 Court Matters

- (a) The Tenant shall consult and co-ordinate with the Landlord and their respective legal advisors regarding the parties upon whom the motion seeking the Approval and Vesting Order will be served.
- (b) The Landlord shall provide such information and take such actions as may be reasonably requested by the Tenant to assist the Tenant in obtaining the Approval and Vesting Order and any other order of the Court reasonably necessary to consummate the transactions contemplated by this Agreement.
- (c) Notwithstanding anything else contained in this Agreement or elsewhere, the Landlord acknowledges and agrees that the Tenant cannot guarantee that it will obtain the Approval and Vesting Order and the Approval and Vesting Order may or may not be granted by the Court. In the event an Approval and Vesting Order

is not issued by the Court in respect of the Transaction contemplated in this Agreement, the Tenant shall, without penalty, be entitled, in its sole, unfettered and unreviewable discretion, to terminate this Agreement.

7.10 Termination

This Agreement may, by notice in writing given at or prior to Closing, be terminated:

- (a) by the Landlord if any of the conditions in Section 7.1 have not been satisfied on or before the time ascribed thereto for the satisfaction of such condition and the Landlord has not waived such condition;
- (b) by the Tenant if any of the conditions in Section 7.2 have not been satisfied on or before the time ascribed thereto for the satisfaction of such condition and the Tenant has not waived such condition; or
- (c) by either Party if:
 - (i) any of the conditions precedent in Section 7.3 have not been satisfied on or before the time ascribed thereto for the satisfaction of such condition and the parties have not waived such condition; or
 - (ii) the Closing has not occurred on or prior to the Outside Date (as defined in the Sale Procedures), or on or before such later date as the Parties agree to in writing, provided that a Party may not terminate this Agreement pursuant to this Section if it has failed to perform any one or more of its obligations or covenants under this Agreement and the Closing has not occurred because of such failure.

ARTICLE 8 OTHER PROVISIONS

8.1 Confidentiality

The Landlord acknowledges that this Agreement is a Landlord Qualified Bid under the Sale Procedures and the Tenant shall be entitled to disclose this Agreement and the Surrender Consideration to Competing Bidders, including, in connection with the Auctions. In addition, the Tenant shall be entitled to disclose this Agreement and all information provided by the Landlord in connection herewith, to the Court, the Monitor and parties in interest to the CCAA Proceedings. This Section shall survive and not merge on Closing.

8.2 Leasehold Interest

Notwithstanding any provision of this Agreement to the contrary, for purposes of this Agreement and each Closing Document: (i) all references to “**Lease**” include any sublease or agreement to sublease by which the Tenant (as subtenant) holds its interest in, and/or right to occupy the related Premises, (ii) for the Premises which are subject to a sublease or agreement to sublease (rather than a lease) in favour of the Tenant, all references to the Tenant’s “leasehold” interest in such Premises shall mean the Tenant’s “subleasehold” interest, where applicable (rather than a leasehold interest) in such Premises, any reference to “Landlord” shall mean the sublandlord

under the applicable sublease or agreement to sublease pursuant to which the Tenant (as subtenant) holds its interest in, and/or right to occupy such Premises, and any reference to “**Sublease**” shall mean a sub-sublease in such Premises in favour of the Tenant, and (iii) all other similar references relating to the Leases and Premises shall be interpreted and construed in a similar manner.

8.3 [Intentionally Deleted]

8.4 Time of the Essence

Time shall be of the essence of this Agreement.

8.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, legal or conventional, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

8.6 Waiver

- (a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver.
- (b) No failure on the part of the Tenant or the Landlord to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

8.7 Further Assurances

Each of the Parties covenants and agrees to do such things, to attend such meetings and to execute such further surrenders, releases, conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively surrender the Leases and the Real Property Interests to the Landlord and carry out the terms and conditions of this Agreement in accordance with their true intent.

8.8 Severability

If any provision of this Agreement shall be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

8.9 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province in which the Premises are located and the federal laws of Canada applicable therein. Each Party irrevocably and unconditionally submits to the jurisdiction of the courts of the Province of Ontario with respect to any action or proceeding arising out of or relating to the Transaction, and waives, to the fullest extent permitted by applicable Laws, any objection that it may now or hereafter have to the venue of any action or proceeding arising out of or relating to the Transaction in any court of the Province of Ontario. Each of the Parties hereby irrevocably waives, to the fullest extent permitted by applicable Laws, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

8.10 [Intentionally Deleted]

8.11 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

8.12 Headings

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

8.13 References

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. The word “includes” or “including” shall mean “includes without limitation” or “including without limitation”, respectively. The word “or” is not exclusive.

8.14 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

8.15 Business Days

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

8.16 Currency and Payment Obligations

Except as otherwise expressly provided in this Agreement all dollar amounts referred to in this Agreement are stated in Canadian Dollars.

8.17 Notice

Any notice, consent or approval required or permitted to be given in connection with this Agreement or the Leases (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) To the Tenant:

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

With a copy to:

Alvarez & Marsal Canada Inc.
200 Bay St.. Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Attn: Doug R. McIntosh
Email: dmcintosh@alvarezandmarsal.com

With a copy to:

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

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

(b) in the case of a Notice to the Landlord at:

Morguard Investments Limited
 55 City Centre Dr., Suite 1000
 Mississauga ON L5B 1M3

Attn: Beverley Flynn
 Email: bflynn@morguard.com

with a copy to:

Stikeman Elliott LLP
 5300 Commerce Court West
 199 Bay Street
 Toronto, Ontario M5L 1B9

Attention: Eric Carmona
 Facsimile: (416) 947-0866
 Email: ecarmona@stikeman.com

A Notice is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if transmitted by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile, or (iv) if sent by email, when the sender receives an email from the recipient acknowledging receipt, provided that an automatic “read receipt” does not constitute acknowledgment of an email for purposes of this section. Any Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party’s address that is not specifically changed in a Notice will be assumed not to be changed. Subject to Section 8.19, sending a copy of a Notice to a Party’s legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

8.18 Subdivision Control Legislation

This Agreement and the Transaction are subject to compliance with the applicable subdivision control legislation to the extent applicable.

8.19 Solicitors as Agent and Tender

Any Notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement (including, without limitation, any agreement to amend this Agreement) may be given or delivered and accepted or received by the Landlord’s solicitors on behalf of the Landlord and by the Tenant’s solicitors on behalf of the Tenant and

any tender of Closing Documents may be made upon the Tenant's solicitors and the Landlord's solicitors, as the case may be.

8.20 No Registration of Agreement

The Landlord covenants and agrees not to register or cause or permit to be registered this Agreement or any notice of this Agreement on title to any of the Properties and that no reference to or notice of it or any caution, certificate of pending litigation or other similar court process in respect thereof shall be registered on title to the Property and/or any part thereof and the Landlord shall be deemed to be in material default under this Agreement if it makes, or causes or permits, any registration to be made on title to the Property and/or any part thereof prior to the successful completion of the Transaction contemplated herein on the Closing Date. The Landlord shall indemnify and save the Tenant harmless from and against any and all Claims whatsoever arising from or with respect to any such registration, including, all the legal fees, on a full indemnity basis, including those incurred by the Tenant with respect to obtaining the removal of such registration. This indemnity shall survive and not merge on the expiration, non-completion and/or termination of this Agreement for any reason.

8.21 Third Party Costs

Each of the Parties hereto shall be responsible for the costs of their own solicitors, respectively, in respect of the Transaction. The Landlord shall be solely responsible for and shall pay, in addition to the Surrender Consideration, any land transfer taxes payable in connection with the Transaction, all registration taxes, fees and other costs payable in respect of registration of any documents to be registered by the Landlord at Closing and all federal and provincial sales and other taxes payable upon or in connection with the Transaction, including, goods and services tax or harmonized sales tax or any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation, as the case may be, and any other provincial sales taxes. This Section 8.21 shall survive the Closing or the termination of this Agreement.

8.22 Interpretation

The parties hereto acknowledge and agree that: (a) each Party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to their revision, (b) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and (c) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favour of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

8.23 No Third Party Beneficiaries

Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person, other than the Parties hereto and the Monitor, and no Person, other than the Parties hereto and the Monitor, shall be entitled to rely on the provisions hereof in any Claim, proceeding, hearing or other forum.

8.24 Enurement

This Agreement shall become effective when executed by the Tenant and the Landlord and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. The Landlord has and shall have no right to assign, convey and/or transfer its rights and/or obligations hereunder or to effect a "change of control" so as to indirectly effect the foregoing, without in each case first obtaining the prior written consent of the Tenant, which consent may be arbitrarily and unreasonably withheld by the Tenant.


