

# **EXHIBIT A**

THIS IS EXHIBIT "A" TO THE  
AFFIDAVIT OF MARK J. WONG  
SWORN APRIL 6, 2016

A handwritten signature in black ink, appearing to read "Paul C. ...", written over a horizontal line.

Commissioner for Taking Affidavits

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

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**AMENDED AND RESTATED JOINT PLAN OF COMPROMISE  
AND ARRANGEMENT**

*pursuant to the Companies' Creditors Arrangement Act*

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**April 6, 2016**

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**AMENDED AND RESTATED JOINT PLAN OF COMPROMISE AND  
ARRANGEMENT**

**WHEREAS:**

- A. 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**”) are insolvent;
- B. The Applicants filed for and obtained protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) on January 15, 2015, as amended and restated on February 11, 2015 (and as further amended, restated or varied from time to time, the “**Initial Order**”);
- C. The Initial Order declared that, although not Applicants, each of Target Canada Pharmacy Franchising LP, Target Canada Mobile LP and Target Canada Property LP shall enjoy the protections and authorizations provided by the Initial Order (together with the Applicants, the “**Target Canada Entities**”);
- D. Pursuant to the Initial Order, the Applicants have the authority to file with the Court, individually or collectively, a plan of compromise or arrangement, which plan will provide, among other things, a method of distribution to Creditors with Proven Claims and the framework for the completion of the orderly wind-down of the Target Canada Entities’ Business;
- E. The Target Canada Entities brought a motion before the Court heard on December 21 and 22, 2015 for an Order, *inter alia*, accepting the filing of a Joint Plan of Compromise and Arrangement dated November 27, 2015 (the “**Original Plan**”) and authorizing the Target Canada Entities to hold a meeting of Affected Creditors to consider and vote on a resolution to approve the Original Plan;
- F. The Court declined to grant the relief for the reasons set out in the Endorsement of Regional Senior Justice Morawetz dated January 15, 2016 (the “**January 15 Endorsement**”); and
- G. The Target Canada Entities hereby propose and present this Amended and Restated Joint Plan of Compromise and Arrangement under and pursuant to the CCAA and to, among other things, comply with the January 15 Endorsement.

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In the Plan, unless otherwise stated or unless the subject matter or context otherwise requires:

“**A&M**” means Alvarez & Marsal Canada Inc.;

**“Administration Charge”** means the charge over the Property created by paragraph 54 of the Initial Order, and having the priority provided in paragraphs 63 and 65 of such Order;

**“Administrative Reserve”** means a Cash reserve from the TCC Cash Pool approved by the Court pursuant to the Sanction and Vesting Order, in an amount to be agreed by the Monitor, the Target Canada Entities and the Plan Sponsor three (3) Business Days prior to the Plan Implementation Date, to be deposited by TCC into the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs, which Administrative Reserve shall be subject to the Administrative Reserve Adjustment;

**“Administrative Reserve Account”** means a segregated interest-bearing trust account established by TCC to hold the Administrative Reserve;

**“Administrative Reserve Adjustment”** means, on or after the Plan Implementation Date, an increase in the Administrative Reserve in such amount as the Monitor may determine to be necessary or desirable, in consultation with the Target Canada Entities and the Plan Sponsor, which increase shall be funded from the TCC Cash Pool Account;

**“Administrative Reserve Costs”** means costs incurred and payments to be made on or after the Plan Implementation Date (including costs incurred prior to the Plan Implementation Date which remain outstanding as of the Plan Implementation Date) in respect of (a) the Monitor’s fees and disbursements (including of its legal counsel and other consultants and advisors) in connection with the performance of its duties under the Plan and in the CCAA Proceedings, including without limitation all costs associated with resolving Disputed Claims; (b) the Plan Sponsor’s fees and disbursements (including of its legal counsel and other consultants and advisors) in connection with maintaining the books and records of the Target Canada Entities for purposes of assisting the Monitor in the completion of the resolution of the Disputed Claims and Claims of the Propco Creditors and the Property LP Creditors and the wind-down of the Target Canada Entities; (c) costs of any shared services (including in connection with the performance of TCC’s duties under the Plan, including without limitation administering distributions, disbursements and payments under the Plan) and employee-related expenses of the Target Canada Entities, including retention payments due to its employees; (d) any third-party fees incurred in connection with the administration of distributions, disbursements and payments under the Plan (including, without limitation, Bank of America); (e) any fees incurred in connection with the dissolution under corporate law or otherwise of a Target Canada Entity; (f) Post-Filing Trade Payables; (g) the lawyer, consultant and advisor fees and disbursements of the Target Canada Entities (including the fees and disbursements of Northwest); (h) the fees and disbursements of Employee Representative Counsel; (i) the fees and disbursements of any claims officer appointed under the Claims Procedure Order or the Employee Trust Claims Resolution Order; (j) Excluded Claims, Government Priority Claims, Employee Priority Claims, to the extent such amounts have not been satisfied from the Employee Trust, and TCC Secured Construction Lien Claims; and (k) any other reasonable amounts in respect of any other determinable contingency as the Monitor may determine in its sole discretion;

**“Affected Claim”** means all Claims other than Unaffected Claims;

**“Affected Creditor”** means a Creditor who has an Affected Claim;



“**Applicable Law**” means any law (including any principle of civil law, common law or equity), statute, Order, decree, judgment, rule, regulation, ordinance, or other pronouncement having the effect of law, whether in Canada or any other country or any domestic or foreign province, state, city, county or other political subdivision;

“**Applicants**” has the meaning ascribed thereto in the Recitals;

“**Assessments**” means Claims of Her Majesty the Queen in Right of Canada or of Her Majesty the Queen in Right of any province or territory or of any municipality or of any other Taxing Authority in any Canadian or other jurisdictions, including without limitation amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any Taxing Authority;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“**Business**” means the direct and indirect operations and activities formerly carried on by the Target Canada Entities;

“**Business Day**” means a day on which banks are open for business in the City of Toronto, Ontario, Canada, but does not include a Saturday, Sunday or a statutory holiday in the Province of Ontario;

“**Cash**” means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents;

“**Cash Elected Amount**” means \$25,000;

“**Cash Management Lender Claim**” means any claim of Royal Bank of Canada, The Toronto-Dominion Bank, Bank of America and JPMorgan Chase Bank, National Association in connection with the provision of cash management services to any of the Target Canada Entities and for greater certainty shall include any such claims which have been assigned to the Plan Sponsor or in respect of which the Plan Sponsor has a subrogated claim;

“**Cash Reserves**” means the Administrative Reserve, the TCC Disputed Claims Reserve and the Propco Disputed Claims Reserve;

“**CCAA**” has the meaning ascribed thereto in the Recitals;

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

“**CCAA Proceedings**” means the CCAA proceedings in respect of the Target Canada Entities commenced pursuant to the Initial Order;

“**Claim**” means a Pre-filing Claim, a Restructuring Period Claim, a Landlord Restructuring Period Claim and a D&O Claim, provided however that “**Claim**” shall not include a Landlord Guarantee Claim or an Excluded Claim, but for greater certainty, shall include

any Claim arising through subrogation or assignment against any Target Canada Entity or Director or Officer;

**“Claims Bar Date”** means: (a) in respect of a Pre-filing Claim or a D&O Claim, 5:00 p.m. on August 31, 2015; and (b) in respect of a Restructuring Period Claim (which for purposes of the **“Claims Bar Date”** includes a Landlord Restructuring Period Claim), the later of (i) 45 days after the date on which the Monitor sends a Claims Package (as defined in the Claims Procedure Order) with respect to such Claim, and (ii) 5:00 p.m. on August 31, 2015;

**“Claims Procedure Order”** means the Order of the Court made June 11, 2015 (including all schedules and appendices thereto) approving and implementing the claims procedure in respect of the Target Canada Entities and the Directors and Officers, as amended on September 21, 2015, October 30, 2015, December 8, 2015, February 1, 2016 and March 14, 2016 and as may be further amended, restated or varied from time to time;

**“Conditions Precedent”** means the conditions precedent to Plan implementation set out in Section 8.3;

**“Consultative Committee Members”** means the “Members” as defined in the Revised Consultative Committee Protocol approved by Order of the Court made November 18, 2015;

**“Contributed Claim Amount”** means that amount of the Property LP (Propco) Intercompany Claim equal to the amount of the Property LP Unaffected Claims;

**“Convenience Class Claim”** excludes a Disputed Claim and means: (a) an Affected Creditor with one or more Proven Claims that are less than or equal to **\$25,000** in the aggregate; and (b) an Affected Creditor with one or more Proven Claims in an amount in excess of **\$25,000** in the aggregate that such Affected Creditor has validly elected to value at **\$25,000** for purposes of the Plan by filing a Convenience Class Claim Election by the Election/Proxy Deadline;

**“Convenience Class Claim Election”** means an election pursuant to which an Affected Creditor with one or more Proven Claims that are in an amount in excess of **\$25,000** in the aggregate has elected by the Election/Proxy Deadline to receive only the Cash Elected Amount and is thereby deemed to vote in favour of the Plan in respect of such Proven Claims and to receive no other entitlements under the Plan;

**“Convenience Class Creditor”** means a Person having a Convenience Class Claim;

**“Court”** means the Ontario Superior Court of Justice (Commercial List) or any appellate court seized with jurisdiction in the CCAA Proceedings, as the case may be;

**“Creditor”** means any Person asserting an Affected Claim or an Unaffected Claim and may, where the context requires, include the assignee of such Claim or a personal representative, agent, litigation guardian, mandatary, trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

**“Creditors’ Meeting”** means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting upon the Plan, and includes any adjournment, postponement or rescheduling of such meeting;

**“D&O Claim”** means any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer;

**“DIP Lender’s Charge”** means the charge over the DIP Property created by paragraph 60 of the Initial Order, and having the priority provided in paragraphs 63 and 65 of such Order;

**“DIP Property”** means the Property of the Target Canada Entities (other than Propco and Property LP) described in paragraph 7 of the Initial Order;

**“Director”** means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of any of the Target Canada Entities, in such capacity;

**“Directors’ Charge”** means the charge over the Property created by paragraph 40 of the Initial Order, and having the priority provided in paragraphs 63 and 65 of such Order;

**“Disputed Claim”** means that portion of an Affected Claim of an Affected Creditor in respect of which a Proof of Claim has been filed in accordance with the Claims Procedure Order that has not been finally determined to be a Proven Claim in whole or in part in accordance with the Claims Procedure Order, the Meeting Order, or any other Order made in the CCAA Proceedings;

**“Distribution Date”** means the day on which a distribution to Creditors of the Target Canada Entities is made, other than the Initial Distribution Date or the Final Distribution Date;

**“Effective Time”** means 12:01 a.m. on the Plan Implementation Date or such other time on such date as the Target Canada Entities, the Plan Sponsor and the Monitor shall determine or as otherwise ordered by the Court;

**“Election/Proxy Deadline”** means the deadline for making a Convenience Class Claim Election and for submitting Proxies in accordance with the Meeting Order;

**“Employee Priority Claims”** means the following claims of Employees:

- 6 -

- (a) claims equal to the amounts that such Employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Target Canada Entities had become bankrupt on the Filing Date; and
- (b) claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Business during the same period;

**“Employee Representative Counsel”** means Koskie Minsky LLP, appointed pursuant to paragraph 31 of the Initial Order as counsel for all Employees in the CCAA Proceedings, any proceeding under the BIA or in any other proceeding respecting the insolvency of the Applicants which may be brought before the Court;

**“Employee Representatives”** means the Employees appointed by the Court pursuant to an Order of the Court dated February 11, 2015 to represent all Employees in the CCAA Proceedings;

**“Employee Trust”** means the Employee Trust approved pursuant to paragraph 26 of the Initial Order and governed by the Employee Trust Agreement;

**“Employee Trust Administrator”** means the Monitor, in its capacity as administrator of the Employee Trust;

**“Employee Trust Agreement”** means the Trust Agreement between the Plan Sponsor, the Monitor and the Employee Trust Trustee dated January 14, 2015, as amended, restated, supplemented or varied from time to time;

**“Employee Trust Claims Resolution Order”** means the Order of the Court dated October 21, 2015, as amended, restated or varied from time to time, establishing the procedure for resolving disputes by claimants in respect of their entitlement under the Employee Trust;

**“Employee Trust Property”** means the aggregate amount contributed by the Plan Sponsor (in its capacity as Settlor) to the Employee Trust to be held under the terms of the Employee Trust Agreement together with interest and other revenues generated thereby and any property into which all of the foregoing may be converted less amounts which have been paid or distributed pursuant to the terms of the Employee Trust Agreement (including Trustee Fees (as defined in the Employee Trust Agreement));

**“Employee Trust Property Joint Direction”** has the meaning ascribed thereto in Section 6.3(v);

**“Employee Trust Released Party”** has the meaning ascribed thereto in Section 7.1(d);

**“Employee Trust Termination Certificate”** has the meaning ascribed thereto in Section 6.3(v);

**“Employee Trust Trustee”** means the Hon. John D. Ground, in his capacity as trustee of the Employee Trust;

**“Employees”** means all current and former employees of the Target Canada Entities other than Directors and Officers;

**“Encumbrance”** means any charge, mortgage, lien, pledge, claim, restriction, security interest, security agreement, hypothecation, assignment, deposit arrangement, hypothec, lease, rights of others including without limitation Transfer Restrictions, deed of trust, trust or deemed trust, lien, financing statement, preferential arrangement of any kind or nature whatsoever, including any title retention agreement, or any other arrangement or condition which in substance secures payment or performance of any obligations, action, claim, demand or equity of any nature whatsoever, execution, levy, charge or other financial or monetary claim, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under Applicable Law, including without limiting the generality of the foregoing, the CCAA Charges;

**“Equity Claim”** has the meaning ascribed thereto in section 2 of the CCAA;

**“Excluded Claim”** means any:

- (a) Claim secured by any of the CCAA Charges;
- (b) Claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
- (c) Cash Management Lender Claim;

**“Filing Date”** means January 15, 2015;

**“Final Distribution Date”** means such date, after all of the Disputed Claims and disputed Claims against Propco and Property LP have been finally resolved, that the Monitor, in consultation with TCC, shall determine or the Court shall otherwise order;

**“Final Order”** means a final Order of the Court, the implementation, operation or effect of which shall not have been stayed, varied, vacated or subject to pending appeal and as to which Order any appeal periods relating thereto shall have expired;

**“Financial Advisor Subordinated Charge”** means the charge over the Property created by paragraph 55 of the Initial Order, and having the priority provided in paragraphs 63 and 65 of such Order;

**“Government Priority Claims”** means all Claims of Governmental Authorities that are enumerated in section 38(3) of the CCAA in respect of amounts that are outstanding and that are of a kind that could be subject to a demand on or before the Final Distribution Date;

**“Governmental Authority”** means any government, including any federal, provincial, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative

functions of, or pertaining to, government including without limitation any Taxing Authority;

“**GST/HST**” means the goods and services tax and harmonized sales tax imposed under the *Excise Tax Act* (Canada), and any equivalent or corresponding tax imposed under any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax;

“**Guarantee**” means any guarantee, indemnity, surety or similar agreement by a Person to guarantee, indemnify or otherwise hold harmless any Person from or against any Indebtedness, losses, Liabilities or damages of that Person, and excludes all Plan Sponsor Guarantees;

“**HBC Entities**” means Zellers Inc. and Hudson’s Bay Company and their respective successors and assigns and any predecessors in interest to such Persons;

“**Indebtedness**” means, without duplication:

- (a) all debts and liabilities of a Person for borrowed money;
- (b) all debts and liabilities of a Person representing the deferred acquisition cost of property and services; and
- (c) all Guarantees given by a Person;

“**Initial Distribution Date**” means a date no more than two (2) Business Days after the Plan Implementation Date or such other date as the Target Canada Entities, the Plan Sponsor and the Monitor may agree;

“**Initial Order**” has the meaning ascribed thereto in the Recitals;

“**Input Tax Credit**” means an input tax credit receivable under the *Excise Tax Act* (Canada) or any equivalent or corresponding amount receivable under any applicable provincial or territorial legislation imposing a similar value-added or multi-staged tax, on account of GST/HST paid or payable;

“**Intercompany Claim**” means any Claim filed by any of the Target Canada Entities, or any of their affiliated companies, partnerships, or other corporate entities, including the Plan Sponsor or any of the Plan Sponsor Subsidiaries in accordance with the terms of the Claims Procedure Order, including the Claims set out on Schedule “A” but excluding any Claim arising through subrogation or assignment;

“**Intercompany Claims Report**” means the Twentieth Report of the Monitor dated August 31, 2015 providing the Monitor’s review of the Intercompany Claims pursuant to and in accordance with paragraph 35 of the Claims Procedure Order;

“**IP Assets**” means all rights, title and interest of the Target Canada Entities in intellectual property of any type, including the domain names set out in Schedule “B”;

“**ITA**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, and any regulations thereunder;

“**KERP**” means the Key Employees Retention Plan approved by paragraph 24 of the Initial Order;

“**KERP Charge**” means the charge over the Property created by paragraph 25 of the Initial Order, and having the priority provided in paragraphs 63 and 65 of such Order;

“**KERP Claim**” means a claim of any Person under the KERP;

“**Landlord**” means any Person (excluding Propco and Property LP) who in its capacity as lessor was a party to a real property lease with TCC;

“**Landlord Guarantee Claim**” means the rights, remedies and claims of a Landlord against the Plan Sponsor or the HBC Entities arising under a lease, guarantee or indemnity, solely in respect of leases listed on Schedule “D”, but excluding however, amounts owing by the Target Canada Entities to the Landlord in respect of its Pre-filing Claim, if any, which amount forms part of a Landlord Guarantee Creditor’s Landlord Guarantee Creditor Base Claim Amount;

“**Landlord Guarantee Creditor**” means a Person holding a Landlord Guarantee Claim solely in respect of leases listed on Schedule “D”;

“**Landlord Guarantee Creditor Base Claim Amount**” means the amount payable to an individual Landlord Guarantee Creditor on account of its Landlord Restructuring Period Claim and its Pre-filing Claim, if any, as consensually agreed to between such Landlord Guarantee Creditor and TCC in accordance with the Claims Procedure Order, payment of which is dealt with in the Landlord Guarantee Creditor Settlement Agreement;

“**Landlord Guarantee Creditor Base Claim Cash Pool**” means the Cash pool in the aggregate amount equal to the total of the Landlord Guarantee Creditor Base Claim Amounts, being approximately **\$140.7 million**;

“**Landlord Guarantee Creditor Base Claim Cash Pool Account**” means a segregated, interest-bearing trust account established by TCC to hold the Landlord Guarantee Creditor Base Claim Cash Pool on behalf of the Target Canada Entities;

“**Landlord Guarantee Creditor Settlement Agreement**” means an agreement between the Plan Sponsor and all Landlord Guarantee Creditors to settle and release the Landlord Guarantee Claims on a consensual basis and to support the Plan;

“**Landlord Guarantee Enhancement Amount**” means the amount payable to an individual Landlord Guarantee Creditor as consensually agreed between the Plan Sponsor and such Landlord Guarantee Creditor pursuant to the Landlord Guarantee Creditor Settlement Agreement;

“**Landlord Guarantee Enhancement Cash Pool**” means the Cash pool mandated by the Landlord Guarantee Creditor Settlement Agreement in the aggregate amount of **\$59.532 million**;

**“Landlord Guarantee Enhancement Cash Pool Account”** means a segregated, interest-bearing trust account established to hold the Landlord Guarantee Enhancement Cash Pool on behalf of the Plan Sponsor as mandated by the Landlord Guarantee Creditor Settlement Agreement;

**“Landlord Non-Guarantee Creditor”** means a Person holding a Landlord Restructuring Period Claim other than a Landlord Guarantee Creditor solely in respect of leases listed on Schedule “E”;

**“Landlord Non-Guarantee Creditor Consent and Support Agreement”** means an agreement between TCC and a Landlord Non-Guarantee Creditor to settle the amount of such Landlord’s Landlord Restructuring Period Claim and Pre-filing Claim, if any, on a consensual basis in accordance with the Claims Procedure Order and to support the Plan;

**“Landlord Non-Guarantee Creditor Equalization Amount”** means the amount payable to an individual Landlord Non-Guarantee Creditor as consensually agreed to between such Landlord Non-Guarantee Creditor and TCC in a Landlord Non-Guarantee Creditor Consent and Support Agreement, which in the aggregate shall equal the Landlord Non-Guarantee Creditor Equalization Cash Pool;

**“Landlord Non-Guarantee Creditor Equalization Cash Pool”** means the Cash pool in the aggregate amount of all of the Landlord Non-Guarantee Creditor Equalization Amounts;

**“Landlord Non-Guarantee Creditor Equalization Cash Pool Account”** means a segregated, interest-bearing trust account established by TCC to hold the Landlord Non-Guarantee Creditor Equalization Cash Pool;

**“Landlord Restructuring Period Claim”** means any right or claim of any Landlord against TCC in connection with any Indebtedness, Liability or obligation of any kind whatsoever owed by TCC to such Landlord arising out of the disclaimer, resiliation, termination or breach by TCC, on or after the Filing Date, of any real property lease or other contract or agreement in respect of any real property lease, including a shopping centre lease, whether written or oral, provided that any Landlord whose real property lease was assigned to a Person or returned (subject to any prior settlement agreement to the contrary) to such Landlord in the CCAA Proceedings shall not have a Landlord Restructuring Period Claim;

**“Lazard”** means Lazard Frères and Co. LLC, Court-appointed financial advisor to TCC in connection with the Real Property Portfolio Sales Process;

**“Liabilities”** means all Indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due;

**“Liquidation Agent”** means the contractual joint venture composed of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada, ULC, in its capacity as agent pursuant to the Agency Agreement between the agent and TCC, Target Canada Pharmacy Corp. and Target Canada Pharmacy (Ontario) Corp. dated January 29, 2015, as amended, restated or varied from time to time, in connection with the Liquidation Sale;



“**Liquidation Agent’s Charge and Security Interest**” means the charge over a portion of the Property created by, and as more particularly described in, paragraph 19 of the Approval Order – Agency Agreement dated February 4, 2015, and having the priority provided in paragraphs 20 and 22 of such Order;

“**Liquidation Sale**” means the sale of the Target Canada Entities’ inventory, furniture, fixtures and equipment that was approved by the Court pursuant to an Order dated February 4, 2015;

“**LPA**” means the Ontario *Limited Partnerships Act*, R.S.O. 1990, c. L. 16, as amended;

“**Meeting Materials**” has the meaning ascribed thereto in the Meeting Order;

“**Meeting Order**” means the Order, substantially in the form set out in Schedule “C” (including all schedules and appendices thereto), to be made by the Court under the CCAA that, among other things, sets the date for the Creditors’ Meeting and approves the Meeting Materials, as same may be amended, restated or varied from time to time;

“**Monitor**” means A&M, in its capacity as Court-appointed monitor of the Target Canada Entities and not in its personal capacity;

“**Monitor’s Plan Completion Certificate**” means the certificate substantially in the form to be attached to the Sanction and Vesting Order to be filed by the Monitor with the Court upon completion of its duties under the Plan;

“**Monitor’s Plan Implementation Date Certificate**” means the certificate substantially in the form to be attached to the Sanction and Vesting Order to be filed by the Monitor with the Court, declaring that all of the Conditions Precedent to implementation of the Plan have been satisfied or waived;

“**NE1**” means Nicollet Enterprise 1 S.à.r.l., a company formed under Luxembourg law and the sole shareholder of TCC;

“**NE1 Intercompany Claim**” means the Intercompany Claim 1 filed by NE1 pursuant to the Claims Procedure Order against TCC in an amount of **\$3,068,729,438** and not adjusted by the Monitor in the Intercompany Claims Report as set out in Schedule “A” and which Intercompany Claim was subordinated pursuant to a subordination and postponement agreement as of January 12, 2015, which subordination and postponement was confirmed in the terms of the Initial Order;

“**Northwest**” means Northwest Atlantic (Canada) Inc., real estate advisor to TCC in connection with the Real Property Portfolio Sales Process;

“**Notice of Final Distribution**” means a notice to Affected Creditors to be published by the Monitor at least 30 days in advance of the Final Distribution Date in The Globe and Mail (National Edition), La Presse and The Wall Street Journal notifying Affected Creditors of the Final Distribution Date, substantially in the form to be attached to the Sanction and Vesting Order;

“**NSCA**” means the Nova Scotia *Companies Act*, R.S.N. 1989, c. 81, as amended;

“**Officer**” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of any of the Target Canada Entities, in such capacity;

“**Order**” means any order of the Court, or any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;

“**Person**” means any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust (including a real estate investment trust), unincorporated organization, joint venture, government or any agency or instrumentality thereof or any other entity;

“**Pharmacists’ Representative Counsel**” means Sutts, Strosberg LLP, appointed pursuant to an Endorsement of the Court dated February 18, 2015, as clarified by Order of the Court dated February 12, 2016, as representative counsel in the CCAA Proceedings for the pharmacist franchisees who operated Target-branded retail pharmacies in TCC stores across Canada;

“**Pharmacy Purchaser**” means the Person who shall have been selected by the Target Canada Entities, in consultation with the Monitor, as the successful bidder for the Pharmacy Shares;

“**Pharmacy Shares**” means all of the issued and outstanding shares of Target Canada Pharmacy (Ontario) Corp.;

“**Pharmacy Share Sale Agreement**” means the binding share sale agreement between the Pharmacy Purchaser and TCC providing for the sale of the Pharmacy Shares to the Purchaser free and clear of all Encumbrances conditional on, *inter alia*, the issuance of the Sanction and Vesting Order and the implementation of this Plan;

“**Plan**” means this amended and restated joint plan of compromise and arrangement under the CCAA, including the Schedules hereto, as amended, supplemented or replaced from time to time;

“**Plan Implementation Date**” means the Business Day or Business Days on which all of the Conditions Precedent to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, as evidenced by the Monitor’s Plan Implementation Date Certificate to be filed with the Court;

“**Plan Sanction Date**” means the date that the Sanction and Vesting Order issued by the Court becomes a Final Order;

“**Plan Sponsor**” means Target Corporation, a corporation incorporated under Minnesota law;

“**Plan Sponsor GST/HST Contribution Amount**” has the meaning ascribed thereto in Section 5.17;

“**Plan Sponsor Guarantee**” means any guarantee, indemnity, covenant or surety granted by the Plan Sponsor or the HBC Entities in favour of a Landlord Guarantee Creditor as set

out on Schedule “D”, and for greater certainty including the Plan Sponsor’s or the HBC Entities’ guarantee in respect of the real property leases identified in Schedule “D”;

**“Plan Sponsor (Propco) Intercompany Claim”** means the Intercompany Claim 4A filed by the Plan Sponsor pursuant to the Claims Procedure Order against Propco in an amount of US\$89,079,107 and not adjusted by the Monitor in the Intercompany Claims Report as set out in Schedule “A”;

**“Plan Sponsor Propco Recovery Limit”** means an amount equal to \$23,427,369;

**“Plan Sponsor Propco Recovery Limit Reserve”** means a Cash reserve in an amount equal to the Plan Sponsor Propco Recovery Limit to be established by TCC for the benefit of Plan Sponsor from the Propco Cash Pool for distribution to the Plan Sponsor in accordance with the Plan;

**“Plan Sponsor Propco Recovery Limit Reserve Account”** means a segregated interest-bearing trust account established by TCC to hold the Plan Sponsor Propco Recovery Limit Reserve on behalf of Plan Sponsor;

**“Plan Sponsor Released Party”** has the meaning ascribed thereto in Section 7.1(c);

**“Plan Sponsor Subrogated Claim”** means any direct or indirect Claim of the Plan Sponsor against any of the Target Canada Entities arising from subrogation or assignment, but for greater certainty excluding any Plan Sponsor subrogated Claims arising as a result of payments to Landlord Guarantee Creditors of their respective Landlord Guarantee Enhancement Amounts, payments to Landlord Non-Guarantee Creditors of their respective Landlord Non-Guarantee Creditor Equalization Amounts and any Cash Management Lender Claim assigned to the Plan Sponsor or in respect of which the Plan Sponsor has a subrogated claim;

**“Plan Sponsor Subsidiaries”** means all Plan Sponsor subsidiary entities, including corporations and partnerships, other than the Target Canada Entities;

**“Plan Transactions”** has the meaning ascribed thereto in Section 6.3;

**“Plan Transaction Steps”** means the steps or transactions considered necessary or desirable to give effect to the transactions contemplated in the Plan, including those set out in Sections 6.2 and 6.3, and **“Plan Transaction Step”** means any individual transaction step;

**“Post-Filing Trade Payables”** means post-Filing Date trade payables (excluding for greater certainty any Tax Claims) that were incurred by the Target Canada Entities (a) after the Filing Date and before the Plan Implementation Date; (b) in the ordinary course of business; and (c) in compliance with the Initial Order and other Orders issued in connection with the CCAA Proceedings;

**“Pre-filing Claim”** means any right or claim of any Person against any of the Target Canada Entities, whether or not asserted, in connection with any Indebtedness, Liability or obligation of any kind whatsoever of any such Target Canada Entity in existence on the

Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Target Canada Entities with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which Indebtedness, Liability or obligation is based in whole or in part on facts that existed prior to the Filing Date, including for greater certainty any claim against any of the Target Canada Entities for indemnification by any Director or Officer in respect of a D&O Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge);

**"Principal Claim"** has the meaning ascribed thereto in Section 3.9;

**"Pro Rata Share"** means the fraction that is equal to (a) the amount of the Proven Claim of an Affected Creditor who is not a Convenience Class Creditor or a Landlord Guarantee Creditor, divided by (b) the aggregate amount of all Proven Claims held by Affected Creditors who are not Convenience Class Creditors or Landlord Guarantee Creditors;

**"Proof of Claim"** means the form that was to be completed by a Creditor setting forth its applicable Claim and filed by the Claims Bar Date or such later date as the Monitor may have agreed to in its sole discretion, pursuant to the Claims Procedure Order;

**"Propco"** means Target Canada Property LLC, a limited liability company incorporated under Minnesota law;

**"Propco Cash"** means all Cash of Propco as at the Plan Implementation Date;

**"Propco Cash Pool"** means the Cash pool comprised of the Propco Cash;

**"Propco Cash Pool Account"** means a segregated interest-bearing trust account established by TCC to hold the Propco Cash Pool on behalf of Propco;

**"Propco Creditor"** means a Creditor asserting a Claim against Propco;

**"Propco Disputed Claims Reserve"** means the Cash Reserve to be established on the Plan Implementation Date by TCC for the benefit of Propco in an amount equal to the face value of disputed Claims of the Propco Creditors and the Property LP Creditors (excluding Landlord Restructuring Period Claims but not excluding any disputed Property LP Unaffected Claims held by Landlords) and as approved by the Court under the Sanction and Vesting Order, which Cash Reserve shall be held by TCC in the Propco Disputed Claims Reserve Account on behalf of Propco for distribution in accordance with the Plan;

**"Propco Disputed Claims Reserve Account"** means a segregated interest-bearing trust account established by TCC to hold the Propco Disputed Claims Reserve;

**"Propco Intercompany Claim"** means the Intercompany Claim 6B filed by Propco pursuant to the Claims Procedure Order against TCC in an amount of **\$1,911,494,242** and

adjusted downwards by the Monitor in the Intercompany Claims Report to an amount of **\$1,356,756,051** as set out in Schedule “A”;

**“Propco (Post-filing TCC) Intercompany Claim”** means the Intercompany Claim 6C filed by Propco pursuant to the Claims Procedure Order against TCC in a gross amount of **\$43,651,173** and adjusted downwards by the Monitor in the Intercompany Claims Report to a gross amount of **\$43,526,186** as set out in Schedule “A”;

**“Propco (Pre-filing TCC) Intercompany Claim”** means the Intercompany Claim 6A filed by Propco pursuant to the Claims Procedure Order against TCC in a gross amount of **\$46,873,620** and adjusted downwards by the Monitor in the Intercompany Claims Report to a gross amount of **\$45,852,897** as set out in Schedule “A”;

**“Propco Unaffected Claim”** means a proven Claim of a Propco Creditor but excluding the balance of the Property LP (Propco) Intercompany Claim in excess of the Contributed Claim Amount, the TCC (Pre-filing Propco) Intercompany Claim, the TCC (Post-filing Propco) Intercompany Claim and the Plan Sponsor (Propco) Intercompany Claim;

**“Propco Unaffected Creditor”** means a Creditor who has a Propco Unaffected Claim;

**“Property”** means all current and future assets, undertakings and properties of the Target Canada Entities, of every nature and kind whatsoever, and wherever situate, including all Cash or other proceeds thereof;

**“Property LP”** means Target Canada Property LP, a limited partnership formed under the LPA;

**“Property LP (Propco) Intercompany Claim”** means the Intercompany Claim 5A filed by Property LP pursuant to the Claims Procedure Order against Propco in an amount of **\$1,449,577,927** and not adjusted by the Monitor in the Intercompany Claims Report as set out in Schedule “A”;

**“Property LP Creditor”** means a Creditor asserting a Claim against Property LP;

**“Property LP Unaffected Claim”** means a proven Claim of a Property LP Creditor;

**“Property LP Unaffected Creditor”** means a Creditor who has a Property LP Unaffected Claim;

**“Proven Claim”** means a Claim of an Affected Creditor finally determined for distribution purposes in accordance with the Claims Procedure Order and the Plan;

**“Proxy”** means the proxy form enclosed with the Meeting Materials to be delivered to or otherwise made available to the Affected Creditors in accordance with the Meeting Order;

**“Real Property Portfolio Sales Process”** means the sales process conducted in respect of the Target Canada Entities’ leased and owned real property assets, which sales process was approved by the Court pursuant to an Order dated February 11, 2015;

**“Released Parties”** means those Persons who are released pursuant to Section 7.1, including the Target Canada Released Parties, the Plan Sponsor Released Parties, the Third Party Released Parties and the Employee Trust Released Parties;