8.25 Counterparts and Delivery

All parties agree that this Agreement may be executed in counterpart and transmitted by telecopier or e-mail (PDF) and that the reproduction of signatures in counterpart by way of telecopier or e-mail (PDF) will be treated as though such reproduction were executed originals.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties have executed this Agreement.

TARGET CANADA CO.

By: 
Name: Anne E. Alf
Title: CEO

By: _____
Name: _____
Title: _____

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____


IN WITNESS WHEREOF the parties have executed this Agreement.

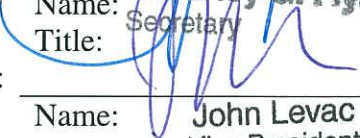
TARGET CANADA CO.

By: _____
 Name:
 Title:


By: _____
 Name:
 Title:

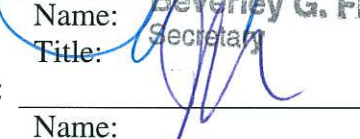
MORGUARD REAL ESTATE INVESTMENT TRUST

By:  _____
 Name: Beverly G. Flynn
 Title: Secretary

By:  _____
 Name: John Levac
 Title: Vice President

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.

By:  _____
 Name: Beverly G. Flynn
 Title: Secretary

By:  _____
 Name:
 Title: John Levac
 Vice President

SCHEDULE "A"
PREMISES

Centre at Circle & Eighth, Saskatoon SK	Surface Parcel #164646221, Blk/Par XX Plan No. 1002006638, Ext. 0 Surface Parcel #135640762, Blk/Par Q Plan No. 76S01678, Ext. 1, as described on Certificate of Title 99SA23544B Surface Parcel #135950519, Blk/Par X Plan No. 69S19163, Ext. 0, As described on Certificate of Title 99SA23544C
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**SCHEDULE “B”
LEASE PARTICULARS**

Centre at Circle & Eighth, Saskatoon SK:

1. Lease dated July 12, 2005 between Centre at Circle and Eighth Property Inc., as nominee for and on behalf of the landlord, Morguard Real Estate Investment Trust, as landlord and Zellers Inc., as tenant, registered as Interest Register No. 112385763 (the “**Lease**”).
2. Lease Amending Agreement dated December 14, 2005 between Zellers Inc. and Morguard Real Estate Investment Trust (on behalf of itself and on behalf of Centre at Circle and Eighth Property Inc.).
3. Letter Agreement dated April 27, 2009 between Morguard and Zellers Inc. regarding the “Centre East” portion of the shopping centre.
4. Assignment and assumption of lease agreement dated as of May 27, 2011 between Zellers Inc., as assignor and Target Canada Co., as assignee.
5. Amendment to Lease dated as of May 27, 2011 between Morguard Real Estate Investment Trust, as landlord and Target Canada Co., as tenant (the “**Amendment**”).
6. Escrow letter agreement dated May 13, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust in respect of the Amendment and Notice dated May 27, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust pursuant to such escrow letter agreement.
7. Limited Guaranty of Lease dated as of May 27, 2011 made by Target Corporation in favour of Morguard Real Estate Investment Trust.
8. Notice dated June 7, 2011 to Morguard Real Estate Investment Trust in respect of the assignment to Target Canada Co. of the Lease.
9. Notice to Target Canada Co. dated July 25, 2011 regarding asbestos management plan.

**SCHEDULE “C”
EXCLUDED ASSETS**

1. All intellectual property or proprietary rights, whether registered or not, and any intangible property, owned, used or held by the Vendor;
2. All items, materials and signs bearing the logo, trade-mark, trade-name or business name or other mark or design of the Vendor;
3. All FF&E which have been removed from the Property by or on behalf of the Vendor prior to the date hereof;
4. All Inventory;
5. All Trade Fixtures which have been removed from the Property by or on behalf of the Vendor prior to the date hereof;
6. All computers and related systems and information storage media removed prior to the date hereof;
7. All video cameras and equipment removed prior to the date hereof;
8. All point-of-sales systems and all appurtenances thereto;
9. All generators, balers and compactors removed prior to the date hereof;
10. All insurance policies of the Vendor;
11. All rights and interests in trade-marks, trade-names, logos, commercial symbols and business names containing “Target” or any other proprietary wording or intellectual property rights of the Vendor or any of its affiliates (including, the websites);
12. All rights of the Vendor against the Purchaser pursuant to this Agreement;
13. The Trade Fixtures listed on Schedule “J” to the extent removed prior to the date hereof.

SCHEDULE "D"
INTENTIONALLY DELETED

SCHEDULE “E”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	●, THE ● TH
REGIONAL SENIOR JUSTICE)	DAY OF ●, 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**”)

APPROVAL AND VESTING ORDER – LEASE SURRENDER AGREEMENT

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*, approving: the lease surrender and resiliation (the “**Transaction**”) contemplated by a Lease Surrender Agreement among Target Canada Co. (“**TCC**”), as Tenant, and ● as Landlord (the “**Landlord**”) dated ●, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of ● sworn on ●, 2015 including the exhibits thereto (the “**● Affidavit**”), and the ● Report (the “**Monitor’s ● Report**”) of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the “**Monitor**”), filed, and on hearing the submissions of respective counsel for the Applicants and the Partnerships

listed on Schedule “A” hereto, the Monitor, Target Corporation, the Landlord, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of ● sworn ●, 2015, filed:

SERVICE AND DEFINITIONS

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

THIS COURT ORDERS that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated January 15, 2015 (the “**Initial Order**”), or in the Lease Surrender Agreement, as applicable.

APPROVAL OF THE LEASE SURRENDER AGREEMENT

THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and ratified and that the execution of the Lease Surrender Agreement by TCC is hereby approved and ratified with such minor amendments as TCC (with the consent of the Monitor) and the Landlord may agree to in writing. TCC is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction, including the surrender by TCC of its right, title and interest in and to the Leases and the Real Property Interests to the Landlord and the Monitor shall be authorized to take such additional steps in furtherance of its responsibilities under the Lease Surrender Agreement. The legal descriptions and applicable land registry offices with respect to the Premises are as set out on Schedule “C” hereto.

THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Landlord substantially in the form attached as Schedule “B” hereto (the “**Monitor’s Certificate**”), all of TCC’s right, title and interest in and to the Leases and the Real Property Interests and the right, title and interest, if any, of any predecessor in interest of TCC in and to the Leases and the Real Property Interests, to the extent same was assigned or otherwise transferred to TCC, shall be surrendered to the Landlord (with the Leases being resiliated) free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise),

liens, executions, leases, notices of lease, subleases, licenses, levies, restrictions, rights of retention, judgments, notices of sale, contractual rights, options, liabilities (direct, indirect, absolute or contingent), obligations, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise in respect of the Leases and the Real Property Interests (collectively, the “**Claims**”), including, without limiting the generality of the foregoing:

the Administration Charge, the KERP Charge, the Directors’ Charge, the Financial Advisor Subordinated Charge, the DIP Lender’s Charge, the Agent’s Charge and Security Interest (collectively, the “**CCAA Charges**”);

all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Civil Code of Québec*, the *Alberta Personal Property Security Act*, the *British Columbia Personal Property Security Act*, the *Nova Scotia Personal Property Security Act* or any other personal property registry system; and

those Claims listed on Schedule “C” hereto;

(all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the Permitted Encumbrances listed on Schedule “D” hereto) and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Leases, the Real Property Interests and/or the Premises are hereby expunged and discharged as against the Leases, the Real Property Interests and/or the Premises and the real or immovable property described in Schedule “C”

THIS COURT ORDERS that upon the registration in the applicable land registry office of a certified copy of this Order in the manner prescribed by the applicable land registry office, the applicable Land Registrar is hereby directed to specifically discharge, cancel, delete and expunge from title to the applicable real or immovable property described in Schedule “C” all of the Encumbrances listed in Schedule “C” hereto.

THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds received on the Closing of the Transaction shall stand in the place and stead of the Leases and the Real Property Interests and that from and after the delivery of the Monitor’s

Certificate all Claims and Encumbrances shall attach to the net proceeds therefrom with the same priority as they had with respect to the Leases and the Real Property Interests immediately prior to the Closing of the Transaction, as if the Transaction had not been completed.

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

THIS COURT ORDERS that nothing herein or in the Lease Surrender Agreement affects:

the accommodation provided by TCC to the pharmacists as confirmed by the Endorsement of R.S.J. Morawetz dated February 18, 2015 for the period that shall end on or before March 30, 2015;

the rights and obligations of TCC and the Agent under the Agency Agreement dated January 29, 2015, as amended (the "**Agency Agreement**"); and

the terms of the Approval Order – Agency Agreement granted, February 4, 2015 (the "**Agency Agreement Approval Order**") including the Sales Guidelines attached as Schedule "B" thereto.