**“Required Majority”** means a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of such Affected Creditors who actually vote on the Resolution (in person or by Proxy) at the Creditors’ Meeting or who were deemed to vote on the Resolution in accordance with the Plan and the Meeting Order;

**“Resolution”** means the resolution approving the Plan presented to the Affected Creditors for consideration at the Creditors’ Meeting;

**“Restructuring Period Claim”** means any right or claim of any Person against any of the Target Canada Entities in connection with any Indebtedness, Liability or obligation of any kind whatsoever owed by any such Target Canada Entity to such Person arising out of the restructuring, assignment, disclaimer, resiliation, termination or breach by such Target Canada Entity, on or after the Filing Date, of any contract, lease or other agreement, whether written or oral, excluding a Landlord Restructuring Period Claim;

**“Sanction and Vesting Order”** means the Order to be sought by the Applicants from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder;

**“Stay of Proceedings”** means the stay of proceedings created by the Initial Order as amended and extended by further Orders of the Court from time to time;

**“Subordinated Intercompany Claims”** means only the NE1 Intercompany Claim, the Propco Intercompany Claim, the Propco (Pre-filing TCC) Intercompany Claim and the Propco (Post-filing TCC) Intercompany Claim;

**“Target Canada Entities”** has the meaning ascribed thereto in the Recitals;

**“Target Canada Released Party”** has the meaning ascribed thereto in Section 7.1(a);

**“Tax”** means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

**“Tax Claims”** means any claims of any Taxing Authorities against the Target Canada Entities arising on and after the Plan Implementation Date;

**“Tax Obligation”** means any amount of Tax owing by a Person to a Taxing Authority;

**“Taxing Authorities”** means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any municipality of Canada, the

Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and “**Taxing Authority**” means any one of the Taxing Authorities;

“**TCC**” means Target Canada Co., an unlimited liability company incorporated under the NSCA;

“**TCC Cash Pool**” means the Cash pool comprised of all Cash of the Target Canada Entities (excluding Propco) and including the net proceeds of the liquidation of TCC’s Property;

“**TCC Cash Pool Account**” means a segregated interest-bearing trust account established by TCC to hold the TCC Cash Pool on behalf of the Target Canada Entities;

“**TCC Disputed Claims Reserve**” means the Cash Reserve to be established on the Plan Implementation Date by TCC from the TCC Cash Pool in an amount equal to the expected distributions to be made to all Creditors with Disputed Claims (based on the face value of each Disputed Claim), and as approved by the Court under the Sanction and Vesting Order, which Cash Reserve shall be held by TCC in the TCC Disputed Claims Reserve Account for distribution in accordance with the Plan;

“**TCC Disputed Claims Reserve Account**” means a segregated interest-bearing trust account established by TCC to hold the TCC Disputed Claims Reserve;

“**TCC (Post-filing Propco) Intercompany Claim**” means the Intercompany Claim 7B filed by TCC pursuant to the Claims Procedure Order against Propco in an amount of **\$6,303,621** and adjusted upwards by the Monitor in the Intercompany Claims Report to an amount of **\$6,966,363** as set out in Schedule “A”;

“**TCC (Pre-filing Propco) Intercompany Claim**” means the Intercompany Claim 7A filed by TCC pursuant to the Claims Procedure Order against Propco in an amount of **\$19,619,511** and adjusted downwards by the Monitor in the Intercompany Claims Report to an amount of **\$11,620,369** as set out in Schedule “A”;

“**TCC Secured Construction Lien Claim**” means a proven Claim against TCC in respect of amounts secured by a perfected construction lien pursuant to Applicable Law against a leasehold interest of TCC that was assigned pursuant to the Real Property Portfolio Sales Process;

“**Third Party Released Party**” has the meaning ascribed thereto in Section 7.1(b);

“**Transfer Restrictions**” means any and all restrictions on the transfer of shares, limited partnership or other units or interests in real property including rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sales provisions or similar rights of shareholders or lenders in respect of such interests;

**“Unaffected Claim”** means: (a) an Excluded Claim; (b) a claim in respect of the Administrative Reserve Costs; (c) a Propco Unaffected Claim; (d) a Property LP Unaffected Claim; (e) a claim in respect of a Plan Sponsor Guarantee, including a Landlord Guarantee Claim; and (f) a TCC Secured Construction Lien Claim;

**“Unaffected Creditor”** means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

**“Unsecured Creditors’ Class”** has the meaning ascribed thereto in Section 3.1;

**“Voting Claim”** means the amount of the Affected Claim of an Affected Creditor as finally determined for voting purposes in accordance with the Claims Procedure Order and the Meeting Order entitling such Affected Creditor to vote at the Creditors’ Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA, and includes, for greater certainty, a Proven Claim;

**“Website”** means [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada); and

**“Withholding Obligation”** has the meaning ascribed thereto in Section 5.16(c).

## 1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, restated or varied from time to time;
- (c) unless otherwise specified, all references to currency and to “\$” or “Cdn\$” are to Canadian dollars;
- (d) the division of the Plan into “Articles” and “Sections” and the insertion of a Table of Contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “Articles” and “Sections” otherwise intended as complete or accurate descriptions of the content thereof;
- (e) references in the Plan to “Articles”, “Sections”, “Subsections” and “Schedules” are references to Articles, Sections, Subsections and Schedules of or to the Plan;
- (f) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;



- (g) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (h) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (i) the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions shall be deemed to refer generally to the Plan and not to any particular “Article”, “Section” or other portion of the Plan and include any documents supplemental hereto; and
- (j) the word “or” is not exclusive.

### **1.3 Time**

For purposes of the Plan, unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean prevailing local time in Toronto, Ontario, Canada, unless otherwise stipulated.

### **1.4 Date and Time for any Action**

For purposes of the Plan:

- (a) In the event that any date on which any action is required to be taken under the Plan by any Person is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and
- (b) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

### **1.5 Successors and Assigns**

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, liquidators, receivers, trustees in bankruptcy, and successors and assigns of any Person or party named or referred to in the Plan.

## **1.6 Governing Law**

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

## **1.7 Currency**

Unless specifically provided for in the Plan or the Sanction and Vesting Order, for the purposes of voting or distribution under the Plan, a Claim shall be denominated in Canadian dollars and all payments and distributions to Affected Creditors on account of their Proven Claims, to Propco Unaffected Creditors on account of their Propco Unaffected Claims, to Property LP Unaffected Creditors on account of their Property LP Unaffected Claims and to Landlord Guarantee Creditors on account of their Landlord Guarantee Enhancement Amounts shall be made in Canadian dollars. In accordance with paragraph 6 of the Claims Procedure Order, any Claim in a currency other than Canadian dollars must be converted to Canadian dollars, and any such amount shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date, which rate is US\$1:Cdn\$1.1932.

## **1.8 Schedules**

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

|              |   |
|--------------|---|
| Schedule "A" | Intercompany Claims                     |
| Schedule "B" | Domain Names                            |
| Schedule "C" | Meeting Order                           |
| Schedule "D" | Landlord Guarantee Creditors            |
| Schedule "E" | Landlord Non-Guarantee Creditors        |
| Schedule "F" | Employee Trust Termination Certificate  |
| Schedule "G" | Employee Trust Property Joint Direction |
| Schedule "H" | Co-Tenancy Stay Schedule                |

## **ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN**

### **2.1 Purpose of Plan**

The purpose of the Plan is to:

- (a) complete the controlled, orderly and timely wind down of certain of the Target Canada Entities;
- (b) effect a compromise, settlement and payment of all Proven Claims as finally determined for voting and distribution purposes pursuant to the Claims Procedure Order and the Meeting Order;
- (c) obtain third party releases of the Plan Sponsor and Plan Sponsor Subsidiaries, among others, other than in respect of the Landlord Guarantee Claims; and
- (d) comply with the January 15 Endorsement, avoid protracted litigation and effect a global resolution of the CCAA Proceedings,

in the expectation that all Persons with an economic interest in the Business will derive a greater benefit from the implementation of the Plan than would result from a bankruptcy of the Target Canada Entities.

## **2.2 Persons Affected**

The Plan provides for a wind down of certain of the Target Canada Entities and a compromise of the Affected Claims. The Plan will become effective at the Effective Time on the Plan Implementation Date. On the Plan Implementation Date, the Affected Claims will be fully and finally compromised, released, settled and discharged to the extent provided for under the Plan. The Plan shall be binding on and shall enure to the benefit of the Target Canada Entities, the Affected Creditors, the Released Parties and all other Persons named or referred to in, receiving the benefit of or subject to, the Plan.

## **2.3 Persons Not Affected**

For greater certainty, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims, including for greater certainty the Landlord Guarantee Creditors with respect to and to the extent of their Landlord Guarantee Claims. Nothing in the Plan shall affect any Target Canada Entity's rights and defences, both legal and equitable, with respect to any Unaffected Claims including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

## **2.4 Subordinated Intercompany Claims**

Notwithstanding anything to the contrary in the Plan, no Person shall be entitled to any distributions under the Plan in respect of its Subordinated Intercompany Claim unless and until all of the Affected Creditors (including Affected Creditors that are holders of non-subordinated Intercompany Claims and holders of Plan Sponsor Subrogated Claims) have received aggregate distributions under the Plan totalling the full amount of their respective Proven Claims.

## **2.5 Plan Sponsor Agreement**

Plan Sponsor shall enter into an agreement with the Target Canada Entities to be bound by the Plan and the Landlord Guarantee Creditor Settlement Agreement and to perform all of its obligations hereunder and thereunder, conditional on the occurrence of the Plan Implementation Date, including without limitation delivering **\$25.451 million** to TCC to be deposited to the

Landlord Guarantee Enhancement Cash Pool pursuant to Section 4.3 and contributing \$7.521 million to TCC for purposes of TCC establishing the Landlord Non-Guarantee Creditor Equalization Cash Pool pursuant to Section 4.8. For greater certainty, these payments do not give rise to a subrogated claim by the Plan Sponsor.

## 2.6 Equity Claims

All Persons holding Equity Claims shall not be entitled to vote at or attend the Creditors' Meeting, and shall not receive any distributions under the Plan or otherwise receive any other compensation in respect of their Equity Claims.

## ARTICLE 3

### CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

#### 3.1 Classification of Creditors

For the purposes of considering, voting on and receiving distributions under the Plan, the Affected Creditors shall constitute a single class, the "Unsecured Creditors' Class".

#### 3.2 Claims of Affected Creditors/Convenience Class Creditors

- (a) Affected Creditors with Proven Claims that are less than or equal to **\$25,000** in the aggregate shall be deemed to vote in favour of the Plan and shall be entitled to receive cash distributions equivalent to the amount of their Proven Claims and no further distributions under the Plan.
- (b) Affected Creditors with Proven Claims in excess of **\$25,000** who deliver a duly completed and executed Convenience Class Claim Election to the Monitor by the Election/Proxy Deadline, shall be treated for all purposes as Convenience Class Creditors and shall be deemed to vote in favour of the Plan and shall be entitled to receive only the Cash Elected Amount and no further distributions under the Plan.
- (c) Affected Creditors who are not Convenience Class Creditors (including Affected Creditors with Disputed Claims which have become Proven Claims) shall be entitled to vote their Voting Claims at the Creditors' Meeting in respect of the Plan and shall be entitled to receive distributions on their Proven Claims pursuant to the Plan.

#### 3.3 Unaffected Claims

Unaffected Claims shall not be compromised under the Plan. No holder of an Unaffected Claim shall:

- (a) be treated as a Convenience Class Creditor;
- (b) be entitled to vote on the Plan or attend at any Creditors' Meeting in respect of such Unaffected Claim; or
- (c) be entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim, unless specifically provided for under and pursuant to the Plan.

### **3.4 Priority Claims**

The Employee Priority Claims and the Government Priority Claims, if any, shall be paid on or after the Plan Implementation Date from the Administrative Reserve Account pursuant to and in accordance with Section 6.3 of the Plan, the Sanction and Vesting Order and the CCAA.

### **3.5 Creditors' Meeting**

The Creditors' Meeting shall be held in accordance with the Plan, the Claims Procedure Order, the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Creditors' Meeting shall be representatives of the Target Canada Entities and the Plan Sponsor and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors, the Pharmacists' Representative Counsel, the Employee Representative Counsel, the Employee Trust Trustee and his legal counsel and all other Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors.

### **3.6 Voting**

- (a) Each Affected Creditor in the Unsecured Creditors' Class who is entitled to vote at the Creditors' Meeting, pursuant to and in accordance with the Claims Procedure Order, the Meeting Order, the Plan and the CCAA, shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim.
- (b) Convenience Class Creditors shall be deemed to vote in favour of the Plan.
- (c) Holders of Intercompany Claims shall not be entitled to vote on the Plan.
- (d) The Plan Sponsor shall not be entitled to vote on the Plan in respect of its Plan Sponsor Subrogated Claims.
- (e) The Plan Sponsor shall not be entitled to vote on the Plan in respect of any amounts contributed to the Landlord Guarantee Enhancement Cash Pool and to the Landlord Non-Guarantee Creditor Equalization Cash Pool.
- (f) The Plan Sponsor shall not be entitled to vote on the Plan in respect of any Cash Management Lender Claims (which constitute Unaffected Claims).

### **3.7 Procedure for Valuing Voting Claims**

The procedure for valuing Voting Claims and resolving disputes and entitlements to voting shall be as set forth in the Claims Procedure Order, the Meeting Order, the Plan and the CCAA. The Monitor, in consultation with the Target Canada Entities, shall have the right to seek the assistance of the Court in valuing any Voting Claim in accordance with the Meeting Order and the Plan, if required, and to ascertain the result of any vote on the Plan.

### **3.8 Approval by Creditors**

In order to be approved, the Plan must receive the affirmative vote of the Required Majority of the Unsecured Creditors' Class.

### 3.9 Guarantees and Similar Covenants

No Person who has a Claim under a Guarantee in respect of any Claim which is compromised under the Plan (such compromised Claim being the “**Principal Claim**”), or who has any right to or claim over in respect of or to be subrogated to the rights of any Person in respect of the Principal Claim, shall:

- (a) be entitled to any greater rights as against the Target Canada Entities than the Person holding the Principal Claim;
- (b) be entitled to vote on the Plan to the extent that the Person holding the Principal Claim is voting on the Plan; or
- (c) be entitled to receive any distribution under the Plan to the extent that the Person holding the Principal Claim is receiving a distribution.

## ARTICLE 4 PROPCO CASH POOL, TCC CASH POOL, CASH RESERVES, AND LANDLORD CASH POOLS

### 4.1 Creation of the Propco Cash Pool

On the Plan Implementation Date, Propco shall deliver to TCC by way of wire transfer to the Propco Cash Pool Account (in accordance with the wire transfer instructions provided by TCC at least three (3) Business Days prior to the Plan Implementation Date) the aggregate of all of its Cash, which Cash shall be held by TCC on behalf of Propco as the Propco Cash Pool.

TCC shall hold the Propco Cash Pool in the Propco Cash Pool Account and shall distribute such Cash in the Propco Cash Pool Account, net of the Propco Disputed Claims Reserve, in accordance with Sections 5.2, 5.3, 5.4 and 5.5 of the Plan.

### 4.2 The Propco Disputed Claims Reserve

On the Plan Implementation Date, TCC shall transfer from the Propco Cash Pool Account the Cash necessary to establish the Propco Disputed Claims Reserve for the benefit of Propco. TCC shall hold the Propco Disputed Claims Reserve in the Propco Disputed Claims Reserve Account on behalf of Propco for the purpose of paying amounts to Propco Creditors and Property LP Creditors in respect of their disputed Claims against Propco or Property LP which have become Propco Unaffected Claims or Property LP Unaffected Claims, in whole or in part, in accordance with the Plan.

TCC shall distribute such Cash in the Propco Disputed Claims Reserve Account in accordance with Sections 5.4 and 5.5 of the Plan.

### 4.3 Creation of the Landlord Guarantee Enhancement Cash Pool

Two (2) Business Day prior to the Plan Implementation Date, the Plan Sponsor shall deliver **\$25.451 million** to TCC by way of wire transfer (in accordance with the wire transfer instructions provided by TCC at least five (5) Business Days prior to the Plan Implementation Date), which amount TCC shall hold in trust for the Plan Sponsor and shall deposit into the Landlord Guarantee

Enhancement Cash Pool Account for the benefit of the Plan Sponsor on the Plan Implementation Date. On the Initial Distribution Date, the Plan Sponsor shall direct and shall be deemed to direct TCC to deposit for the benefit of the Plan Sponsor **\$34.081 million** from the distributions payable under Section 5.3 of the Plan into the Landlord Guarantee Enhancement Cash Pool Account in accordance with Section 5.3 of the Plan.

TCC shall hold the Landlord Guarantee Enhancement Cash Pool in the Landlord Guarantee Enhancement Cash Pool Account on behalf of the Plan Sponsor in accordance with Section 5.10 of the Plan for the purpose of satisfying the Plan Sponsor's obligations to pay the Landlord Guarantee Enhancement Amounts in accordance with Section 2.5 of the Plan.