GENERAL PROVISIONS

THIS COURT ORDERS that, notwithstanding:

the pendency of these proceedings;

any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of TCC and any bankruptcy order issued pursuant to any such applications; or

any assignment in bankruptcy made in respect of TCC;

the surrender of the Leases and the Real Property Interests to the Landlord and the resiliation of the Leases pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of TCC and shall not be void or voidable by creditors of TCC, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act*

(Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other jurisdiction in which the Premises are located and that this Order shall be registered notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c L-4 and any equivalent provisions in equivalent legislation in any other jurisdiction in which the Premises are located.

THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist TCC, 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 TCC 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 TCC and the Monitor and their respective agents in carrying out the terms of this Order.

**SCHEDULE “A”
PARTNERSHIPS**

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

SCHEDULE “B”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	●, THE ● TH
REGIONAL SENIOR JUSTICE)	DAY OF ●, 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**”)

MONITOR’S CERTIFICATE

RECITALS

- A. All undefined terms in this Monitor’s Certificate have the meanings ascribed to them in the Order of the Court dated ●, 2015 (the “**Approval Order**”) approving the Lease Surrender Agreement entered into among Target Canada Co. (“**TCC**”) and ● (the “**Landlord**”) dated ●, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) a copy of which is attached as Exhibit ● to the Affidavit of ● dated ●, 2015.
- B. Pursuant to the Approval Order, the Court approved the Lease Surrender Agreement and provided for the surrender to Landlord of TCC’s right, title and interest in and to the Leases and the Real Property Interests, which surrender is to be effective with respect to the Leases and the Real Property Interests upon the delivery by the Monitor to the Landlord and TCC of a certificate confirming (i) the conditions to Closing as set out in sections 7.1, 7.2 and 7.3 of the Lease Surrender Agreement have been satisfied or waived

by the Landlord and TCC, as applicable; and (ii) the Transaction has been completed to the satisfaction of the Monitor.

THE MONITOR CERTIFIES the following:

1. The conditions to Closing as set out in section 7.1, 7.2 and 7.3 of the Lease Surrender Agreement have been satisfied or waived by the Landlord and TCC, as applicable; and

The Transaction has been completed to the satisfaction of the Monitor.

This Monitor's Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

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

Per: _____
Name:
Title:

SCHEDULE “C”

No.	Location/Address	Province	Land Registry Office	Legal Description	Encumbrances to be Expunged/Deleted

SCHEDULE “D” - PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means, collectively: (a) any Encumbrances (as defined in the Lease Surrender Agreement) encumbering the freehold or other ownership interest in the Property (as defined in the Lease Surrender Agreement) or any other Landlord’s interest in the Property, but excludes any Encumbrances solely encumbering the Tenant’s leasehold interest in and to any Property situated outside of the Province of Québec on which the Premises (as defined in the Lease Surrender Agreement) are located; (b) Encumbrances resulting from the Landlord’s actions or omissions; and (c) the items identified in Schedule “K” of the Lease Surrender Agreement.

SCHEDULE "F"
**FORM OF LANDLORD'S GST/HST CERTIFICATE, UNDERTAKING AND
 INDEMNITY**

TO: Target Canada Co. (the "**Tenant**")

RE: Lease Surrender Agreement dated ●, 2015, made between the Tenant, as Tenant, Morguard Real Estate Investment Trust (the "**Beneficial Owner**") and Centre at Circle & Eight Property Inc. ("**CCEPI**"), as landlord entities (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the "**Lease Surrender Agreement**") for the surrender of the Leases (as such terms are defined in the Lease Surrender Agreement)

The capitalized expression used but not otherwise defined herein shall have the meaning ascribed thereto in the Lease Surrender Agreement.

In consideration of the completion of the transaction set out in the Agreement, the Landlord hereby certifies and agrees as follows:

- 1) The Beneficial Owner is landlord of the Lease for the Tenant's Premises at Centre at Circle & Eighth (the "**Property**") and is the beneficial owner of the Property.
- 2) Registered title to the Property is held by CCEPI as nominee for the Beneficial Owner.
- 3) The Leases and the Real Property Interests are being surrendered to the Beneficial Owner as principal for its own account and not as an agent, nominee, trustee or otherwise on behalf of or for another Person;
- 4) The Beneficial Owner is registered under Subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) (the "**Excise Tax Act**") for the collection and remittance of goods and services tax and harmonized sales tax ("**GST/HST**") and its registration number is 87674 3543 RT0001 and such registrations are in good standing and have not been varied, cancelled or revoked;
- 5) CCEPI is registered under Subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) (the "**Excise Tax Act**") for the collection and remittance of goods and services tax and harmonized sales tax ("**GST/HST**") and its registration number is ● and such registrations are in good standing and have not been varied, cancelled or revoked
- 6) the Beneficial Owner and CCEPI shall each be liable for, shall self-assess and shall remit to the appropriate governmental authority, all GST/HST which is payable under the *Excise Tax Act*, in connection with the surrender of the Leases and the Real Property Interests, all in accordance with the *Excise Tax Act*;
- 7) the Beneficial Owner and CCEPI shall severally indemnify and save harmless the Tenant from and against any and all GST/HST, penalties, interest and/or other costs which may become payable by or be assessed against the Tenant as a result of any failure by the Tenant to collect and remit any GST/HST applicable on the surrender of the Leases and

the Real Property Interests by the Tenant to the Beneficial Owner or as a result of any inaccuracy, misstatement or misrepresentation by either the Beneficial Owner or CCEPI in this GST/HST Certificate, Undertaking and Indemnity or any failure by the Beneficial Owner or CCEPI to comply with the provisions of this GST/HST Certificate, Undertaking and Indemnity; and

- 8) this GST/HST Certificate, Undertaking and Indemnity shall survive and not merge upon closing of the above-noted transaction.

This GST/HST Certificate, Undertaking and Indemnity may be executed in counterpart and transmitted by telecopier or e-mail (PDF) and the reproduction of signatures in counterpart by way of telecopier or e-mail (PDF) will be treated as though such reproduction were executed originals.

DATED _____, 2015.

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____

Name:

Title:

By: _____

Name:

Title:

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____

Name:

Title:

By: _____

Name:

Title:

**SCHEDULE “G”
FORM OF ASSIGNMENT AND ASSUMPTION OF ASSUMED LIABILITIES**

THIS AGREEMENT is made as of the _____ day of _____, 2015 (the “**Effective Date**”)

B E T W E E N:

TARGET CANADA CO.
(the “**Tenant**”)

- and -

MORGUARD REAL ESTATE INVESTMENT TRUST

- and -

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.
(together with Morguard Real Estate Investment Trust, the “**Landlord**”)

RECITALS:

- A. The Tenant and certain of its affiliates applied for and together with the limited partnerships listed in Schedule “A” to the Initial Order (the Tenant, its affiliates and the limited partnerships being collectively, the “**Applicants**”) were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Alvarez & Marsal Canada Inc. (the “**Monitor**”) was appointed the monitor of the Tenant, pursuant to an Order of the Court dated January 15, 2015, as amended and restated on February 11, 2015, and as further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”).
- B. The Tenant and the Landlord entered into a lease surrender agreement dated May 16, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”), whereby, among other things, the Tenant agreed to surrender to the Landlord, and the Landlord agreed to accept a surrender of, all of the Tenant’s right, title and interest in and to the Lease.
- C. The Lease Surrender Agreement was approved by the Court pursuant to the Order dated ● (the “**Approval and Vesting Order**”).
- D. The Tenant and the Landlord are entering into this Agreement to provide for the Landlord’s assumption of the Assumed Liabilities in accordance with the Lease Surrender Agreement and the Approval and Vesting Order.

- E. Unless otherwise expressly provided for herein, all capitalized terms when used in this Agreement have the same meaning given to such terms in the Lease Surrender Agreement.

THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 ASSIGNMENT

1.1 Assumption by Landlord

The Landlord hereby covenants with the Tenant to assume, discharge, perform and fulfill all the obligations and liabilities on the part of the Tenant with respect to the Assumed Liabilities.

For greater certainty, nothing in this Agreement shall be construed as an attempt to assign to the Landlord any contract or other agreement which, as a matter of law or by its terms, is not assignable in whole or in part without the consent of the other party or parties to such contract or other agreement, unless such consent has been given or the assignment has been approved by the Court in the Approval and Vesting Order.

1.2 Indemnity by Landlord

The Landlord hereby covenants with the Tenant, as of and from the Effective Date, to indemnify and save the Tenant harmless, from any and all Claims arising from, relating to or in connection with any non-payment, non-observance or non-performance of any of the Assumed Liabilities to be paid, observed or performed from time to time, in respect of the period on or after the Effective Date, or otherwise arising, incurred or accrued on or after the Effective Date whether in respect of the period before or after the Effective Date, including, without limitation, any default as a consequence of the Closing of the Transaction.