#### **4.4 The Plan Sponsor Propco Recovery Limit Reserve**

The Plan Sponsor Propco Recovery Limit Reserve shall be funded in accordance with Section 5.3 up to a maximum amount equal to the Plan Sponsor Propco Recovery Limit.

TCC shall distribute such Cash in the Plan Sponsor Propco Recovery Limit Reserve Account for the account of Propco in accordance with Section 5.6 of the Plan.

#### **4.5 Creation of the TCC Cash Pool**

On the Plan Implementation Date, the Target Canada Entities (other than TCC and Propco) shall deliver to TCC by way of wire transfer (in accordance with the wire transfer instructions provided by TCC at least three (3) Business Days prior to the Plan Implementation Date) the aggregate of all of their Cash, if any, which Cash, together with TCC's Cash, shall be held by TCC on behalf of the Target Canada Entities as the TCC Cash Pool.

TCC shall hold the TCC Cash Pool in the TCC Cash Pool Account and shall distribute such Cash in the TCC Cash Pool Account, net of the Administrative Reserve, the TCC Disputed Claims Reserve, the Landlord Guarantee Creditor Base Claim Cash Pool and the Landlord Non-Guarantee Creditor Equalization Cash Pool, in accordance with Sections 5.7, 5.11 and 5.12 of the Plan.

#### **4.6 The Administrative Reserve**

On the Plan Implementation Date, TCC shall transfer from the TCC Cash Pool Account the Cash necessary to establish the Administrative Reserve.

TCC shall hold the Administrative Reserve in the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs in accordance with the Plan and shall distribute any remaining balance in the Administrative Reserve Account in accordance with Section 5.12 of the Plan.

#### **4.7 The TCC Disputed Claims Reserve**

On the Plan Implementation Date, TCC shall transfer from the TCC Cash Pool Account the Cash necessary to establish the TCC Disputed Claims Reserve. TCC shall hold the TCC Disputed Claims Reserve in the TCC Disputed Claims Reserve Account for the purpose of paying amounts to Affected Creditors in respect of their Disputed Claims which have become Proven Claims, in whole or in part, in accordance with the Claims Procedure Order and the Plan.

As Disputed Claims are resolved by the Monitor, TCC shall at the direction of the Monitor transfer amounts from the TCC Disputed Claims Reserve Account to the TCC Cash Pool Account, with any final balance remaining in the TCC Disputed Claims Reserve Account (once all Disputed Claims have been finally determined), including any interest thereon, to be contributed by TCC to the TCC Cash Pool Account for distribution to Affected Creditors with Proven Claims pursuant to and in accordance with Section 5.12 the Plan.

#### **4.8 Landlord Non-Guarantee Creditor Equalization Cash Pool**

Two (2) Business Days prior to the Plan Implementation Date, the Plan Sponsor shall deliver **\$7.521 million** to TCC by way of wire transfer (in accordance with the wire transfer instructions provided by TCC at least five (5) Business Days prior to the Plan Implementation Date), which amount TCC shall hold in trust for the benefit of the Plan Sponsor, and which shall on the Plan Implementation Date be deemed to be contributed by the Plan Sponsor to TCC, and which shall then be deposited by TCC into the Landlord Non-Guarantee Creditor Equalization Cash Pool. TCC shall hold the Landlord Non-Guarantee Creditor Equalization Cash Pool in the Landlord Non-Guarantee Creditor Equalization Cash Pool Account in accordance with Section 5.8 of the Plan for the purpose of paying the Landlord Non-Guarantee Creditor Equalization Amounts in accordance with Section 5.8 of the Plan.

#### **4.9 Landlord Guarantee Creditor Base Claim Cash Pool**

On the Plan Implementation Date, TCC shall transfer from the TCC Cash Pool Account the Cash necessary to establish the Landlord Guarantee Creditor Base Claim Cash Pool. TCC shall hold the Landlord Guarantee Creditor Base Claim Cash Pool in the Landlord Guarantee Creditor Base Claim Cash Pool Account for the purpose of paying the Landlord Guarantee Creditor Base Claim Amounts in accordance with Section 5.9 of the Plan.

### **ARTICLE 5**

#### **PROVISIONS REGARDING DISTRIBUTIONS AND DISBURSEMENTS**

All distributions and disbursements to be effected pursuant to the Plan shall be made pursuant to this Article 5 and shall occur in the manner set out below under the supervision of the Monitor.

Notwithstanding any other provisions of the Plan, no distributions or transfers of Cash shall be made by TCC with respect to all or any portion of a Disputed Claim, all or any portion of a disputed Claim against Propco or Property LP or all or any portion of a disputed TCC Secured Construction Lien Claim unless and only to the extent that such Disputed Claim has become a Proven Claim, or such disputed Claim against Propco or Property LP has become a Propco Unaffected Claim or Property LP Unaffected Claim, as applicable, or such disputed TCC Secured Construction Lien Claim has become a proven Unaffected Claim, in whole or in part.



### **5.1 Subordination in respect of Propco and Property LP**

On the Plan Implementation Date in order to provide for the payment in full of the Propco Unaffected Claims and the Property LP Unaffected Claims:

- (a) Property LP shall subordinate that amount of the Property LP (Propco) Intercompany Claim that is in excess of the Contributed Claim Amount, in favour of the proven Claims of all Propco Creditors;
- (b) the Plan Sponsor shall subordinate the Plan Sponsor (Propco) Intercompany Claim in favour of (i) the proven Claims of the Propco Unaffected Creditors and (ii) the Contributed Claim Amount; and
- (c) TCC shall subordinate the TCC (Pre-filing Propco) Intercompany Claim and the TCC (Post-filing Propco) Intercompany Claim in favour of (i) the proven Claims of the Propco Unaffected Creditors and (ii) the Contributed Claim Amount.

### **5.2 Distributions to Propco Unaffected Creditors**

Forthwith after giving effect to the subordinations set out in Section 5.1, TCC shall create the Propco Disputed Claims Reserve, and thereafter TCC shall on behalf of and for the account of Propco, pay Propco Unaffected Creditors (other than Property LP) with Propco Unaffected Claims in full solely from the Propco Cash Pool Account, by cheque sent by pre-paid ordinary mail to the address for such Propco Unaffected Creditor as set out in its Proof of Claim. For greater certainty, Claims of Creditors who are Landlords (excluding a Landlord holding a Property LP Unaffected Claim) shall not receive a distribution from the Propco Cash Pool Account.

If a Propco Unaffected Creditor has submitted a Proof of Claim against the Target Canada Entities (in addition to its Proof of Claim against Propco) in respect of its Propco Unaffected Claim, such Propco Unaffected Creditor shall not be entitled to and shall not receive any distributions from the TCC Cash Pool Account in respect of such Claim.

### **5.3 Re-contribution by Plan Sponsor in respect of Property LP (Propco) Intercompany Claim**

- (a) On the Initial Distribution Date, following the payments to Propco Unaffected Creditors set out in Section 5.2:
  - (i) TCC, on behalf of and for the account of Property LP, shall first pay the Property LP Unaffected Claims at the direction of Property LP in accordance with Section 5.4; and
  - (ii) TCC, on behalf of and for the account of Propco, shall then distribute the remaining Cash in the Propco Cash Pool Account to the following Persons on a pro rata basis:
    - (A) TCC, on account of the TCC (Pre-filing Propco) Intercompany Claim and the TCC (Post-filing Propco) Intercompany Claim in partial satisfaction of such Intercompany Claims;

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- (B) the Plan Sponsor, on account of the Plan Sponsor (Propco) Intercompany Claim in partial satisfaction of such Intercompany Claim; and
  - (C) Property LP, on account of that amount of the Property LP (Propco) Intercompany Claim that is in excess of the Contributed Claim Amount in partial satisfaction of such Intercompany Claim.
- (b) On the Initial Distribution Date:
- (i) First, Property LP shall direct and shall be deemed to direct TCC to pay to the Plan Sponsor any amounts payable to Property LP on account of the distributions set out in Section 5.3(a)(ii)(C);
  - (ii) Second, Plan Sponsor shall direct and shall be deemed to direct TCC to deposit an amount of **\$34.081 million** into the Landlord Guarantee Enhancement Cash Pool Account on account of the distributions set out in Sections 5.3(a)(ii)(B) and amounts payable to the Plan Sponsor as set out in Section 5.3(b)(i);
  - (iii) Third, Plan Sponsor shall and shall be deemed to direct TCC to deposit any remaining balance of the distributions set out in Sections 5.3(a)(ii)(B) and amounts payable to the Plan Sponsor as set out in Section 5.3(b)(i) into the Plan Sponsor Propco Recovery Limit Reserve Account up to a maximum amount equal to the Plan Sponsor Propco Recovery Limit; and
  - (iv) Fourth, TCC shall deposit its distribution set out in Section 5.3(a)(ii)(A) into the TCC Cash Pool Account, and the Plan Sponsor shall and shall be deemed to direct TCC to deposit any ultimate balance of the distributions set out in Sections 5.3(a)(ii)(B) and amounts payable to the Plan Sponsor as set out in Section 5.3(b)(i) into the TCC Cash Pool Account as a contribution by Plan Sponsor to TCC.
- (c) After disputed Claims of Propco Creditors and Property LP Creditors are resolved by the Monitor, TCC shall, at the direction of the Monitor distribute the balance of the Cash in the Propco Disputed Claims Reserve to TCC, the Plan Sponsor and Property LP on a pro rata basis on account of the remaining balance, if any, of those Intercompany Claims set out in Section 5.3(a)(ii) in full and final satisfaction of such Intercompany Claims and such amounts shall and shall be deemed to have been treated by the applicable parties in the same manner as provided for in Section 5.3(b).

#### **5.4 Distributions on Account of Property LP Unaffected Claims**

Property LP shall be obligated to satisfy all Property LP Unaffected Claims.

For purposes of facilitating the payment of all such Property LP Unaffected Claims, Property LP directs and shall be deemed to direct that Propco shall pay such Property LP Unaffected Claims on behalf of and for the account of Property LP in payment and satisfaction by Propco of that

portion of the Property LP (Propco) Intercompany Claim that is equal to the Contributed Claim Amount.

For ease and convenience, a disputed Claim against Property LP shall be resolved pursuant to Section 5.5 as if it were a disputed Claim against Propco, and the payment of any such Claim shall be deemed to be treated by the applicable parties in the same manner as provided for in Section 5.2 and Section 5.3.

### **5.5 Resolution of Disputed Propco Creditor Claims and Disputed Property LP Creditor Claims**

From and after the Plan Implementation Date, as frequently as the Monitor may determine in its sole and unfettered discretion, TCC on behalf of Propco shall pay to each Propco Creditor or Property LP Creditor with a disputed Claim that has become a Propco Unaffected Claim or a Property LP Unaffected Claim, respectively, in whole or in part, on or before the third Business Day prior to a Distribution Date (other than the Final Distribution Date), an amount of Cash from the Propco Disputed Claims Reserve Account equal to such Propco Unaffected Claim or Property LP Unaffected Claim, and any balance remaining in the Propco Disputed Claims Reserve Account relating to such Propco Creditor's or Property LP Creditor's disputed Claim shall be deposited into the Plan Sponsor Propco Recovery Limit Reserve Account or the TCC Cash Pool Account, as the case may be, in accordance with Section 5.3(c).

### **5.6 Distributions from Plan Sponsor Propco Recovery Limit Reserve Account**

- (a) On the Initial Distribution Date, TCC, on behalf of Propco, shall pay to the Plan Sponsor in respect of the Plan Sponsor (Propco) Intercompany Claim an amount of Cash from the Plan Sponsor Propco Recovery Limit Reserve Account equal to the product of (a) the Plan Sponsor Propco Recovery Limit multiplied by (b) the percentage recovery to Affected Creditors (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) from the TCC Cash Pool on the Initial Distribution Date in accordance with Section 5.7(b) below.
- (b) On each subsequent date on which TCC makes distributions to Affected Creditors pursuant to Section 5.11, TCC:
  - (i) with the assistance of the Monitor, shall determine the aggregate percentage recovery to Affected Creditors (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) from the TCC Cash Pool up to and including such distribution (and taking into account prior distributions) on such date (the "**Aggregate Recovery Percentage**"); and
  - (ii) shall pay to the Plan Sponsor an amount of Cash from the Plan Sponsor Propco Recovery Limit Reserve Account equal to (i) the product of (1) the Plan Sponsor Propco Recovery Limit multiplied by (2) the Aggregate Recovery Percentage, less (ii) the amount of distributions already made to the Plan Sponsor from the Plan Sponsor Propco Recovery Limit Reserve Account.

- (c) On the Final Distribution Date, TCC:
- (i) with the assistance of the Monitor, shall determine the final aggregate percentage recovery to Affected Creditors (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) from the TCC Cash Pool up to and including the final distribution (and taking into account prior distributions) (the “**Final Aggregate Recovery Percentage**”);
  - (ii) shall pay to the Plan Sponsor an amount of Cash from the Plan Sponsor Propco Recovery Limit Reserve Account equal to (i) the product of (1) the Plan Sponsor Propco Recovery Limit multiplied by (2) the Final Aggregate Recovery Percentage, less (ii) the amount of distributions already made to the Plan Sponsor from the Plan Sponsor Propco Recovery Limit Reserve Account; and
  - (iii) thereafter, shall deposit into the TCC Cash Pool Account on behalf of Plan Sponsor as a contribution to TCC any remaining balance in the Plan Sponsor Propco Recovery Limit Reserve Account.

**5.7 Initial Distributions from TCC Cash Pool Account to Affected Creditors with Proven Claims**

On the Initial Distribution Date, the Cash in the TCC Cash Pool Account shall be distributed by TCC, on behalf and for the account of the Target Canada Entities, as follows:

- (a) each Convenience Class Creditor shall receive a distribution in the amount of its Convenience Class Claim, by cheque sent by prepaid ordinary mail to the address for such Convenience Class Creditor as set out in its Proof of Claim; and
- (b) each Affected Creditor (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) with a Proven Claim shall receive a distribution in an amount equal to its Pro Rata Share of the Cash in the TCC Cash Pool Account (after effecting the payments in Section 5.7(a)) by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim.

**5.8 Disbursements of Landlord Non-Guarantee Creditor Equalization Amounts**

On the Initial Distribution Date, TCC, on behalf and for the account of the Target Canada Entities, shall disburse to each Landlord Non-Guarantee Creditor with a Proven Claim that is a Landlord Restructuring Period Claim, each Landlord Non-Guarantee Creditor’s Landlord Non-Guarantee Creditor Equalization Amount from the Landlord Non-Guarantee Creditor Equalization Cash Pool Account by cheque sent by prepaid ordinary mail to the address for such Landlord in accordance with such Landlord’s Proof of Claim.

### **5.9 Disbursements of Landlord Guarantee Creditor Base Claim Amounts**

On the Initial Distribution Date, TCC, on behalf and for the account of the Target Canada Entities, shall disburse to each Landlord Guarantee Creditor with a Proven Claim that is a Landlord Restructuring Period Claim, each Landlord Guarantee Creditor's Landlord Guarantee Creditor Base Claim Amount from the Landlord Guarantee Creditor Base Claim Cash Pool Account by cheque sent by prepaid ordinary mail to the address for such Landlord in accordance with such Landlord's Proof of Claim.

### **5.10 Disbursements of Landlord Guarantee Enhancement Amount**

On the Initial Distribution Date, TCC, on behalf and for the account of the Plan Sponsor in satisfaction of the Plan Sponsor's obligations under the Landlord Guarantee Creditor Settlement Agreement, shall disburse, in accordance with the Landlord Guarantee Creditor Settlement Agreement, to each Landlord Guarantee Creditor each Landlord Guarantee Creditor's Landlord Guarantee Enhancement Amount from the Landlord Guarantee Enhancement Cash Pool Account by cheque sent by prepaid ordinary mail to the address for such Landlord in accordance with such Landlord's Proof of Claim.

### **5.11 Resolution of Disputed TCC Creditor Claims and Subsequent Distributions**

Subject to Section 5.7, from and after the Initial Distribution Date, as frequently as the Monitor may determine in its sole and unfettered discretion, TCC, on behalf of the Target Canada Entities, shall distribute to:

- (a) each Affected Creditor (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) with a Disputed Claim that has become a Proven Claim in whole or in part, on or before the third (3<sup>rd</sup>) Business Day prior to a Distribution Date (other than the Final Distribution Date), an amount of Cash from the TCC Disputed Claims Reserve Account equal to the aggregate amount of all distributions such Affected Creditor would have otherwise already received pursuant to the Plan had its Disputed Claim been a Proven Claim on and as of the Initial Distribution Date, and any remaining balance in the TCC Disputed Claims Reserve Account relating to such Affected Creditor's Disputed Claim shall be deposited into the TCC Cash Pool Account; and
- (b) each Affected Creditor (other than a Convenience Class Creditor or a Landlord Guarantee Creditor in respect of its Landlord Guarantee Creditor Base Claim Amount) with a Proven Claim an amount equal to such Affected Creditor's respective Pro Rata Share of the Cash in the TCC Cash Pool Account (subsequent to effecting the payments in Section 5.11(a)) by cheque sent by prepaid ordinary mail to the address for such Affected Creditor as set out in its Proof of Claim.