1.3 Paramountcy

The rights and obligations of the parties respectively with respect to the Leases shall be governed by the Lease Surrender Agreement. In the event of any conflict, inconsistency or ambiguity between the provisions of this Agreement and of the Lease Surrender Agreement, then the provisions of the Lease Surrender Agreement shall govern and be paramount, and any such provision in this Agreement shall be deemed to be amended, to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

ARTICLE 2 GENERAL

2.1 Time of the Essence

Time shall be of the essence of this Agreement.

2.2 Enurement

This Agreement shall become effective when executed by the Tenant and the Landlord and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by either party without the consent of the other party.

2.3 Entire Agreement

This Agreement and the Lease Surrender Agreement constitute the entire agreement between the parties with respect to the assignment and assumption of the Assumed Liabilities and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, legal or conventional, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

2.4 Waiver

- (a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (b) No failure on the part of the Tenant or the Landlord to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

2.5 Further Assurances

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further surrenders, releases, conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively assign the Assumed Liabilities to the Landlord and carry out the terms and conditions of this Agreement in accordance with their true intent.

2.6 Severability

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

2.7 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of ● and the federal laws of Canada applicable therein.

2.8 CCAA Proceedings

Each party to this Agreement submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement or the Lease Surrender Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in the CCAA Proceedings before the Court.

2.9 [Intentionally Deleted]

2.10 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

2.11 Headings

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

2.12 References

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. The word “includes” or “including” shall mean “includes without limitation” or “including without limitation”, respectively. The word “or” is not exclusive.

2.13 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

2.14 Business Days

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

2.15 Notice

Any notice, consent or approval required or permitted to be given in connection with this Agreement or the Leases (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered or transmitted in accordance with the Lease Surrender Agreement.

2.16 Counterparts and Delivery

All parties agree that this Agreement may be executed in counterpart and transmitted by telecopier or e-mail (PDF) and that the reproduction of signatures in counterpart by way of telecopier or e-mail (PDF) will be treated as though such reproduction were executed originals.

[Signature pages follow.]

IN WITNESS WHEREOF the Tenant has executed this Agreement.

TARGET CANADA CO.

By: _____
Name: ●
Title: ●
By: _____
Name: ●
Title: ●

IN WITNESS WHEREOF the Landlord has executed this Agreement.

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____

Name:

Title:

By: _____

Name:

Title:

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____

Name:

Title:

By: _____

Name:

Title:

**SCHEDULE “H”
FORM OF AMENDMENT AND SURRENDER OF LEASE**

THIS AGREEMENT is made as of the _____ day of _____, 2015 (the “**Effective Date**”)

B E T W E E N:

TARGET CANADA CO.
(the “**Tenant**”)

- and -

MORGUARD REAL ESTATE INVESTMENT TRUST

- and -

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.
(together with Morguard Real Estate Investment Trust, the “**Landlord**”)

RECITALS:

- A. Pursuant to a lease dated July 12, 2005, as same is assigned, amended, restated, renewed or supplemented from time to time, including but not limited to those documents listed in Schedule “A” attached hereto (collectively, the “**Lease**”), the Landlord leased to the Tenant certain premises located in Centre at Circle and Eighth in the City of Saskatoon, in the Province of Saskatchewan as more particularly described in the Lease (the “**Premises**”).
- B. C. The Tenant and certain of its affiliates applied for and together with the limited partnerships listed in Schedule “A” to the Initial Order (the Tenant, its affiliates and the limited partnerships being collectively, the “**Applicants**”) were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Alvarez & Marsal Canada Inc. (the “**Monitor**”) was appointed the monitor of the Tenant, pursuant to an Order of the Court dated January 15, 2015, as amended and restated on February 11, 2015, and as further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”).
- D. The Tenant and the Landlord entered into a lease surrender agreement dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) whereby, among other things, the Tenant agreed to surrender to the Landlord, and the Landlord agreed to accept a surrender of, all of the Tenant’s right, title and interest in and to the Lease and the resiliation of the Lease.
- E. The Tenant and the Landlord are entering into this Agreement to provide for the surrender and resiliation of the Lease by the Tenant to the Landlord in accordance with the Lease Surrender Agreement and the Approval and Vesting Order.

- F. Unless otherwise expressly provided for herein, all capitalized terms when used in this Agreement have the same meaning given to such terms in the Lease Surrender Agreement, or if no meaning is given in the Lease Surrender Agreement, in the Lease.

THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 TERMINATION AND SURRENDER

1.1 Amendment and Early Termination of Lease

The Lease is hereby amended and the Landlord and the Tenant hereby agree that the Lease has expired and is terminated, as of 11:59 p.m. on the day immediately preceding the Effective Date (the “**Termination Date**”), and neither the Tenant nor the Landlord shall have any further liabilities or obligations under the Lease, financial or otherwise, as of and as from the Termination Date.

1.2 Surrender by Tenant

The Tenant hereby surrenders to the Landlord, as of the Termination Date, and the Landlord hereby accepts such surrender from the Tenant, the Lease and the Premises demised by the Lease and all the Tenant’s rights, title and interest thereunder, with the intent that the unexpired residue of the term of the Lease including, without limitation, any rights or options to renew or extend hereby merge and are extinguished in the reversion expectant thereon, on the terms and conditions set out in the Lease Surrender Agreement.

1.3 Adjustments

All adjustments under the Lease shall be dealt with in accordance with the Lease Surrender Agreement.

1.4 Paramountcy

The rights and obligations of the parties respectively with respect to the Lease shall be governed by the Lease Surrender Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Agreement and of the Lease Surrender Agreement, then the provisions of the Lease Surrender Agreement shall govern and be paramount, and any such provision in this Agreement shall be deemed to be amended, to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

ARTICLE 2 GENERAL

2.1 Time of the Essence

Time shall be of the essence of this Agreement.

2.2 Enurement

This Agreement shall become effective when executed by the Tenant and the Landlord and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by either party without the consent of the other party.

2.3 Entire Agreement

This Agreement and the Lease Surrender Agreement constitute the entire agreement between the parties with respect to the surrender of the Lease contemplated in the Lease Surrender Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, legal or conventional, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement and the Lease Surrender Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Lease Surrender Agreement.

2.4 Waiver

- (a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (b) No failure on the part of the Tenant or the Landlord to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

2.5 Further Assurances

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further surrenders, releases, conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively surrender the Lease to the Landlord and carry out the terms and conditions of this Agreement in accordance with their true intent.

2.6 Severability

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

2.7 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of in which the Premises are located and the federal laws of Canada applicable therein.

2.8 CCAA Proceedings

Each party to this Agreement submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement or the Lease Surrender Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in the CCAA Proceedings before the Court.

2.9 [Intentionally Deleted]

2.10 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

2.11 Headings

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

2.12 References

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. The word “includes” or “including” shall mean “includes without limitation” or “including without limitation”, respectively. The word “or” is not exclusive.

2.13 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

2.14 Business Days

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any

action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

2.15 Notice

Any notice, consent or approval required or permitted to be given in connection with this Agreement or the Lease (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered or transmitted in accordance with the Lease Surrender Agreement.

2.16 Counterparts and Delivery

All parties agree that this Agreement may be executed in counterpart and transmitted by telecopier or e-mail (PDF) and that the reproduction of signatures in counterpart by way of telecopier or e-mail (PDF) will be treated as though such reproduction were executed originals.

[Signature pages follow.]

IN WITNESS WHEREOF the Tenant has executed this Agreement.

TARGET CANADA CO.

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

IN WITNESS WHEREOF the Landlord has executed this Agreement.

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____

Name:

Title:

By: _____

Name:

Title:

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE “A” – LEASE PARTICULARS**Centre at Circle & Eighth, Saskatoon SK:**

1. Lease dated July 12, 2005 between Centre at Circle and Eighth Property Inc., as nominee for and on behalf of the landlord, Morguard Real Estate Investment Trust, as landlord and Zellers Inc., as tenant, registered as Interest Register No. 112385763 (the “**Lease**”).
2. Lease Amending Agreement dated December 14, 2005 between Zellers Inc. and Morguard Real Estate Investment Trust (on behalf of itself and on behalf of Centre at Circle and Eighth Property Inc.).
3. Letter Agreement dated April 27, 2009 between Morguard and Zellers Inc. regarding the “Centre East” portion of the shopping centre.
4. Assignment and assumption of lease agreement dated as of May 27, 2011 between Zellers Inc., as assignor and Target Canada Co., as assignee.
5. Amendment to Lease dated as of May 27, 2011 between Morguard Real Estate Investment Trust, as landlord and Target Canada Co., as tenant (the “**Amendment**”).
6. Escrow letter agreement dated May 13, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust in respect of the Amendment and Notice dated May 27, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust pursuant to such escrow letter agreement.
7. Limited Guaranty of Lease dated as of May 27, 2011 made by Target Corporation in favour of Morguard Real Estate Investment Trust.
8. Notice dated June 7, 2011 to Morguard Real Estate Investment Trust in respect of the assignment to Target Canada Co. of the Lease.
9. Notice to Target Canada Co. dated July 25, 2011 regarding asbestos management plan.