### **5.12 Final Distribution**

On the Final Distribution Date, once TCC has effected all distributions pursuant to Section 5.11 and there are no remaining Disputed Claims, and following the deposits into the TCC Cash Pool Account set out in Sections 5.3(b)(iv), 5.3(c), and 5.6(c)(iii):

- (a) TCC, on behalf of the Target Canada Entities, shall pay any final Administrative Reserve Costs;
- (b) thereafter, TCC shall contribute any balance remaining in the Administrative Reserve Account and the TCC Disputed Claims Reserve Account to the TCC Cash Pool Account;
- (c) thereafter, TCC shall distribute to the Affected Creditors (other than Convenience Class Creditors and Landlord Guarantee Creditors in respect of their Landlord Guarantee Creditor Base Claim Amounts) with Proven Claims an amount equal to such Affected Creditor's respective Pro Rata Share of any Cash in the TCC Cash Pool Account; and
- (d) thereafter, TCC shall provide written notice to the Monitor that it has completed its duties to effect all distributions, disbursements and payments in accordance with the Plan.

### **5.13 Treatment of Undeliverable Distributions**

If any Affected Creditor's, Propco Unaffected Creditor's or Property LP Unaffected Creditor's distribution is returned as undeliverable or is not cashed, no further distributions to such Creditor shall be made unless and until the Monitor is notified by such Creditor of its current address or wire particulars, at which time all such distributions shall be made to such Creditor without interest. All claims for undeliverable or un-cashed distributions in respect of Proven Claims, Propco Unaffected Claims or Property LP Unaffected Claims must be made on or before the deadline specified in the Notice of Final Distribution, after which date the Claims of such Creditor or successor or assign of such Creditor with respect to such unclaimed or un-cashed distributions shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Law to the contrary, at which time the Cash amount held by TCC in relation to such Claim shall be returned to the TCC Cash Pool Account or the Propco Cash Pool Account. Nothing in the Plan or Sanction and Vesting Order shall require the Monitor or TCC to attempt to locate the holder of any Proven Claim, Propco Unaffected Claim or Property LP Unaffected Claim.

If any Landlord Guarantee Creditor's distribution from the Landlord Guarantee Enhancement Cash Pool or any Landlord Non-Guarantee Creditor's distribution from the Landlord Non-Guarantee Creditor Equalization Cash Pool is returned as undeliverable or is not cashed, no further distributions to such Landlord shall be made unless and until the Monitor is notified by such Landlord of its current address or wire particulars, at which time all such distributions shall be made to such Landlord without interest. All claims for undeliverable or un-cashed distributions in respect of Landlord Guarantee Enhancement Amounts and Landlord Non-Guarantee Creditor Equalization Amounts must be made on or before the deadline specified in the Notice of Final Distribution, after which date the claims of such Landlord or successor or assign of such Landlord with respect to such unclaimed or un-cashed distributions shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Law to the contrary, at which time: (a) in the case of a Landlord Guarantee Enhancement Amount, (i) the percentage of the Cash amount held by TCC in relation to such Landlord Guarantee Enhancement Amount equal to **\$25.451** million divided by the total amount of the Landlord Guarantee Enhancement Cash Pool as at the Plan Implementation Date shall be returned to the Plan Sponsor in accordance

with the wire transfer instructions to be provided by the Plan Sponsor to TCC, and (ii) the balance of the Cash amount held by TCC in relation to such Landlord Guarantee Enhancement Amount shall be returned to the TCC Cash Pool Account, and (b) in the case of a Landlord Non-Guarantee Equalization Amount, the Cash amount held by TCC in relation to such Landlord Non-Guarantee Creditor Equalization Amount shall be returned to the Plan Sponsor in accordance with the wire transfer instructions to be provided by the Plan Sponsor to TCC.

#### **5.14 Assignment of Claims for Voting and Distribution Purposes Prior to the Creditors' Meeting**

An Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Target Canada Entities nor the Monitor shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor in respect thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Creditors' Meeting. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order and the Meeting Order, constitute an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor, as applicable, and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

Where a Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim, and the transferee or assignee shall have no voting rights at the Creditors Meeting in respect of such Claim.

For greater certainty, after the execution of the Landlord Guarantee Creditor Settlement Agreement or a Landlord Non-Guarantee Creditor Consent and Support Agreement, as applicable, a Landlord Guarantee Creditor or a Landlord Non-Guarantee Creditor may only assign any Claim in accordance with the terms of the Landlord Guarantee Creditor Settlement Agreement or a Landlord Non-Guarantee Creditor Consent and Support Agreement, as applicable.

#### **5.15 Assignment of Claims for Distribution Purposes After the Creditors' Meeting**

An Affected Creditor (other than a Convenience Class Creditor), a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its Claim for distribution purposes after the Creditors' Meeting provided that TCC shall not be obliged to make distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing; thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, the Meeting Order and the Plan, constitute an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor, as applicable, and shall be bound by any and all notices previously given to the transferor or assignor and any and all steps taken in respect of such Claim.

For greater certainty, after the execution of the Landlord Guarantee Creditor Settlement Agreement or a Landlord Non-Guarantee Creditor Consent and Support Agreement, as applicable, a Landlord Guarantee Creditor or a Landlord Non-Guarantee Creditor may only assign any Claim for distribution purposes in accordance with the terms of the Landlord Guarantee Creditor Settlement Agreement or a Landlord Non-Guarantee Creditor Consent and Support Agreement, as applicable.

#### 5.16 Tax Matters

- (a) Any terms and conditions of any Affected Claims, any Propco Unaffected Claims or any Property LP Unaffected Claims which purport to deal with the ordering of or grant of priority of payment of principal, interest, penalties or other amounts shall be deemed to be void and ineffective.
- (b) Notwithstanding any provisions of the Plan, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax Obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.
- (c) Any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a “**Withholding Obligation**”) to be deducted and withheld with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a Person until such Person has delivered to the Monitor and TCC such documentation prescribed by Applicable Law or otherwise reasonably required by TCC as will enable TCC to determine whether or not, and to what extent, such distribution, payment or consideration to such Person is subject to any Withholding Obligation imposed by any Taxing Authority.
- (d) All distributions made by TCC on behalf of the Target Canada Entities pursuant to the Plan shall be first in satisfaction of the portion of Affected Claims, Propco Unaffected Claims or Property LP Unaffected Claims, as the case may be, that are not subject to any Withholding Obligation.
- (e) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.
- (f) For the avoidance of doubt, it is expressly acknowledged and agreed that the Monitor and any Director or Officer will not hold any assets hereunder, including Cash, or make distributions, payments or disbursements, and no provision hereof shall be construed to have such effect.



### 5.17 Input Tax Credits

If the Plan Sponsor (or a subsidiary thereof other than the Target Canada Entities) has paid or pays GST/HST on amounts in respect of a Landlord Guarantee Claim for which only the Target Canada Entities will receive Input Tax Credits (“**Plan Sponsor GST/HST Contribution Amounts**”), then in order to reimburse the Plan Sponsor (or a subsidiary thereof other than the Target Canada Entities) for the Plan Sponsor GST/HST Contribution Amounts:

- (a) The Plan Sponsor shall provide TCC and the Monitor with satisfactory evidence of the Plan Sponsor GST/HST Contribution Amounts;
- (b) All Input Tax Credits (whether or not in respect of payments made by the Plan Sponsor or a subsidiary thereof other than the Target Canada Entities) actually paid to TCC shall be held by TCC in trust in a segregated interest-bearing account for the benefit of Plan Sponsor, and shall be paid to the Plan Sponsor from time to time, until such time as the Plan Sponsor has been fully reimbursed for all Plan Sponsor GST/HST Contribution Amounts; and
- (c) Once the Plan Sponsor GST/HST Contribution Amounts have been paid in full, subsequent Input Tax Credits actually paid to TCC shall be contributed by TCC to the TCC Cash Pool Account.

## ARTICLE 6 PLAN IMPLEMENTATION

### 6.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving any corporate action of any of the Target Canada Entities will occur and be effective as of the Plan Implementation Date as set out in Section 6.3, and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction and Vesting Order, in all respects and for all purposes without any requirement of further action by shareholders, partners, Directors or Officers of such Target Canada Entity. All necessary approvals to take actions shall be deemed to have been obtained from the Directors or shareholders or partners of the Target Canada Entity, as applicable.

### 6.2 Pre-Plan Implementation Date Transactions

The following transactions shall be effected prior to the implementation of the Plan:

- (a) Landlord Guarantee Creditor Enhancement Amounts: The Plan Sponsor shall deliver **\$25.451 million** to TCC in accordance with Section 4.3; and
- (b) Landlord Non-Guarantee Creditor Equalization Amounts: The Plan Sponsor shall deliver **\$7.521 million** to TCC in accordance with Section 4.8.

### 6.3 Plan Implementation Date Transactions

The following transactions, steps, offsets, distributions, payments, disbursements, compromises, releases, discharges to be effected in the implementation of the Plan (the “Plan Transactions”) shall occur on or after the Plan Implementation Date:

- (a) Delivery of Cash to TCC: The Target Canada Entities (other than TCC) shall deliver to TCC the aggregate of all of their Cash in accordance with Article 4;
- (b) Establishment of Accounts and Reserves: TCC, with the supervision of the Monitor, shall establish the accounts and reserves in accordance with Article 4;
- (c) Subordinations of Intercompany Claims:
  - (i) In addition to the prior subordination of the NE1 Intercompany Claim, the Subordinated Intercompany Claims shall be and shall be deemed to be subordinated as against all Creditors, in accordance with Section 2.4;
  - (ii) The amount of the Property LP (Propco) Intercompany Claim equal to the Contributed Claim Amount shall be and shall be deemed to be subordinated as against and in favour of the proven Claims of all Propco Creditors, in accordance with Section 5.1;
  - (iii) The Plan Sponsor (Propco) Intercompany Claim shall be and shall be deemed to be subordinated as against and in favour of all Propco Unaffected Creditors and the Contributed Claim Amount, in accordance with Section 5.1;
  - (iv) The TCC (Pre-filing Propco) Intercompany Claim and the TCC (Post-filing Propco) Intercompany Claim shall be and shall be deemed to be subordinated as against and in favour of the Claims of all Propco Unaffected Creditors and the Contributed Claim Amount, in accordance with Section 5.1;
  - (v) For greater certainty, no other Intercompany Claims (other than those identified in clauses (i) to (iv) above) shall be deemed to be subordinated;
- (d) Landlord Guarantee Creditor Enhancement Amount: TCC shall deposit the Landlord Guarantee Enhancement Amount received from the Plan Sponsor into the Landlord Guarantee Enhancement Cash Pool Account in accordance with Section 4.3;
- (e) Landlord Non-Guarantee Creditor Equalization Amounts: TCC shall deposit the Landlord Non-Guarantee Creditor Equalization Amounts received from the Plan Sponsor into the Landlord Non-Guarantee Creditor Equalization Cash Pool Account in accordance with Section 4.8;
- (f) Payments by TCC: TCC, on behalf of the Target Canada Entities, shall pay the following Administrative Reserve Costs from the Administrative Reserve Account

on or after the Plan Implementation Date pursuant to the Sanction and Vesting Order and the CCAA:

- (i) all fees and disbursements owing as at the Plan Implementation Date to counsel to the Target Canada Entities, the Monitor, counsel to the Monitor, counsel to the Directors and the Employee Representative Counsel;
  - (ii) all fees and disbursements owing as at the Plan Implementation Date to Northwest;
  - (iii) all amounts on account of Government Priority Claims;
  - (iv) all amounts on account of Employee Priority Claims, to the extent such amounts have not been satisfied from the Employee Trust;
  - (v) all amounts on account of proven TCC Secured Construction Lien Claims;
  - (vi) all amounts on account of Cash Management Lender Claims;
  - (vii) all amounts on account of the Post-Filing Trade Payables;
  - (viii) all amounts owing to Persons on account of their KERP Claims;
  - (ix) all fees owing to third-parties on account of the administration of distributions, disbursements and payments under the Plan, including without limitation Bank of America; and
  - (x) such amounts as may be necessary to fund any final minor adjustments to the Cash pools after establishment thereof in accordance with Section 6.3(b);
- (g) Release of CCAA Charges; Continuation of Administration Charge: The Financial Advisor Subordinated Charge, the DIP Lender's Charge, the Liquidation Agent's Charge and Security Interest and the KERP Charge shall be discharged and the Administration Charge and the Directors' Charge shall continue and shall attach solely against the Propco Cash Pool, the TCC Cash Pool, and the Cash Reserves from and after the Plan Implementation Date pursuant to and in accordance with the Sanction and Vesting Order;
- (h) Directors and Officers: On the Plan Implementation Date, the Directors and Officers of the Target Canada Entities (other than the current Directors of TCC and Target Canada Pharmacy (Ontario) Corp.) shall and shall be deemed to resign without the requirement of further action on the part of such Directors and Officers, unless any one of them affirmatively elects to remain as a Director or Officer, as applicable, in order to facilitate any Plan Transaction Steps in connection with the wind-down of the Target Canada Entities; for the avoidance of doubt, any deemed resignation pursuant to this Section 6.3(h) or the Sanction and Vesting Order will not disentitle, or otherwise negatively affect, the entitlements of any Directors and Officers pursuant to the terms of any existing employment or retention agreements, which agreements shall continue subject to the terms and conditions thereof;

- (i) Distributions from the Propco Cash Pool and the Propco Disputed Claims Reserve: Once TCC, in consultation with the Monitor, has determined that all requisite consents, declarations, certificates or approvals of or by any Governmental Authority as may be considered necessary by TCC or the Monitor in respect of any such distribution have been obtained, TCC shall make distributions from the Propco Cash Pool Account and the Propco Disputed Claims Reserve Account in accordance with Sections 5.2, 5.3, 5.4 and 5.5;
- (j) Intercompany Distributions from the Propco Cash Pool: TCC shall deposit, and each of Property LP and the Plan Sponsor shall and shall be deemed to direct that TCC shall deposit, any distributions to be received from TCC out of the Propco Cash Pool Account to the Landlord Guarantee Enhancement Cash Pool Account, the Plan Sponsor Propco Recovery Limit Reserve Account and the TCC Cash Pool Account in the order and in the amounts set out in Section 5.3;
- (k) Distributions from the Plan Sponsor Propco Recovery Limit Reserve: TCC shall make distributions from the Plan Sponsor Propco Recovery Limit Reserve Account to the Plan Sponsor in accordance with Section 5.6;
- (l) Distributions from the TCC Cash Pool and the TCC Disputed Claims Reserve: Once TCC, in consultation with the Monitor, has determined that all requisite consents, declarations, certificates or approvals of or by any Governmental Authority as may be considered necessary by TCC or the Monitor in respect of any such distribution have been obtained, TCC shall make distributions from the TCC Cash Pool Account and the TCC Disputed Claims Reserve Account in accordance with Sections 5.7, 5.11 and 5.12;
- (m) Disbursement of Landlord Non-Guarantee Creditor Equalization Amounts: On the Initial Distribution Date, TCC, on behalf of the Plan Sponsor, shall fully and finally disburse the Landlord Non-Guarantee Creditor Equalization Amounts in accordance with Section 5.8;
- (n) Disbursement of Landlord Guarantee Creditor Base Claim Amounts: On the Initial Distribution Date, TCC, on behalf of the Target Canada Entities, shall fully and finally disburse the Landlord Guarantee Creditor Base Claim Amounts in accordance with Section 5.9;
- (o) Disbursement of Landlord Guarantee Enhancement Amounts: On the Initial Distribution Date, TCC, on behalf of the Plan Sponsor, shall fully and finally disburse the Landlord Guarantee Enhancement Amounts in accordance with Section 5.10;
- (p) Compromise, Satisfaction and Release: The compromises with the Affected Creditors, the full and final satisfaction of the Propco Unaffected Claims and the Property LP Unaffected Claims and the release of the Released Parties referred to herein shall become effective in accordance with Article 7 of the Plan, and Propco and Property LP shall be deemed to have no claims against the Landlords, including without limitation arising out of the Plan Sponsor Guarantees;