**SCHEDULE “T”
FORM OF ASSIGNMENT AND ASSUMPTION OF REALTY TAX APPEALS**

THIS AGREEMENT is made as of the _____ day of _____, 2015 (the “**Effective Date**”)

B E T W E E N:

TARGET CANADA CO.
(the “**Tenant**”)

- and -

MORGUARD REAL ESTATE INVESTMENT TRUST

- and -

CENTRE AT CIRCLE & EIGHTH PROPERTY INC.

(together with Morguard Real Estate Investment Trust, the “**Landlord**”)

RECITALS:

- A. Pursuant to a lease dated July 12, 2005, as same is assigned, amended, restated, renewed or supplemented from time to time, including but not limited to those documents listed in Schedule “A” attached hereto (collectively, the “**Lease**”), the Landlord leased to the Tenant certain premises located in Circle and Eighth in the City of Saskatoon, in the Province of Saskatchewan as more particularly described in the Lease (the “**Premises**”).
- B. The Tenant and certain of its affiliates applied for and together with the limited partnerships listed in Schedule “A” to the Initial Order (the Tenant, its affiliates and the limited partnerships being collectively, the “**Applicants**”) were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Alvarez & Marsal Canada Inc. (the “**Monitor**”) was appointed the monitor of the Tenant, pursuant to an Order of the Court dated January 15, 2015, as amended and restated on February 11, 2015, and as further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”).
- C. The Tenant and the Landlord entered into a lease surrender agreement dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) whereby, among other things, the Tenant agreed to surrender to the Landlord, and the Landlord agreed to accept a surrender of, all of the Tenant’s right, title and interest in and to the Lease.
- D. The Lease Surrender Agreement was approved by the Court pursuant to the Order dated ● (the “**Approval and Vesting Order**”).

- E. The Tenant and the Landlord are entering into this Agreement to provide for the assignment of Realty Tax Appeals and Realty Tax Refunds in respect of the Leases by the Tenant to the Landlord in accordance with the Lease Surrender Agreement and the Approval and Vesting Order.
- F. Unless otherwise expressly provided for herein, all capitalized terms when used in this Agreement have the same meaning given to such terms in the Lease Surrender Agreement, or if no meaning is given in the Lease Surrender Agreement, in the Lease.

THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 ASSIGNMENT

1.1 Assignment and Assumption

Subject to the terms and conditions contained herein, effective as of the Effective Date, the Tenant hereby assigns, transfers and sets over unto the Landlord all of the Tenant's right, title and interest, if any, in, to the Realty Tax Appeals and any Realty Tax Refunds which may arise from any of the Realty Tax Appeals for any period that is from and after the Closing Date.

1.2 Carriage of Realty Tax Appeals

From and after the Closing Date, the Landlord may, at its sole cost and expense but without any obligation to do so, assume or retain the carriage of the Realty Tax Appeals and continue as the appellant in the Realty Tax Appeals. The Tenant agrees to co-operate with the Landlord with respect to the Realty Tax Appeals and to provide the Landlord with access to any reasonably necessary documents or materials required to continue any Realty Tax Appeals. If the Realty Tax Appeals may only be prosecuted in the name of the Tenant, the Tenant shall co-operate with the Landlord to enable the Landlord to pursue and prosecute the Realty Tax Appeals, at the Landlord's sole cost and expense. Notwithstanding the Landlord's election to assume or not to assume the Tenant's rights and interest in and to the Realty Tax Appeals, the Tenant shall not have the obligation to carry or continue to carry any Realty Tax Appeals from and after the Closing Date.

1.3 Authorization and Direction

This assignment shall serve as an irrevocable authorization and direction to the municipal and/or provincial taxing authority to pay to the Landlord, from and after the Effective Date, the Realty Tax Refunds.

1.4 Pre-Assignment Realty Tax Refunds

The Landlord acknowledges and agrees that a Zellers Entity may have initiated the Realty Tax Appeals for any prior tax years or partial tax years in respect of the Premises which relates to the period during which a Zellers Entity was a tenant of the Premises which Realty Tax Appeals will be dealt with in accordance with the Lease Surrender Agreement.

1.5 Remittance to Tenant

In the event the Landlord receives any Realty Tax Refunds that relate to the period preceding the Closing Date, and provided that it is not a Pre-Assignment Realty Tax Refund, the Purchaser shall remit to the Vendor or an entity designated by the Vendor the entire amount of such Realty Tax Refunds received by the Landlord.

1.6 Paramountcy

The rights and obligations of the parties respectively with respect to the Realty Tax Appeals and Realty Tax Refunds shall be governed by the Lease Surrender Agreement. In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Agreement and of the Lease Surrender Agreement, then the provisions of the Lease Surrender Agreement shall govern and be paramount, and any such provision in this Agreement shall be deemed to be amended, to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

ARTICLE 2 GENERAL

2.1 Time of the Essence

Time shall be of the essence of this Agreement.

2.2 Enurement

This Agreement shall become effective when executed by the Tenant and the Landlord and after that time shall be binding upon and enure to the benefit of the parties and their respective heirs, executors, personal legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by either party without the consent of the other party.

2.3 Entire Agreement

This Agreement and the Lease Surrender Agreement constitute the entire agreement between the parties with respect to the assignment and assumption of the Realty Tax Appeals contemplated in the Lease Surrender Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, legal or conventional, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement and the Lease Surrender Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into

and completing the transactions contemplated by this Agreement and the Lease Surrender Agreement.

2.4 Waiver

- (a) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (b) No failure on the part of the Tenant or the Landlord to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

2.5 Further Assurances

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further surrenders, releases, conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively assign the Realty Tax Appeals to the Landlord and carry out the terms and conditions of this Agreement in accordance with their true intent.

2.6 Severability

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

2.7 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province in which the Premises are located and the federal laws of Canada applicable therein.

2.8 CCAA Proceedings

Each party to this Agreement submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement or the Lease Surrender Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in the CCAA Proceedings before the Court.

2.9 [Intentionally Deleted]

2.10 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

2.11 Headings

The division of this Agreement into Sections, the insertion of headings is for convenience of reference only and are not to be considered in, and shall not affect, the construction or interpretation of any provision of this Agreement.

2.12 References

Where in this Agreement reference is made to an article or section, the reference is to an article or section in this Agreement unless the context indicates the reference is to some other agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. The word “includes” or “including” shall mean “includes without limitation” or “including without limitation”, respectively. The word “or” is not exclusive.

2.13 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

2.14 Business Days

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day. All actions to be made or taken by a particular Business Day must be made or taken by no later than 4:30 p.m. (Toronto time) on a Business Day and any action made or taken thereafter shall be deemed to have been made and received on the next Business Day.

2.15 Currency and Payment Obligations

Except as otherwise expressly provided in this Agreement all dollar amounts referred to in this Agreement are stated in Canadian Dollars.

2.16 Notice

Any notice, consent or approval required or permitted to be given in connection with this Agreement or the Lease (a “**Notice**”) shall be in writing and shall be sufficiently given if delivered or transmitted in accordance with the Lease Surrender Agreement.

2.17 Counterparts and Delivery

All parties agree that this Agreement may be executed in counterpart and transmitted by telecopier or e-mail (PDF) and that the reproduction of signatures in counterpart by way of telecopier or e-mail (PDF) will be treated as though such reproduction were executed originals.

[Signature pages follow.]

IN WITNESS WHEREOF the Tenant has executed this Agreement.

TARGET CANADA CO.

By: _____
Name:
Title:
By: _____
Name:
Title:

IN WITNESS WHEREOF the Landlord has executed this Agreement.

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____
Name:
Title:
By: _____
Name:
Title:

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____
Name:
Title:
By: _____
Name:
Title:

SCHEDULE “A” – LEASE PARTICULARS**Centre at Circle & Eighth, Saskatoon SK:**

1. Lease dated July 12, 2005 between Centre at Circle and Eighth Property Inc., as nominee for and on behalf of the landlord, Morguard Real Estate Investment Trust, as landlord and Zellers Inc., as tenant, registered as Interest Register No. 112385763 (the “**Lease**”).
2. Lease Amending Agreement dated December 14, 2005 between Zellers Inc. and Morguard Real Estate Investment Trust (on behalf of itself and on behalf of Centre at Circle and Eighth Property Inc.).
3. Letter Agreement dated April 27, 2009 between Morguard and Zellers Inc. regarding the “Centre East” portion of the shopping centre.
4. Assignment and assumption of lease agreement dated as of May 27, 2011 between Zellers Inc., as assignor and Target Canada Co., as assignee.
5. Amendment to Lease dated as of May 27, 2011 between Morguard Real Estate Investment Trust, as landlord and Target Canada Co., as tenant (the “**Amendment**”).
6. Escrow letter agreement dated May 13, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust in respect of the Amendment and Notice dated May 27, 2011 issued by Target Canada Co. to Morguard Real Estate Investment Trust pursuant to such escrow letter agreement.
7. Limited Guaranty of Lease dated as of May 27, 2011 made by Target Corporation in favour of Morguard Real Estate Investment Trust.
8. Notice dated June 7, 2011 to Morguard Real Estate Investment Trust in respect of the assignment to Target Canada Co. of the Lease.
9. Notice to Target Canada Co. dated July 25, 2011 regarding asbestos management plan.

SCHEDULE "J"
TRADE FIXTURES

Nil.

**SCHEDULE “K”
PERMITTED ENCUMBRANCES**

Interest Register No. 112385763 registered December 14, 2006 being a Lease in favour of Target Canada Co. as amended on June 1, 2011 and as assigned on May 31, 2011

(Registered against 135640762, 164646221 and 135950519 only)

**SCHEDULE “L”
FORM OF RELEASE OF PROPERTY CLAIMS**

TO: TARGET CANADA CO. (the “Tenant”)

AND TO: ALL PREDECESSORS IN INTEREST TO THE TENANT UNDER ANY OF THE LEASES (the “Predecessors”)

FROM: MORGUARD REAL ESTATE INVESTMENT TRUST and CENTRE AT CIRCLE & EIGHTH PROPERTY INC. (collectively, the “Landlord”)

RE: Lease Surrender Agreement between the Tenant and the Landlord dated May 6, 2015 (as amended, modified, restated and/or supplemented from time to time, the “Lease Surrender Agreement”)

WHEREAS:

- A. The Tenant and certain of its affiliates applied for and together with the limited partnerships listed on Schedule “A” to the Initial Order (the Tenant, its affiliates and the limited partnerships being collectively, the “**Applicants**”) were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Alvarez & Marsal Canada Inc. was appointed the monitor of the Tenant, pursuant to an Order of the Court dated January 15, 2015, as amended and restated on February 11, 2015, and as further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”).
- B. The Tenant and the Landlord entered into a lease surrender agreement dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) whereby, among other things, the Tenant agreed to surrender to the Landlord, and the Landlord agreed to accept a surrender of, all of the Tenant’s right, title and interest in and to the Leases.
- C. On ●, 2015, the Court issued an Approval and Vesting Order approving the Lease Surrender Agreement, pursuant to which the Tenant shall surrender to the Landlord the Leases on the terms and conditions set out in the Lease Surrender Agreement.
- D. The Lease Surrender Agreement contemplates that the Landlord shall execute and deliver a release on the Closing Date to the Tenant pursuant to which the Landlord will release and forever discharge the Tenant from all claims in respect of each of the Leases, the Premises and the Property.
- E. The Landlord desires to execute and deliver this Release to the Tenant in satisfaction of the foregoing obligation.
- F. Unless otherwise expressly provided for herein, all capitalized terms when used in this Release have the same meaning given to such terms in the Lease Surrender Agreement.

NOW THEREFORE in consideration of the payment of TEN DOLLARS (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agree as follows:

1. The Landlord, on its own behalf and on behalf of its subsidiary, affiliated, and associated corporations and entities and all of their respective successors and assigns (collectively the “**Releasors**”, and individually, a “**Releasor**”), hereby forever fully and unconditionally remises, releases, acquits, waives and forever discharges each of the Tenant, the other Applicants, and the Predecessors and each of their respective subsidiaries, affiliates, and associates and each of their respective members, partners, directors, officers, employees, agents, shareholders, successors and permitted assigns (collectively, the “**Releasees**” and individually, a “**Releasee**”) from any and all actual or potential claims, demands, complaints, grievances, actions, applications, proceedings, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, dues, accounts, bonds, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, reasonable professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all actual and documented costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing (collectively, the “**Claims**”), whether known or unknown, howsoever arising of every nature and kind whatsoever that the Releasors ever had, now have or hereafter can, shall or may have against any of the Releasees in any way relating to or arising from any of the Leases, the Premises and the Property.
2. Each of the Releasors covenants and agrees not to make any Claims against any Person which might Claim over against any of the Releasees, or who might claim contribution or indemnity from any of the Releasees in connection with the matters which are herein released. In the event that any of the Releasors hereafter makes any Claims against any of the Releasees or against any Person who may Claim over or claim contribution or indemnity against any of the Releasees with respect to any of the matters herein released then:
 - (i) such Releasor shall immediately discontinue such Claim;
 - (ii) such Releasor shall be liable for all legal and related costs and expenses incurred by the affected member of the other on a full indemnity basis; and
 - (iii) this Release contained shall:
 - (A) operate conclusively as an estoppel and complete bar to any such Claim;
 - (B) may be pleaded as a complete defence and reply in the event of such Claim; and
 - (C) may be relied upon in any proceeding to dismiss such Claim and no objection will be raised by the party which commenced such Claim to the effect that the other parties to such Claim are not parties to this Release.

3. Each of the Releasors acknowledges and declares that: (a) it has had an adequate opportunity to read and consider this Release and to obtain such advice in regard to it as it should consider advisable; (b) it fully understands the nature and effect of this Release; and (c) this Release has been duly and voluntarily authorized, executed and delivered and it has the capacity and authority to execute and deliver it.
4. This Release shall not be deemed to be any admission of liability on the part of the Releasees and liability is specifically denied by each of them.
5. Each of the Releasors covenants and agrees to do such things, to attend such meetings and to execute such further surrenders, releases, conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively carry out the terms and conditions of this Release in accordance with their true intent.
6. If any provision of this Release shall be determined to be illegal, invalid or unenforceable, that provision shall be severed from this Release and the remaining provisions shall continue in full force and effect.
7. This Release shall enure to the benefit of each of the Releasees and its heirs, attorneys, guardians, estate trustees, executors, successors, assigns and representatives and be binding upon each of the Releasors and its heirs, attorneys, guardians, estate trustees, executors, successors, assigns and representatives.
8. This Release shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
9. The terms of this Release constitute the entire agreement between the parties relating to the subject matter hereof.
10. This Release may be executed by the parties in counterparts and may be executed and delivered by facsimile or electronic transmission and all such counterparts and facsimiles or electronic transmissions shall together constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS OF WHICH the parties have duly executed this Release this ____ day of ●, 2015.

**MORGUARD REAL ESTATE
INVESTMENT TRUST**

By: _____
Name:
Title:

By: _____
Name:
Title:

**CENTRE AT CIRCLE & EIGHTH
PROPERTY INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE "M"
LANDLORD ENTITIES

Premises	Nominee	Beneficial Owner and Landlord under the Lease
Centre at Circle & Eighth, Saskatoon SK	Centre at Circle & Eighth Property Inc. HST registration number: N/A	Morguard Real Estate Investment Trust HST registration number: 87674 3543 RT0001

TAB 3

Revised: January 21, 2014

Court File No. [REDACTED]



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____) ~~WEEKDAY~~ WEDNESDAY, THE # 20TH
REGIONAL SENIOR JUSTICE _____) DAY OF MONTH MAY, 20YR 2015
MORAWETZ)

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

B E T W E E N :-

~~PLAINTIFF~~

Plaintiff

-and-

~~DEFENDANT~~

Defendant

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")

APPROVAL AND VESTING ORDER – LEASE SURRENDER AGREEMENT
(MORGUARD)

THIS MOTION, made by [RECEIVER'S NAME] in its capacity as the Court appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor") for

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~~an order~~ 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*, approving, the sale transaction/lease surrender and resiliation (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") dated [DATE] and appended to the Report of the Receiver dated [DATE] (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets")"Transaction" contemplated by a Lease Surrender Agreement among Target Canada Co. ("TCC"), as Tenant, and Morguard Real Estate Investment Trust, as Beneficial Owner, and Centre at Circle & Eighth Property Inc., as Nominee for Beneficial Owner (collectively, the "**Landlord**") dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the "**Lease Surrender Agreement**") and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Mark Wong sworn on ●, 2015 including the exhibits thereto (the "Wong Affidavit"), and the ● Report (the "Monitor's ● Report") of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the "Monitor"), filed, and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, respective counsel for the Applicants and the Partnerships listed on Schedule "A" hereto, the Monitor, Target Corporation, the Landlord, and such other counsel as were present, no one else appearing although properly/dujly served as appears from the affidavit of [NAME] sworn [DATE] filed[†] Affidavit of Service of Geoffrey Grove sworn May 15, 2015, filed:

SERVICE AND DEFINITIONS

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

[†] This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

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2. THIS COURT ORDERS that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated January 15, 2015 (the "Initial Order"), or in the Lease Surrender Agreement, as applicable.