- (q) IP Assets: On the Plan Implementation Date, in partial consideration for the Plan Sponsor contributing to the Landlord Guarantee Enhancement Cash Pool and the Plan Sponsor's subordination of the Subordinated Intercompany Claims and the re-contribution of the Property LP (Propco) Intercompany Claim in excess of the Contributed Claim Amount, the IP Assets shall be transferred and shall vest absolutely in the Plan Sponsor (or its designee) free and clear of all Encumbrances pursuant to and in accordance with the Sanction and Vesting Order;
- (r) Pharmacy Shares: On the Plan Implementation Date, upon the delivery of the Monitor's certificate as set out in Section 8.2(g), the Pharmacy Shares shall be transferred and shall vest absolutely in the Pharmacy Purchaser free and clear of all Encumbrances pursuant to and in accordance with the Sanction and Vesting Order and the Directors of Target Canada Pharmacy (Ontario) Corp. shall and shall be deemed to resign immediately prior to the closing of such transaction without the requirement of further action;
- (s) Disposition of Remaining Assets and Collection of Receivables: The Monitor shall be authorized to collect any outstanding receivables and to market and sell any remaining assets of the Target Canada Entities, and if the sale price for such assets is greater than **\$250,000**, such sale shall be approved pursuant to Court Order. Subject to Section 5.17, the proceeds of any such sales or receivables shall be deposited to the TCC Cash Pool Account;
- (t) Maintenance of Target Canada Entities: If necessary to effect the sale of the shares of one or more of the Target Canada Entities, the Monitor shall file all necessary annual information forms or returns under Applicable Law in order to maintain such Target Canada Entities in good standing;
- (u) Dissolutions: Immediately prior to the delivery by the Monitor of the Monitor's Plan Completion Certificate, and with the Target Canada Entities' and the Plan Sponsor's consent, steps shall be taken to dissolve any remaining Target Canada Entities in a tax efficient and orderly manner;
- (v) Termination of the Employee Trust: Upon delivery of a certificate from the Employee Trust Trustee to the Monitor in the form attached as Schedule "F" (the "**Employee Trust Termination Certificate**") certifying that all outstanding disputes by employee claimants in respect of their entitlements, if any, under the Employee Trust have been fully and finally resolved pursuant to and in accordance with the Employee Trust Claims Resolution Order:
  - (i) the Employee Trust shall be and shall be deemed to be terminated;
  - (ii) any remaining Trustee Fees, Trustee Expenses, Administrator Fees and Administrator Expenses (each as defined in the Employee Trust Agreement) shall be paid from any remaining Employee Trust Property to the Employee Trust Trustee and the Employee Trust Administrator, as applicable;

- (iii) the Employee Trust Trustee shall satisfy any commitments to pay Eligible Employee Claims (as defined in the Employee Trust Agreement) made under Article 2 of the Employee Trust Agreement with the assistance of the Employee Trust Administrator;
- (iv) the Employee Trust Trustee and the Employee Trust Administrator shall deliver an irrevocable joint direction to The Royal Bank of Canada in the form attached as Schedule “G” (the “**Employee Trust Property Joint Direction**”) to remit the balance of the Employee Trust Property, net of the payments set out in Sections 6.3(v)(ii) and 6.3(v)(iii), in each case net of any applicable Withholding Obligations, to the Plan Sponsor or its designee in accordance with the written directions to be delivered by the Plan Sponsor to the Employee Trust Trustee and the Employee Trust Administrator one (1) Business Day prior to the date of delivery of the Employee Trust Property Joint Direction, provided however that the Employee Trust Trustee and the Employee Trust Administrator shall not be required to deliver such direction until all requisite consents, declarations, certificates or approvals of or by any Governmental Authority as may be considered necessary by the Employee Trust Trustee and the Employee Trust Administrator have been obtained; and
- (v) the Employee Trust Trustee and the Employee Trust Administrator shall be and shall be deemed to be fully and finally released and discharged from all of their respective obligations under the Employee Trust Agreement.

## **ARTICLE 7 RELEASES**

### **7.1 Plan Releases**

- (a) On the Plan Implementation Date, each of the Target Canada Entities, NE1 and their respective Directors, Officers, current and former employees, advisors, legal counsel and agents, including the Liquidation Agent, Lazard and Northwest (being referred to individually as a “**Target Canada Released Party**”) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor, Propco Unaffected Creditor, Property LP Unaffected Creditor or other Person may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds, statutory liabilities of the Directors, Officers and employees of the Target Canada Released Parties and any alleged fiduciary or other duty (whether such employees are acting as a Director, Officer or employee), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the

Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Target Canada Entities' obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge (i) any Target Canada Released Party if such Target Canada Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct or (ii) the Directors with respect to matters set out in section 5.1(2) of the CCAA.

- (b) On the Plan Implementation Date, the Monitor, A&M, and their respective current and former directors, officers and employees, counsel to the Directors, Pharmacists' Representative Counsel, the Consultative Committee Members and all of their respective advisors, legal counsel and agents (being referred to individually as a "**Third Party Released Party**") shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor, Propco Unaffected Creditor, Property LP Unaffected Creditor or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Monitor's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Third Party Released Party if such Third Party Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct.
- (c) On the Plan Implementation Date, the Plan Sponsor, the Plan Sponsor Subsidiaries, the HBC Entities and their current and former directors, officers and employees and their respective advisors, legal counsel and agents (being referred to individually as a "**Plan Sponsor Released Party**"):
- (i) shall not be released hereunder from Landlord Guarantee Claims; and
  - (ii) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive

relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor, Propco Unaffected Creditor, Property LP Unaffected Creditor or other Person (excluding a Landlord Guarantee Creditor in respect of its Landlord Guarantee Claim) may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Procedure Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Plan Sponsor's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Plan Sponsor Released Party if such Plan Sponsor Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct.

For greater certainty, the Plan Sponsor shall not be released from any indemnity or guarantee provided by the Plan Sponsor in favour of any Director, Officer or employee.

- (d) Immediately upon the delivery of the Employee Trust Termination Certificate, the Employee Trust Administrator and its current and former directors, officers and employees, the Employee Trust Trustee, Employee Representative Counsel, the Employee Representatives and all of their respective advisors, legal counsel and agents (being referred to individually as an “**Employee Trust Released Party**”, and collectively together with each of the Target Canada Released Parties, the Third Party Released Parties and the Plan Sponsor Released Parties, the “**Released Parties**”) shall be released and discharged from any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Affected Creditor, Propco Unaffected Creditor, Property LP Unaffected Creditor or other Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any



Claim that has been barred or extinguished by the Claims Procedure Order or the Employee Trust Claims Resolution Order and all Claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Employee Trust Trustee's and the Employee Trust Administrator's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, provided that nothing herein shall release or discharge any Employee Trust Released Party if such Employee Trust Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct.

- (e) The Sanction and Vesting Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any Claim, Propco Unaffected Claim, Property LP Unaffected Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged, compromised or terminated pursuant to the Plan.
- (f) Nothing in the Plan shall be interpreted as restricting the application of Section 21 of the CCAA.

## **ARTICLE 8**

### **COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION**

#### **8.1 Application for Sanction and Vesting Order**

If the Required Majority of the Affected Creditors approves the Plan, the Target Canada Entities shall apply for the Sanction and Vesting Order on or before the date set in the Meeting Order for the hearing of the Sanction and Vesting Order or such later date as the Court may set.

#### **8.2 Sanction and Vesting Order**

The Sanction and Vesting Order will have effect from and after the Effective Time on the Plan Implementation Date, and shall, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors with Proven Claims in conformity with the CCAA; (ii) the Target Canada Entities have complied with the provisions of the CCAA and the Orders of the Court made in these CCAA Proceedings in all respects; (iii) the Court is satisfied that the Target Canada Entities have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the Plan Transaction Steps contemplated thereby are fair and reasonable;
- (b) declare that the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective on the Target Canada Entities, the Plan Sponsor, all Affected Creditors, the Released Parties and all other Persons and parties affected by the Plan as of the Effective Time;
- (c) authorize and direct the Employee Trust Trustee and the Employee Trust Administrator to remit the balance of the Employee Trust Property, net of the

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payments set out in Sections 6.3(v)(ii) and 6.3(v)(iii) and any applicable Withholding Obligations, to the Plan Sponsor or its designee upon delivery by the Employee Trust Trustee and the Employee Trust Administrator of the Employee Trust Property Joint Direction to The Royal Bank of Canada pursuant to and in accordance with the Plan;

- (d) grant to the Monitor, in addition to its rights and obligations under the CCAA, the powers, duties and protections contemplated by and required under the Plan and authorize and direct the Monitor to perform its duties and fulfil its obligations under the Plan to facilitate the implementation thereof;
- (e) authorize the Monitor to take all such actions to market and sell any remaining assets and pursue any outstanding accounts receivable owing to any of the Target Canada Entities, or to assist the Target Canada Entities with respect thereto;
- (f) declare that all right, title and interest in and to the IP Assets have vested absolutely in the Plan Sponsor (or its designee), free and clear of all Encumbrances;
- (g) authorize and approve the execution of the Pharmacy Share Sale Agreement by TCC and declare that all right, title and interest in and to the Pharmacy Shares shall vest absolutely in the Pharmacy Purchaser, free and clear of all Encumbrances, upon the delivery of a certificate from the Monitor confirming that all conditions precedent to closing set out in the Pharmacy Share Sale Agreement have been satisfied or waived by TCC and the Pharmacy Purchaser, as applicable;
- (h) direct the Plan Sponsor to maintain the books and records of the Target Canada Entities for purposes of assisting the Monitor in the completion of the resolution of Disputed Claims and Claims of the Propco Creditors and the Property LP Creditors and the orderly wind-down of the Target Canada Entities;
- (i) confirm the releases of the Released Parties as set out in Section 7.1;
- (j) declare that any Affected Claim, any Propco Unaffected Claim and any Property LP Unaffected Claim for which a Proof of Claim has not been filed by the Claims Bar Date in accordance with the Claims Procedure Order shall be forever barred and extinguished;
- (k) declare that the stays of proceedings in favour of the Landlords pursuant to the Orders of the Court set out in Schedule "H" (the "**Co-Tenancy Stay Schedule**") shall have terminated on the dates set out in the Co-Tenancy Stay Schedule;
- (l) deem the remaining Directors and Officers of the Target Canada Entities (other than the current Directors of TCC or Target Canada Pharmacy (Ontario) Corp.) to have resigned without replacement on the Effective Time on the Plan Implementation Date, unless such Persons affirmatively elect to remain as a Director or Officer in order to facilitate any Plan Transaction Steps in connection with the wind-down of any of the Target Canada Entities;

- (m) deem the Directors of Target Canada Pharmacy (Ontario) Corp. to have resigned in accordance with Section 6.3(r);
- (n) declare that all distributions or payments by TCC, in each case on behalf of the Target Canada Entities, to the Affected Creditors with Proven Claims, to Propco Unaffected Creditors and to the Property LP Unaffected Creditors under the Plan are for the account of the Target Canada Entities and the fulfillment of their respective obligations under the Plan;
- (o) declare that in no circumstance will the Monitor have any liability for any of the Target Canada Entities' tax liabilities regardless of how or when such liability may have arisen;
- (p) declare that TCC shall be authorized, in connection with the making of any payment or distribution, and TCC and the Monitor shall be authorized, in connection with the taking of any step or transaction or performance of any function under or in connection with the Plan, to apply to any Governmental Authority for any consent, authorization, certificate or approval in connection therewith;
- (q) declare that, in carrying out the terms of the Sanction and Vesting Order and the Plan, (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the Stay of Proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction and Vesting Order and/or the Plan; and (iii) the Monitor shall be entitled to rely on the books and records of the Target Canada Entities and any information provided by any of the Target Canada Entities without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information;
- (r) provide for discharge of the CCAA Charges (other than the Administration Charge and the Directors' Charge) and the continuation of the Administration Charge and the Directors' Charge which shall survive the Plan Implementation Date;
- (s) approve the Monitor's form of Notice of Final Distribution;
- (t) authorize the Target Canada Entities (at their sole election) to seek an order of any court of competent jurisdiction to recognize the Plan and the Sanction and Vesting Order and to confirm the Plan and the Sanction and Vesting Order as binding and effective in any appropriate foreign jurisdiction;
- (u) declare that the Target Canada Entities and the Monitor may apply to the Court from time to time for advice and direction in respect of any matters arising from or under the Plan;
- (v) approve the form of the Employee Trust Termination Certificate, and declare that upon the delivery thereof, the Monitor shall file the Employee Trust Termination Certificate with the Court and, immediately upon such filing;

- (i) the Employee Trust Trustee shall be deemed to be discharged from its duties as Employee Trust Trustee and released of all claims relating to its activities as Employee Trust Trustee; and
- (ii) the Employee Trust Administrator shall be deemed to be discharged from its duties as Employee Trust Administrator and released of all claims relating to its activities as Employee Trust Trustee;
- (w) approve the form of the Monitor's Plan Completion Certificate, and declare that the Monitor, in its capacity as Monitor, following written notice from TCC pursuant to Section 5.12(d) that TCC has completed its duties to effect distributions, disbursements and payments in accordance with the Plan, shall file with the Court the Monitor's Plan Completion Certificate stating that all of its duties and the Target Canada Entities' duties under the Plan and the Orders have been completed, and thereafter the Monitor shall seek an Order, *inter alia*, discharging and releasing the Monitor from its duties as Monitor in the CCAA Proceedings and releasing the Target Canada Entities and any Directors and Officers holding such office following the Plan Implementation Date and their advisors, from all claims relating to the implementation of the Plan; and
- (x) release the Administration Charge and the Directors' Charge.

### **8.3 Conditions Precedent to Implementation of the Plan**

The implementation of the Plan shall be conditional upon the fulfilment or waiver, where applicable, of the following conditions precedent by the date specified therefor, provided however that any waiver of any such conditions precedent shall require the consent of the Plan Sponsor and the Monitor acting reasonably:

- (a) each of the Landlord Guarantee Creditors and the Plan Sponsor shall have executed and delivered the Landlord Guarantee Creditor Settlement Agreement and each of the Landlord Non-Guarantee Creditors and TCC shall have executed and delivered a Landlord Non-Guarantee Creditor Consent and Support Agreement(s), which agreements shall be in full force and effect;
- (b) the Meeting Order shall have been granted by the Court on or before April 21, 2016, or such later date as shall be acceptable to TCC in consultation with the Monitor, and shall have become a Final Order;
- (c) the Creditors' Meeting to consider and vote on the Plan shall have been convened by the date set by the Meeting Order or such later date and shall be acceptable to TCC in consultation with the Monitor;
- (d) the Target Canada Entities shall have satisfied their respective Post-Filing Trade Payables in the ordinary course or provision shall have been made in respect thereof in the Administrative Reserve to the satisfaction of the Monitor;
- (e) all material consents, declarations, rulings, certificates or approvals of or by any Governmental Authority as may be considered necessary by the Target Canada

Entities, the Plan Sponsor and the Monitor in respect of the Plan Transaction Steps shall have been obtained;

- (f) the Plan shall have been approved by the Required Majority of the Affected Creditors forming the Unsecured Creditors' Class at the Creditors' Meeting;
- (g) the Sanction and Vesting Order shall have been granted by the Court by June 6, 2016, or such later date as shall be acceptable to TCC, in consultation with the Monitor, in form satisfactory to the Target Canada Entities, the Plan Sponsor and the Monitor, and shall have become a Final Order; and
- (h) the Plan Implementation Date shall have occurred by the date that is seven (7) days from the date on which the Sanction and Vesting Order becomes a Final Order, which in no event shall be later than July 29, 2016.

#### **8.4 Monitor's Certificate**

Upon delivery of written notice from the Target Canada Entities and the Plan Sponsor of the fulfilment or waiver of the conditions precedent to implementation of the Plan as set out in Section 8.3 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Certificate to the Target Canada Entities. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court and shall post a copy of same on the Website.

### **ARTICLE 9 GENERAL**

#### **9.1 Binding Effect**

On the Plan Implementation Date, or as otherwise provided in the Plan:

- (a) the Plan will become effective at the Effective Time and the Plan Transaction Steps will be implemented;
- (b) the treatment of Affected Claims, Propco Unaffected Claims, Property LP Unaffected Claims and the TCC Secured Construction Lien Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Target Canada Entities, the Plan Sponsor, all Affected Creditors, the Propco Unaffected Creditors, the Property LP Unaffected Creditors, the holders of TCC Secured Construction Lien Claims, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) all Affected Claims shall be and shall be deemed to be forever discharged and released, and all Propco Unaffected Claims, Property LP Unaffected Claims and TCC Secured Construction Lien Claims shall be and shall be deemed to be fully satisfied, discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims, Propco Unaffected Claims, Property LP Unaffected Claims and TCC Secured Construction Lien Claims in the manner and to the extent provided for in the Plan; provided, however, that the

Subordinated Intercompany Claims shall be discharged and released in a manner determined by the Plan Sponsor and the Target Canada Entities on or prior to the Plan Implementation Date;

- (d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;
- (e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Target Canada Entities and the Plan Sponsor all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Target Canada Entities and the Plan Sponsor all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

## **9.2 Claims Bar Date**

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

## **9.3 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

## **9.4 Interest and Fees**

Interest shall not accrue or be paid on Affected Claims after the Filing Date, and no holder of an Affected Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of an Affected Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released. For greater certainty, interest (if any) shall continue to accrue on Propco Unaffected Claims and Property LP Unaffected Claims in accordance with the terms of the applicable contract.