APPROVAL OF THE LEASE SURRENDER AGREEMENT

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and ratified and that the execution of the Sale Lease Surrender Agreement by the Receiver³TCC is hereby authorized and approved, and ratified with such minor amendments as the Receiver may deem necessary. The Receiver TCC (with the consent of the Monitor) and the Landlord may agree to in writing. TCC is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, including the surrender by TCC of its right, title and interest in and to the Leases and the Real Property Interests to the Landlord and the Monitor shall be authorized to take such additional steps in furtherance of its responsibilities under the Lease Surrender Agreement. The legal descriptions and applicable land registry offices with respect to the Premises are as set out on Schedule "C" hereto.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver Monitor's certificate to the Purchaser Landlord substantially in the form attached as Schedule A "B" hereto (the "Receiver "Monitor's Certificate"), all of the Debtor TCC's right, title and interest in and to the Purchased Assets described in the Sale Agreement [and listed on Schedule B hereto]⁴ shall vest absolutely in the Purchaser, Leases and the Real Property Interests and the right, title and interest, if any, of any predecessor in interest of TCC in and to the Leases

² In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.

³ In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.

⁴ To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

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and the Real Property Interests, to the extent same was assigned or otherwise transferred to TCC, shall be surrendered to the Landlord (with the Leases being resiliated) free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, leases, notices of lease, subleases, licenses, levies, restrictions, rights of retention, judgments, notices of sale, contractual rights, options, liabilities (direct, indirect, absolute or contingent), obligations, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise in respect of the Leases and the Real Property Interests (collectively, the "Claims"⁵), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated [DATE]; (ii) *all charges, security interests or claims evidenced by registrations pursuant to the **Personal Property Security Act** (Ontario) *or any other personal property registry system; and (iii) *those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the *permitted encumbrances, easements and restrictive covenants listed on Schedule D*) and, for greater certainty, this Court orders that all of the *Encumbrances affecting or relating to the *Purchased Assets* are hereby expunged and discharged as against the *Purchased Assets.

- (a) the Administration Charge, the KERP Charge, the Directors' Charge, the Financial Advisor Subordinated Charge, the DIP Lender's Charge, the Agent's Charge and Security Interest (collectively, the "CCAA Charges");
- (b) *all charges, security interests or claims evidenced by registrations pursuant to the *Saskatchewan *Personal Property Security Act* *or any other personal property registry system; and *

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting-out of "rights, titles and interests" is vague and therefore undesirable.

(c) **those Claims listed on Schedule *‘C’ hereto:

*(all of which are collectively referred to as the *‘Encumbrances’* which term shall not include the *Permitted Encumbrances listed on Schedule ‘D’ hereto*) and, for greater certainty, this Court orders that all of the *Claims and *Encumbrances affecting or relating to the *Leases, the Real Property Interests and/or the Premises* are hereby expunged and discharged as against the *Leases, the Real Property Interests and/or the Premises and the real or immovable property described in Schedule ‘C’

5. 3-THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION} of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the applicable land registry office of a certified copy of this Order in the manner prescribed by the applicable land registry office, the applicable Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the ‘Real Property’) in fee simple, and is hereby directed to specifically discharge, cancel, delete and expunge from title to the Real Property applicable real or immovable property described in Schedule ‘C’ all of the Claims Encumbrances listed in Schedule ‘C’ hereto.

6. 4-THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from received on the sale Closing of the Purchased Assets Transaction shall stand in the place and stead of the Purchased Assets, Leases and the Real Property Interests and that from and after the delivery of the Receiver/Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets therefrom with the same priority as they had with respect to the Purchased Assets Leases

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at “net proceeds”.

~~and the Real Property Interests immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale~~Closing of the Transaction, as if the Transaction had not been completed.

7. ~~5-~~ THIS COURT ORDERS AND DIRECTS the Receiver~~Monitor~~ to file with the Court a copy of the Receiver~~Monitor~~'s Certificate, forthwith after delivery thereof.

8. ~~6-~~ THIS COURT ORDERS that, ~~pursuant to clause 7(3)(e) of the Canada- Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "•" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor, nothing herein or in the Lease Surrender Agreement affects:~~

- (a) ~~the rights and obligations of TCC and the Agent under the Agency Agreement dated January 29, 2015, as amended; and~~
- (b) ~~the terms of the Approval Order – Agency Agreement granted, February 4, 2015 including the Sales Guidelines attached as Schedule "B" thereto.~~

GENERAL PROVISIONS

9. 7- THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;

⁸ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

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- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~TCC and any bankruptcy order issued pursuant to any such applications; and ~~or~~
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~TCC;

~~the vesting of the Purchased Assets in the Purchaser~~surrender of the Leases and the Real Property Interests to the Landlord and the resiliation of the Leases pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~TCC and shall not be void or voidable by creditors of the ~~Debtor~~TCC, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. ~~8-~~THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other jurisdiction in which the Premises are located and that this Order shall be registered notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c L-4 and any equivalent provisions in equivalent legislation in any other jurisdiction in which the Premises are located.

11. ~~9-~~THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative ~~body~~bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist TCC, the ~~Receiver~~Monitor and ~~its~~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 TCC and to the ReceiverMonitor, 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 TCC and the ReceiverMonitor and ~~its~~their respective agents in carrying out the terms of this Order.

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Revised: January 21, 2014

Schedule A — Form of Receiver's Certificate

SCHEDULE "A"
PARTNERSHIPS

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

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SCHEDULE "B"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

~~BETWEEN:-~~

~~PLAINTIFF~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

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")

RECEIVER/MONITOR'S CERTIFICATE

RECITALS

- A. ~~Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor"). All undefined terms in this Monitor's Certificate have the meanings ascribed to them in the Order of the Court dated [May 20], 2015 (the~~

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- 2 -

“Approval Order”) approving the Lease Surrender Agreement entered into among Target Canada Co. (“TCC”) and Morguard Real Estate Investment Trust, as Beneficial Owner, and Centre at Circle & Eighth Property Inc., as Nominee for Beneficial Owner (collectively, the “Landlord”) dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “Lease Surrender Agreement”) a copy of which is attached as Exhibit ● to the Affidavit of Mark Wong dated ●, 2015.

- B. Pursuant to ~~an~~ the Approval Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the “Sale Agreement”) between the Receiver [Debtor] and [NAME OF PURCHASER] (the “Purchaser”) ~~Lease Surrender Agreement~~ and provided for the vesting in the Purchaser of the Debtors ~~surrender to Landlord of TCC’s~~ right, title and interest in and to the Purchased Assets ~~Leases and the Real Property Interests~~, which vesting ~~surrender~~ is to be effective with respect to the Purchased Assets ~~Leases and the Real Property Interests~~ upon the delivery by the Receiver ~~Monitor~~ to the Purchaser ~~Landlord and TCC~~ of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) ~~that the~~ *conditions to Closing as set out in section *● of the Sale *conditions to Closing as set out in *sections 7.1, 7.2 and 7.3 of the Lease Surrender Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) ~~Landlord and TCC, as applicable; and~~ (ii) the Transaction has been completed to the satisfaction of the Receiver. C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement ~~Monitor~~.

THE RECEIVER ~~MONITOR~~ CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

L The * conditions to Closing as set out in section *7.1, 7.2 and 7.3 of the Lease Surrender * Agreement have been satisfied or waived by the *Landlord and TCC, as applicable; and

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2. The ~~*conditions to Closing as set out in *section • of the Sale* Agreement have been satisfied or waived by the *Receiver and the Purchaser; and 3. The Transaction has been completed to the satisfaction of the Receiver~~ Monitor.