## **9.5 Non-Consummation**

The Target Canada Entities reserve the right to revoke or withdraw the Plan at any time prior to the Plan Sanction Date with the consent of the Plan Sponsor. If the Target Canada Entities revoke or withdraw the Plan, or if the Sanction and Vesting Order is not issued or if the Plan Implementation Date does not occur, (a) the Plan (including all Plan Transaction Steps) shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the subordinations and/or re-contributions of any Intercompany Claims set out herein), or any document or agreement executed pursuant to or in connection with the Plan shall be deemed to be null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims, Propco Unaffected Claims or Property LP Unaffected Claims by or against any of the Target Canada Entities or any other Person, (ii) prejudice in any manner the rights of the Target

Canada Entities, the Plan Sponsor or any other Person in any further proceedings involving any of the Target Canada Entities or Intercompany Claims or (iii) constitute an admission of any sort by any of the Target Canada Entities, the Plan Sponsor or any other Person.

#### **9.6 Modification of the Plan**

- (a) The Target Canada Entities reserve the right, at any time and from time to time, with the consent of the Monitor and the Plan Sponsor, both prior to and during the Creditors' Meeting or after the Creditors' Meeting, to amend, restate, modify and/or supplement the Plan; provided (i) if made prior to or at the Creditors' Meeting, such amendment, restatement, modification or supplement shall be communicated to Affected Creditors in the manner required by the Meeting Order and (ii) if made following the Creditors' Meeting, such amendment, restatement, modification or supplement shall be approved by the Court following notice to the Affected Creditors.
- (b) Notwithstanding Section 9.6(a), any amendment, restatement, modification or supplement to the Plan may be made by the Target Canada Entities, with the consent of the Monitor and the Plan Sponsor or pursuant to an Order of the Court, at any time and from time to time, provided that it concerns a matter which (i) is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or (ii) to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors.
- (c) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court shall, for all purposes, be and be deemed to be a part of, and incorporated in, the Plan.

#### **9.7 Paramountcy**

Except with respect to the Unaffected Claims, from and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Target Canada Entities, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Target Canada Entities as at the Plan Implementation Date;

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction and Vesting Order, which shall take precedence and priority.

### **9.8 Severability of Plan Provisions**

If, prior to the Plan Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Target Canada Entities and with the consent of the Monitor and the Plan Sponsor, shall have the power to either (a) sever such term or provision from the balance of the Plan and provide the Target Canada Entities with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applied as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Target Canada Entities proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

### **9.9 Responsibilities of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Target Canada Entities and not in its personal or corporate capacity, including without limitation supervising the establishment and administration of the TCC Cash Pool, the Propco Cash Pool, the Landlord Guarantee Creditor Base Claim Cash Pool, the Landlord Guarantee Enhancement Cash Pool, the Landlord Non-Guarantee Creditor Equalization Cash Pool, the Plan Sponsor Propco Recovery Limit Reserve and the Cash Reserves (including any adjustments with respect to same) and establishing any of the Distribution Dates, Effective Time or the timing or sequence of the Plan Transaction Steps. The Monitor will not be responsible or liable whatsoever for any obligations of the Target Canada Entities or the Plan Sponsor. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction and Vesting Order and any other Order made in the CCAA Proceedings.

### **9.10 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by a Person in writing or unless its Claims overlap or are otherwise duplicative.

### **9.11 Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by email addressed to the respective Parties as follows:

- (a) If to the Target Canada Entities:

Target Canada Co.  
c/o Osler, Hoskin & Harcourt LLP  
Box 50, 1 First Canadian Place



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100 King Street West  
Toronto, ON M5X 1B8

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

with a copy to:

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

Attention: Tracy C. Sandler  
Email: tsandler@osler.com

(b) If to the Plan Sponsor:

Target Corporation  
1000 Nicollet Mall  
TPS-3155  
Minneapolis, MN 55403

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

with a copy to:

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

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

with a copy to:

Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7

Attention: Jay A. Swartz  
Email: jswartz@dwpv.com

(c) If to the Monitor or the Employee Trust Administrator:

Alvarez & Marsal Canada Inc.  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2900

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PO Box 22  
Toronto, ON M5J 2J1

Attention: Douglas R. McIntosh / Alan J. Hutchens  
Email: dmcintosh@alvarezandmarsal.com /  
ahutchens@alvarezandmarsal.com

with a copy to:

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

Attention: Jay A. Carfagnini / Melaney Wagner  
Email: jcarfagnini@goodmans.ca / mwagner@goodmans.ca

(d) If to the Employee Trust Trustee:

Hon. John D. Ground  
Amicus Chambers  
141 Adelaide Street West  
11<sup>th</sup> Floor  
Toronto, ON M5H 3L5

Email: jground@NeesonChambers.com

with a copy to:

Lax O'Sullivan Lissus Gottlieb LLP  
145 King Street West, Suite 2750  
Toronto, ON M5H 1J8

Attention: Terrence O'Sullivan  
Email: tosullivan@counsel-toronto.com

or to such other address as any party may from time to time notify the others in accordance with this Section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

#### **9.12 Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable

to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

**DATED** as of the 6th day of April, 2016.

**SCHEDULE "A"**  
**INTERCOMPANY CLAIMS<sup>1</sup>**

| Claim #                   | Original Claimant | Debtor Company | Currency | Claim (\$)    | Proposed Adjustment | Recalculated Claim | Contingent Claim | Defined Plan Term                        | Plan Treatment  |
|---------------------------|-------------------|----------------|----------|---------------|---------------------|--------------------|------------------|--|---|
| <b>Intercompany Claim</b> |                   |                |          |               |                     |                    |                  |  |   |
| <b>Claim #1</b>           | NE1               | TCC            | CAD      | 3,068,729,438 | -                   | 3,068,729,438      |                  | NE1 Intercompany Claim                   | Fully subordinated  |
| <b>Claim #2</b>           |                   |                |          |               |                     |                    |                  |  |   |
| 2A                        | TBI               | TCC            | USD      | 23,573,542    | (4,786,473)         | 18,787,069         |                  | N/A                                      | Distribution from TCC Cash Pool as Affected Creditor  |
| 2B                        | TBI               | TCC            | USD      | 37,502,539    | (37,502,539)        | -                  |                  | N/A                                      | N/A   |
| <b>Claim #3</b>           |                   |                |          |               |                     |                    |                  |  |   |
|                           | TCSI              | TCC            | USD      | 2,778,278     | (613,869)           | 2,164,409          |                  | N/A                                      | Distribution from TCC Cash Pool as Affected Creditor  |
| <b>Claim #4</b>           |                   |                |          |               |                     |                    |                  |  |   |
| 4A                        | TC                | Prop LLC       | USD      | 89,079,107    | -                   | 89,079,107         |                  | Plan Sponsor (Propco) Intercompany Claim | Recovery limited (distribution up to Plan Sponsor Propco Recovery Limit in accordance with Section 5.6) |
| 4B                        | TC                | TCC            | USD      | 541,404       | (36,585)            | 504,818            |                  | N/A                                      | Distribution from TCC Cash Pool as Affected Creditor  |

<sup>1</sup> Intercompany Claims information is derived from the Intercompany Claims Report. Amounts set out herein are exclusive of applicable GST/HST or provincial sales tax.

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| Claim #                              | Original Claimant | Debtor Company | Currency | Claim (\$)   | Proposed Adjustment | Recalculated Claim   | Contingent Claim | Defined Plan Term                           | Plan Treatment                                       |
|--------------------------------------|-------------------|----------------|----------|--|---------------------|--|------------------|---|--|
| 4C                                   | TC                | TCC            | USD      | 559,373  | (559,373)           | -  |                  | N/A   | N/A  |
| <b>Leasehold Arrangements Claims</b> |                   |                |          |  |                     |  |                  |   |  |
| <b>Claim #5</b>                      |                   |                |          |  |                     |  |                  |   |  |
| 5A                                   | Prop LP           | Prop LLC       | CAD      | 1,449,577,927  | -                   | 1,449,577,927  |                  | Property LP (Propco) Intercompany Claim     | Partially subordinated (see Section 5.3 of the Plan) |
| 5B                                   | Prop LP           | TCC            | CAD      | 87,748,817   | (4,886,996)         | 82,861,821   |                  | Property LP (TCC) Intercompany Claim        | Distribution from TCC Cash Pool as Affected Creditor |
| 5C                                   | Prop LP           | Prop LLC       |          |  |                     |  | Contingent       | N/A   | N/A  |
| 5D                                   | Prop LP           | TCC            |          |  |                     |  | Contingent       | N/A   | N/A  |
| <b>Claim #6</b>                      |                   |                |          |  |                     |  |                  |   |  |
| 6A                                   | Prop LLC          | TCC            | CAD      | 27,254,109 (after netting claim 7A, being 46,873,620 on a gross basis) | 6,978,418           | 34,232,528 (after netting claim 7A, being 45,852,897 on a gross basis) |                  | Propco (Pre-filing TCC) Intercompany Claim  | Fully subordinated                                   |
| 6B                                   | Prop LLC          | TCC            | CAD      | 1,911,494,242  | (554,738,191)       | 1,356,756,051  |                  | Propco Intercompany Claim                   | Fully subordinated                                   |
| 6C                                   | Prop LLC          | TCC            | CAD      | 37,347,552 (after netting claim 7B, being 43,651,173 on a gross basis) | (787,729)           | 36,559,823 (after netting claim 7B, being 43,526,186 on a gross basis) |                  | Propco (Post-filing TCC) Intercompany Claim | Fully subordinated                                   |

| Claim #         | Original Claimant | Debtor Company | Currency | Claim (\$) | Proposed Adjustment | Recalculated Claim | Contingent Claim | Defined Plan Term                           | Plan Treatment                                       |
|-----------------|-------------------|----------------|----------|------------|---------------------|--------------------|------------------|---|--|
| <b>Claim #7</b> |                   |                |          |            |                     |                    |                  |   |  |
| 7A              | TCC               | Prop LLC       | CAD      | 19,619,511 | (7,999,142)         | 11,620,369         | Contingent       | TCC (Pre-filing Propco) Intercompany Claim  | Partially subordinated (see Section 5.3 of the Plan) |
| 7B              | TCC               | Prop LLC       | CAD      | 6,303,621  | 662,742             | 6,966,363          | Contingent       | TCC (Post-filing Propco) Intercompany Claim | Partially subordinated (see Section 5.3 of the Plan) |
| 7C              | TCC               | Prop LP        | CAD      | 528,730    | -                   | 528,730            | Contingent       | N/A   | Netted against Intercompany Claim 5B                 |

**SCHEDULE “B”****Domain Names**

alliesforconsumerdigitalsafety.ca  
avaandviv.ca  
avaviv.ca  
beckondoors.ca  
beckonmanufacturing.ca  
beckonwindows.ca  
brightspotmobile.ca  
brightspotphone.ca  
bullseyemobilesolutions.ca  
bullseyepharmacy.ca  
bullseyeshoprequests.ca  
bullseyespecialrequests.ca  
bullseyesubscription.ca  
bullseyesubscriptions.ca  
bullseyeticket.ca  
bullseyetickets.ca  
canadapartneronline.ca  
consumerdigitalsafetyallies.ca  
consumerdigitalsafetyconsortium.ca  
digitalsafetyallies.ca  
dites-le-nous-target.ca  
domaniedelarcher.ca  
expectmorepayless.ca  
garde-marche.ca  
hopethop.ca  
larchermaraicher.ca  
marchefute.ca  
moretaylor.ca  
mybrightspot.ca  
partenairescanadiensonline.ca  
partneronlinecanada.ca  
pharmacyevents.ca  
redperk.ca  
redperks.ca  
reellementessentiel.ca  
savoreveryday.ca  
savoreveryday.ca  
smith-hawken.ca

smithnhawken.ca  
suttonanddodge.ca  
takechargeofeducation.ca  
target-ceo.ca  
targetcartwheel.ca  
targetceo.ca  
targetexpress.ca  
targetget.ca  
targetlocation.ca  
targetspoton.ca  
targetsubscription.ca  
targetsubscriptions.ca  
tellbullseye.ca  
telltargget.ca  
telltgt.ca  
tevolio.ca  
trouvezmieuxpayezmoins.ca  
upandup.ca  
upandupbrand.ca  
upup.ca  
upupbrand.ca  
wellbeingdreams.ca  
winecube.ca  
yourtarget.ca



**SCHEDULE "C"****Meeting Order**

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

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

|                         |   |                                 |
|-------------------------|---|---------------------------------|
| THE HONOURABLE          | ) | WEDNESDAY, THE 13 <sup>TH</sup> |
|                         | ) |                                 |
| REGIONAL SENIOR JUSTICE | ) | DAY OF APRIL, 2016              |
|                         | ) |                                 |
| 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**")

**MEETING ORDER**

THIS MOTION, made by the Applicants and the partnerships listed on Schedule "A" hereto (together with the Applicants, the "**Target Canada Entities**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") for an order, *inter alia*, (a) accepting the filing of an Amended and Restated Joint Plan of Compromise and Arrangement pursuant to the CCAA filed by the Target Canada Entities dated April 6, 2016 (the "**Plan**"), (b) authorizing the Target Canada Entities to establish one class of Affected Creditors for the purpose of considering and voting on the Plan, (c) authorizing the Target Canada Entities to

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call, hold and conduct a meeting of the Affected Creditors (the “**Creditors’ Meeting**”) to consider and vote on a resolution to approve the Plan; (d) approving the procedures to be followed with respect to the calling and conduct of the Creditors’ Meeting; and (e) setting the date for the hearing of the Target Canada Entities’ motion seeking sanction of the Plan, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Mark J. Wong sworn April 6, 2016 (the “**Wong Affidavit**”), and the exhibits thereto and the Twenty-Sixth Report of the Monitor, and on hearing the submissions of respective counsel for the Target Canada Entities, the Monitor, and such other counsel as were present, and on being advised that the Service List was served with the Motion Record herein:

#### **SERVICE**

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

2. THIS COURT ORDERS that any capitalized terms not otherwise defined in this Meeting Order shall have the meanings ascribed to them in the Plan.

#### **AMENDED AND RESTATED JOINT PLAN OF COMPROMISE AND ARRANGEMENT**

3. THIS COURT ORDERS that the Plan is hereby accepted for filing, and the Target Canada Entities are hereby authorized to seek approval of the Plan from the Affected Creditors in the manner set forth herein.

4. THIS COURT ORDERS that the Target Canada Entities, with the consent of the Plan Sponsor and the Monitor, be and they are hereby authorized to make and to file a modification or restatement of, or amendment or supplement to, the Plan (each a “**Plan Modification**”) prior to or at the Creditors’ Meeting, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Target Canada Entities shall give notice of any such Plan Modification at the Creditors’ Meeting prior to the vote being taken to approve the Plan. The Target Canada Entities may give notice of any such Plan Modification at or before the Creditors’ Meeting by notice which shall be sufficient if, in the case of notice at the Creditors’ Meeting, given to those Affected Creditors present at such meeting in person or by Proxy and, in the case of notice before the Creditors’ Meeting, provided to those Persons listed on the service list posted on the Website (as amended from time to time, the “**Service List**”). The Monitor shall forthwith post on the Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

5. THIS COURT ORDERS that after the Creditors’ Meeting (and both prior to and subsequent to the obtaining of any Sanction and Vesting Order), the Target Canada Entities may at any time and from time to time, with the consent of the Plan Sponsor and the Monitor effect a Plan Modification (a) pursuant to an Order of the Court or (b) where such Plan Modification concerns a matter which, in the opinion of the Target Canada Entities and the Monitor, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors, omissions or ambiguities, and in either circumstance is not materially adverse to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

## FORMS OF DOCUMENTS

6. THIS COURT ORDERS that the Notice of Creditors' Meeting substantially in the form attached hereto as Schedule "B" (the "**Notice of Creditors' Meeting**"), the Proxy substantially in the form attached hereto as Schedule "C" (the "**Proxy**"), the Convenience Class Claim Election substantially in the form attached hereto as Schedule "D" (the "**Convenience Class Claim Election**") and the form of Resolution substantially in the form attached as Schedule "E" (the "**Resolution**") are each hereby approved and the Target Canada Entities with the consent of the Monitor are authorized and directed to make such changes to such forms of documents as they consider necessary or desirable to conform the content thereof to the terms of the Plan or this Meeting Order.

## CLASSIFICATION OF CREDITORS

7. THIS COURT ORDERS that for the purposes of considering and voting on the Plan, the Affected Creditors shall constitute a single class, the "Unsecured Creditors' Class".

## NOTICE OF CREDITORS' MEETING

8. THIS COURT ORDERS that the Monitor shall cause to be sent by regular pre-paid mail, courier, fax or e-mail copies of the Notice of Creditors' Meeting, the Proxy, the Convenience Class Claim Election, the Resolution, the Plan, the Letter to Creditors attached as Exhibit "B" to the Wong Affidavit and a copy of this Meeting Order (collectively, the "**Meeting Materials**") as soon as practicable after the granting of this Meeting Order and, in any event, no later than April 21, 2016 to each Affected Creditor at the address for such Affected Creditor set out in such Affected Creditor's Proof of Claim or to such other address subsequently provided to the Monitor by such Affected Creditor.

9. THIS COURT ORDERS that the Monitor shall forthwith post an electronic copy of the Meeting Materials on the Website, send a copy of the Meeting Materials to the Service List and shall provide a written copy to any Affected Creditor upon request by such Affected Creditor.