4. This Monitor's Certificate was delivered by the ~~Receiver~~ Monitor at _____ [TIME] on _____ [DATE].

~~[NAME OF RECEIVER]~~ ALVAREZ & MARSAL CANADA INC., in its capacity as ~~Receiver of the undertaking, property and assets of [DEBTOR], Court-appointed Monitor of Target Canada Co., et al.~~ and not in its personal or corporate capacity

Per: _____

Name:

Title:

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Revised: January 21, 2014

SCHEDULE "C"

No.	<u>Location/ Address</u>	<u>Province</u>	<u>Land Registry Office</u>	<u>Legal Description</u>	<u>Encumbrances to be Expunged/ Deleted</u>
<u>1.</u>	<u>The Centre at Circle & Eighth 3510 8th St E. Saskatoon</u>	<u>SK</u>	<u>SK Land Registry Office</u>	<u>Parcel Identifier: 001-473-697 LOT A SECTION 6 TOWNSHIP 20 RANGE 17 WEST OF THE 6TH MERIDIAN KAMLOOPS DIVISION YALE DISTRICT PLAN 25955 EXCEPT PLAN KAP53797</u>	<u>NIL</u>

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Schedule B—Purchased Assets

~~Schedule C — Claims to be deleted and expunged from title to Real Property~~

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~~Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property~~

~~(unaffected by the Vesting Order)~~

SCHEDULE “D” - PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means, collectively: (a) any Encumbrances (as defined in the Lease Surrender Agreement) encumbering the freehold or other ownership interest in the Property (as defined in the Lease Surrender Agreement) or any other Landlord’s interest in the Property, but excludes any Encumbrances solely encumbering the Tenant’s leasehold interest in and to any Property situated outside of the Province of Québec on which the Premises (as defined in the Lease Surrender Agreement) are located; (b) Encumbrances resulting from the Landlord’s actions or omissions; and (c) the items identified in Schedule “K” of the Lease Surrender Agreement.

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TAB 4

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEDNESDAY, THE 20 TH
REGIONAL SENIOR JUSTICE)	DAY OF MAY, 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**”)

**APPROVAL AND VESTING ORDER – LEASE SURRENDER AGREEMENT
(MORGUARD)**

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*, approving: the lease surrender and resiliation (the “**Transaction**”) contemplated by a Lease Surrender Agreement among Target Canada Co. (“**TCC**”), as Tenant, and Morguard Real Estate Investment Trust, as Beneficial Owner, and Centre at Circle & Eighth Property Inc., as Nominee for Beneficial Owner (collectively, the “**Landlord**”) dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Affidavit of Mark Wong sworn on ●, 2015 including the exhibits thereto (the “**Wong Affidavit**”), and the ● Report (the “**Monitor’s ● Report**”) of Alvarez & Marsal Canada Inc., in its capacity as Monitor (the “**Monitor**”), filed, and on hearing the submissions of respective counsel for the Applicants and the

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Partnerships listed on Schedule “A” hereto, the Monitor, Target Corporation, the Landlord, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of Geoffrey Grove sworn May 15, 2015, filed:

SERVICE AND DEFINITIONS

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order in these proceedings dated January 15, 2015 (the “**Initial Order**”), or in the Lease Surrender Agreement, as applicable.

APPROVAL OF THE LEASE SURRENDER AGREEMENT

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and ratified and that the execution of the Lease Surrender Agreement by TCC is hereby approved and ratified with such minor amendments as TCC (with the consent of the Monitor) and the Landlord may agree to in writing. TCC is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction, including the surrender by TCC of its right, title and interest in and to the Leases and the Real Property Interests to the Landlord and the Monitor shall be authorized to take such additional steps in furtherance of its responsibilities under the Lease Surrender Agreement. The legal descriptions and applicable land registry offices with respect to the Premises are as set out on Schedule “C” hereto.

4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Landlord substantially in the form attached as Schedule “B” hereto (the “**Monitor’s Certificate**”), all of TCC’s right, title and interest in and to the Leases and the Real Property Interests and the right, title and interest, if any, of any predecessor in interest of TCC in and to the Leases and the Real Property Interests, to the extent same was assigned or otherwise transferred to TCC, shall be surrendered to the Landlord (with the Leases being resiliated) free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens,

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executions, leases, notices of lease, subleases, licenses, levies, restrictions, rights of retention, judgments, notices of sale, contractual rights, options, liabilities (direct, indirect, absolute or contingent), obligations, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise in respect of the Leases and the Real Property Interests (collectively, the “**Claims**”), including, without limiting the generality of the foregoing:

- (a) the Administration Charge, the KERP Charge, the Directors’ Charge, the Financial Advisor Subordinated Charge, the DIP Lender’s Charge, the Agent’s Charge and Security Interest (collectively, the “**CCAA Charges**”);
- (b) all charges, security interests or claims evidenced by registrations pursuant to the Saskatchewan *Personal Property Security Act*, or any other personal property registry system; and
- (c) those Claims listed on Schedule “C” hereto;

(all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the Permitted Encumbrances listed on Schedule “D” hereto) and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Leases, the Real Property Interests and/or the Premises are hereby expunged and discharged as against the Leases, the Real Property Interests and/or the Premises and the real or immovable property described in Schedule “C”

5. THIS COURT ORDERS that upon the registration in the applicable land registry office of a certified copy of this Order in the manner prescribed by the applicable land registry office, the applicable Land Registrar is hereby directed to specifically discharge, cancel, delete and expunge from title to the applicable real or immovable property described in Schedule “C” all of the Encumbrances listed in Schedule “C” hereto.

6. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds received on the Closing of the Transaction shall stand in the place and stead of the Leases and the Real Property Interests and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds therefrom with the same priority as they had with respect to the Leases and the Real Property

Interests immediately prior to the Closing of the Transaction, as if the Transaction had not been completed.

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

8. THIS COURT ORDERS that nothing herein or in the Lease Surrender Agreement affects:

- (a) the rights and obligations of TCC and the Agent under the Agency Agreement dated January 29, 2015, as amended; and
- (b) the terms of the Approval Order – Agency Agreement granted, February 4, 2015 including the Sales Guidelines attached as Schedule “B” thereto.

GENERAL PROVISIONS

9. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of TCC and any bankruptcy order issued pursuant to any such applications; or
- (c) any assignment in bankruptcy made in respect of TCC;

the surrender of the Leases and the Real Property Interests to the Landlord and the resiliation of the Leases pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of TCC and shall not be void or voidable by creditors of TCC, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other

jurisdiction in which the Premises are located and that this Order shall be registered notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c L-4 and any equivalent provisions in equivalent legislation in any other jurisdiction in which the Premises are located.

11. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist TCC, 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 TCC 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 TCC and the Monitor and their respective agents in carrying out the terms of this Order.

SCHEDULE "A"
PARTNERSHIPS

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

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SCHEDULE “B”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

MONITOR’S CERTIFICATE

RECITALS

- A. All undefined terms in this Monitor’s Certificate have the meanings ascribed to them in the Order of the Court dated [May 20], 2015 (the “**Approval Order**”) approving the Lease Surrender Agreement entered into among Target Canada Co. (“**TCC**”) and Morguard Real Estate Investment Trust, as Beneficial Owner, and Centre at Circle & Eighth Property Inc., as Nominee for Beneficial Owner (collectively, the “**Landlord**”) dated May 6, 2015 (said agreement as amended, extended, supplemented, restated and/or amended and restated from time to time being collectively, the “**Lease Surrender Agreement**”) a copy of which is attached as Exhibit ● to the Affidavit of Mark Wong dated ●, 2015.
- B. Pursuant to the Approval Order, the Court approved the Lease Surrender Agreement and provided for the surrender to Landlord of TCC’s right, title and interest in and to the Leases and the Real Property Interests, which surrender is to be effective with respect to the Leases and the Real Property Interests upon the delivery by the Monitor to the Landlord and TCC of a certificate confirming (i) the conditions to Closing as set out in sections 7.1, 7.2 and 7.3 of the Lease Surrender Agreement have been satisfied or waived by the Landlord and TCC, as applicable; and (ii) the Transaction has been completed to the satisfaction of the Monitor.

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THE MONITOR CERTIFIES the following:

1. The conditions to Closing as set out in section 7.1, 7.2 and 7.3 of the Lease Surrender Agreement have been satisfied or waived by the Landlord and TCC, as applicable; and
2. The Transaction has been completed to the satisfaction of the Monitor.

This Monitor's Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

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

Per: _____
Name:
Title:

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SCHEDULE "C"

No.	Location/ Address	Province	Land Registry Office	Legal Description	Encumbrances to be Expunged/ Deleted
1.	The Centre at Circle & Eighth 3510 8th St E., Saskatoon	SK	SK Land Registry Office	Parcel Identifier: 001-473-697 LOT A SECTION 6 TOWNSHIP 20 RANGE 17 WEST OF THE 6TH MERIDIAN KAMLOOPS DIVISION YALE DISTRICT PLAN 25955 EXCEPT PLAN KAP53797	NIL

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SCHEDULE "D" - PERMITTED ENCUMBRANCES

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**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

MOTION RECORD OF THE APPLICANTS

(Motion for Approval of Lease Surrender Agreement with
Morguard REIT)

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

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

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

Lawyers for the Applicants

Matter No: 1159785