10. THIS COURT ORDERS that on or before April 27, 2016 the Monitor shall cause the Notice of Creditors' Meeting to be published for a period of two (2) Business Days in *The Globe and Mail* (National Edition), *La Presse* and *The Wall Street Journal*.

11. THIS COURT ORDERS that the delivery of the Meeting Materials in the manner set out in paragraph 8 hereof, posting of the Meeting Materials on the Website in accordance with paragraph 8 hereof, and the publication of the Notice of Creditors' Meeting in accordance with paragraph 9 hereof shall constitute good and sufficient service of this Meeting Order and of the Plan, and good and sufficient notice of the Creditors' Meeting on all Persons who may be entitled to receive notice thereof of these proceedings or who may wish to be present in person or by Proxy at the Creditors' Meeting or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons.

12. THIS COURT ORDERS that on or before May 11, 2016, the Monitor shall serve a report regarding the Plan on the Service List and promptly thereafter post such report on the Website.

#### **CONDUCT AT THE CREDITORS' MEETING**

13. THIS COURT ORDERS that the Target Canada Entities are hereby authorized to call, hold and conduct the Creditors' Meeting on May 25, 2016 at 10:00 a.m. at the Toronto Region Board of Trade, 77 Adelaide Street West in Toronto, Ontario for the purpose of considering, and if deemed advisable by the Unsecured Creditors' Class, voting in favour of, with or without variation, the Resolution to approve the Plan.

14. THIS COURT ORDERS that a representative of the Monitor, designated by the Monitor, shall preside as the chair of the Creditors' Meeting (the "**Chair**") and, subject to any further Order of this Court, shall decide all matters relating to the conduct of the Creditors' Meeting.

15. THIS COURT ORDERS that the Chair is authorized to accept and rely upon Proxies or such other forms as may be acceptable to the Chair.

16. THIS COURT ORDERS that the quorum required at the Creditors' Meeting shall be one (1) Affected Creditor with a Voting Claim present at such meeting in person or by Proxy.

17. THIS COURT ORDERS that the Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors' Meeting. A Person designated by the Monitor shall act as secretary at the Creditors' Meeting.

18. THIS COURT ORDERS that if (a) the requisite quorum is not present at the Creditors' Meeting, or (b) the Creditors' Meeting is postponed by the vote of the majority in value of Affected Creditors holding Voting Claims in person or by Proxy at the Creditors' Meeting, then the Creditors' Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

19. THIS COURT ORDERS that the Chair be, and he or she is hereby, authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene such Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof). None of the Target Canada Entities, the Chair or the Monitor shall be required to deliver any notice of the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, provided that the Monitor shall: (a) announce the adjournment of the Creditors' Meeting or adjourned

Creditors' Meeting, as applicable; (b) post notice of the adjournment at the originally designated time and location of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable; (c) forthwith post notice of the adjournment on the Website; and (d) provide notice of the adjournment to the Service List forthwith. Any Proxies validly delivered in connection with the Creditors' Meeting shall be accepted as Proxies in respect of any adjourned Creditors' Meeting.

20. THIS COURT ORDERS that the only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Target Canada Entities and the Plan Sponsor and their respective legal counsel and advisors, the Monitor and its legal counsel and advisors, Pharmacists' Representative Counsel, Employee Representative Counsel, the Employee Trust Trustee and his legal counsel and all other Persons, including the holders of Proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Chair.

#### **VOTING PROCEDURE AT THE CREDITORS' MEETING**

21. THIS COURT ORDERS that the Chair shall direct a vote on the Resolution to approve the Plan and any amendments or variations thereto made in accordance with the Plan and this Meeting Order.

22. THIS COURT ORDERS that any Proxy in respect of the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) must be (a) received by the Monitor by 10:00 a.m. on May 24, 2016, or 24 hours (excluding Saturdays, Sundays and statutory holidays) prior to any adjourned, postponed or rescheduled Creditors' Meeting, or (b) deposited with the Chair at the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) immediately prior to the vote at the time specified by the Chair (the "**Election/Proxy Deadline**").

23. THIS COURT ORDERS that, in the absence of instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to include instructions to vote for the approval of the Resolution, provided the Proxy holder does not otherwise exercise its right to vote at the Creditors' Meeting.

24. THIS COURT ORDERS that each Affected Creditor with a Voting Claim shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure Order and paragraph(s) 30 and 30 of this Meeting Order.

25. THIS COURT ORDERS that each Convenience Class Creditor shall be deemed to have voted in favour of the Plan.

26. THIS COURT ORDERS that (a) holders of Intercompany Claims shall not be entitled to vote on the Plan and (b) the Plan Sponsor shall not be entitled to vote on the Plan in respect of (i) its Plan Sponsor Subrogated Claims, (ii) any amounts to be contributed to the Landlord Guarantee Enhancement Cash Pool and to the Landlord Non-Guarantee Creditor Equalization Cash Pool under the Plan, or (iii) any Cash Management Lender Claims.

27. THIS COURT ORDERS that an Affected Creditor's Voting Claim shall not include fractional numbers and Voting Claims shall be rounded down to the nearest whole Canadian Dollar amount.

28. THIS COURT ORDERS that an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its Claim prior to the Creditors' Meeting, provided that neither the Target Canada Entities nor the Monitor shall be obligated to give notice to or otherwise deal with the transferee or assignee of such Claim as an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor in respect



thereof, including allowing such transferee or assignee of an Affected Claim to vote at the Creditors' Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Creditors' Meeting. Thereafter such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order and this Meeting Order, constitute an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor, as applicable, and shall be bound by any and all notices previously given to the transferor or assignor and steps taken in respect of such Claim. Such transferee or assignee shall not be entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Target Canada Entities. Where a Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim as determined for voting purposes in accordance with this Meeting Order, and the transferee or assignee shall have no voting rights at the Creditors' Meeting in respect of such Claim.

29. THIS COURT ORDERS that an Affected Creditor (other than a Convenience Class Creditor), a Propco Unaffected Creditor or a Property LP Unaffected Creditor may transfer or assign the whole of its Claim after the Creditors' Meeting provided that the Target Canada Entities shall not be obligated to make any distributions to any such transferee or assignee or otherwise deal with such transferee or assignee as an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, this Meeting Order and the Plan,

constitute an Affected Creditor, a Propco Unaffected Creditor or a Property LP Unaffected Creditor, as applicable, and shall be bound by any and all notices previously given to the transferor or assignor and steps taken in respect of such Claim.

### **DISPUTED CLAIMS**

30. THIS COURT ORDERS that the Canada Revenue Agency shall have one vote in respect of its Disputed Claims, the dollar value of which shall be equal to \$1, without prejudice to the determination of the dollar value of such Disputed Claims for distribution purposes in accordance with the Claims Procedure Order.

31. THIS COURT ORDERS that the dollar value of a Disputed Claim of an Affected Creditor (other than the Disputed Claims of the Canada Revenue Agency) for voting purposes at the Creditors' Meeting shall be the dollar value of such Disputed Claim as set out in such Affected Creditor's Notice of Revision or Disallowance previously delivered by the Monitor pursuant to the Claims Procedure Order, without prejudice to the determination of the dollar value of such Affected Creditor's Disputed Claim for distribution purposes in accordance with the Claims Procedure Order.

32. THIS COURT ORDERS that the Monitor shall keep a separate record of votes cast by Affected Creditors holding Disputed Claims and shall report to the Court with respect thereto at the Sanction Motion.

### **CONVENIENCE CLASS CLAIM ELECTION**

33. THIS COURT ORDERS that any Affected Creditor with one or more Proven Claims in an amount in excess of Cdn\$25,000 shall be entitled to elect to receive only the Cash Elected Amount and be deemed to vote in favour of the Plan in accordance with paragraph 24 hereof by returning

an executed Convenience Class Claim Election to the Monitor prior to the Election/Proxy Deadline.

#### **APPROVAL OF THE PLAN**

34. THIS COURT ORDERS that in order to be approved, the Plan must receive an affirmative vote by the Required Majority.

35. THIS COURT ORDERS that following the vote at the Creditors' Meeting, the Monitor shall tally the votes and determine whether the Plan has been approved by the Required Majority.

36. THIS COURT ORDERS that the results of and all votes provided at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting.

#### **SANCTION HEARING**

37. THIS COURT ORDERS that the Monitor shall provide a report to the Court as soon as practicable after the Creditors' Meeting (the "**Monitor's Report Regarding the Creditors' Meeting**") with respect to:

- (a) the results of voting at the Creditors' Meeting on the Resolution;
- (b) whether the Required Majority has approved the Plan;
- (c) the separate tabulation for Disputed Claims required by paragraph 32 herein; and
- (d) in its discretion, any other matter relating to the Target Canada Entities' motion seeking sanction of the Plan.

38. THIS COURT ORDERS that an electronic copy of the Monitor's Report Regarding the Creditors' Meeting, the Plan, including any Plan Modifications, and a copy of the motion seeking the Sanction and Vesting Order in respect of the Plan (the "**Sanction Motion**") shall be posted on the Website prior to the Sanction Motion.

39. THIS COURT ORDERS that in the event the Plan has been approved by the Required Majority, the Target Canada Entities may bring the Sanction Motion before this Court on June 2, 2016, or such later date as shall be acceptable to the Target Canada Entities, the Plan Sponsor and the Monitor as set by this Court upon motion by the Target Canada Entities, seeking the Sanction and Vesting Order.

40. THIS COURT ORDERS that service of this Meeting Order by the Target Canada Entities to the parties on the Service List, the delivery of the Meeting Materials in accordance with paragraph 8 hereof, posting of the Meeting Materials on the Website in accordance with paragraph 8 hereof, and the publication of the Notice of Creditors' Meeting in accordance with paragraph 9 hereof shall constitute good and sufficient service and notice of the Sanction Motion.

41. THIS COURT ORDERS that any Person intending to oppose the Sanction Motion shall (i) file or have filed with the Court a Notice of Appearance and serve such Notice of Appearance on the Service List at least seven (7) days before the date set for the Sanction Motion; and (ii) serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the Sanction Motion that are available by at least seven (7) days before the date set for the Sanction Motion, or such shorter time as the Court, by Order, may allow.

42. THIS COURT ORDERS that in the event that the Sanction Motion is adjourned, only those Persons appearing on the Service List as of the date of service shall be served with notice of the adjourned date.

43. THIS COURT ORDERS that, subject to any further Order of the Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

#### **EXTENSION OF STAY PERIOD**

44. THIS COURT ORDERS that the Stay Period (as defined in paragraph 17 of the Initial Order) is hereby extended until and including June 6, 2016.

#### **EXTENSION OF NOTICE OF OBJECTION BAR DATE**

45. THIS COURT ORDERS that the definition of “Notice of Objection Bar Date” set out at paragraph 3(aa) of the Claims Procedure Order (issued by Regional Senior Justice Morawetz on June 11, 2015, as amended) is hereby amended to extend the Notice of Objection Bar Date to 28 days following June 6, 2016 or such later date as this Court may Order.

#### **GENERAL PROVISIONS**

46. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the Initial Order, shall assist the Target Canada Entities in connection with the matters described herein, and is hereby authorized and directed to take such other actions and fulfill such other roles as are contemplated by this Meeting Order.

47. THIS COURT ORDERS that the Target Canada Entities and the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may

waive strict compliance with the requirements of this Meeting Order including with respect to the completion, execution and time of delivery of required forms.

48. THIS COURT ORDERS that the Monitor may, if necessary, apply to this Court for directions regarding its obligations under this Meeting Order.

49. THIS COURT ORDERS that any notice or other communication to be given under this Meeting Order by a Creditor to the Monitor or the Target Canada Entities shall be in writing in the substantially the form, if any, provided for in this Meeting Order and will be sufficiently given only if given by prepaid ordinary mail, registered mail, courier, personal delivery, facsimile transmission or e-mail addressed to:

Target Canada  
Entities' Counsel: Osler, Hoskin & Harcourt LLP  
P.O. Box 50, 1 First Canadian Place  
100 King Street West  
Toronto, ON M5X 1B8

Attention: Tracy C. Sandler / Jeremy E. Dacks  
E-mail: [tsandler@osler.com](mailto:tsandler@osler.com) / [jdacks@osler.com](mailto:jdacks@osler.com)  
Fax: (416) 862-6666

The Monitor: Alvarez & Marsal Canada Inc., Target Canada Monitor  
200 Bay Street, Suite 2900  
P.O. Box 22  
Toronto, ON M5J 2J1

Attention: Alan J. Hutchens  
E-mail: [ahutchens@alvarezandmarsal.com](mailto:ahutchens@alvarezandmarsal.com)  
Fax: (416) 847-5201

With a copy to  
Monitor's Counsel: Goodmans LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Attention: Jay A. Carfagnini / Melaney J. Wagner  
E-mail: [jcarfagnini@goodmans.ca](mailto:jcarfagnini@goodmans.ca) / [mwagner@goodmans.ca](mailto:mwagner@goodmans.ca)  
Fax: (416) 979-1234

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50. THIS COURT ORDERS that any such notice or other communication shall be deemed to have been received: (a) if sent by prepaid ordinary mail or registered mail, on the third Business Day after mailing in Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the next Business Day following dispatch; and (c) if delivered by facsimile transmission or e-mail by 5:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

51. THIS COURT ORDERS that, in the event that the day on which any notice or communication required to be delivered pursuant to this Meeting Order is not a Business Day, then such notice or communication shall be required to be delivered on the next Business Day.

52. THIS COURT ORDERS that if, during any period during which notices or other communications are being given pursuant to this Meeting Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or e-mail in accordance with this Order.

53. THIS COURT ORDERS that all references to time in this Meeting Order shall mean prevailing local time in Toronto, Ontario and any references to an event occurring on a Business Day shall mean prior to 5:00 p.m. on the Business Day unless otherwise indicated.

54. THIS COURT ORDERS that references to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.

55. 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 Meeting Order and to assist the Target Canada Entities, the Monitor and their respective agents in carrying out the terms of this Meeting Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Target Canada Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Target Canada Entities and the Monitor and their respective agents in carrying out the terms of this Order.

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

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

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**SCHEDULE “B”  
NOTICE OF CREDITORS’ MEETING**

**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 THE TARGET CANADA ENTITIES**

**AMENDED AND RESTATED JOINT PLAN OF COMPROMISE AND  
ARRANGEMENT**

|                                     |
|-------------------------------------|
| <b>NOTICE OF CREDITORS’ MEETING</b> |
|-------------------------------------|

**TO:** The Affected Creditors of Target Canada Co., Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy (Ontario) Corp., Target Canada Pharmacy Corp., Target Canada Pharmacy (SK) Corp., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP and Target Canada Property LP (collectively, the “**Target Canada Entities**”)

**NOTICE IS HEREBY GIVEN** that a meeting of the Affected Creditors of the Target Canada Entities will be held on May 25, 2016 at 10:00 a.m. at the Toronto Region Board of Trade, 77 Adelaide Street West, Toronto, ON M5X 1C1 (the “**Creditors’ Meeting**”) for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, a resolution (the “**Resolution**”) approving the Amended and Restated Joint Plan of Compromise and Arrangement of the Target Canada Entities pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) dated April 9, 2016 (as amended, restated, modified and/or supplemented from time to time in accordance with the terms thereof, the “**Plan**”); and
2. to transact such other business as may properly come before the Creditors’ Meeting or any adjournment or postponement thereof.

The Creditors’ Meeting is being held pursuant to an order (the “**Meeting Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on April [13], 2016.

Capitalized terms used and not otherwise defined in this Notice have the respective meanings given to them in the Plan.

The Plan contemplates the compromise of Claims of the Affected Creditors. Quorum for the Creditors’ Meeting has been set by the Meeting Order as the presence, in person or by Proxy, at the Creditors’ Meeting of one Affected Creditor with a Voting Claim.

In order for the Plan to be approved and binding in accordance with the CCAA, the Resolution must be approved by that number of Affected Creditors representing at least a majority in number of Voting Claims, whose Affected Claims represent at least two-thirds in value of the Voting Claims of Affected Creditors who validly vote (in person or by Proxy) on the Resolution at the Creditors’ Meeting or were deemed to vote on the Resolution as provided for in the Meeting Order (the “**Required Majority**”). Each Affected Creditor will be entitled to one vote at the Creditors’ Meeting, which vote will have the value of such person’s Voting Claim as determined in accordance with the Claims Procedure Order and the Meeting Order. If approved by the Required Majority, the Plan must also be sanctioned by the Court under the CCAA. Subject to the satisfaction of the other conditions precedent to implementation of the Plan, all Affected Creditors will then receive the treatment set forth in the Plan.

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**Deemed Voting in Favour of the Plan**

Convenience Class Creditors will be deemed to vote in favour of the Plan.

**Forms and Proxies****Convenience Class Claim Election**

Affected Creditors with one or more Proven Claims in an amount in excess of Cdn\$25,000 may file with the Monitor a Convenience Class Claim Election, pursuant to which such Affected Creditor may elect to be treated as a Convenience Class Creditor and receive only the Cash Elected Amount of Cdn\$25,000 and shall be deemed thereby to vote in favour of the Plan, prior to 10:00 a.m. (Toronto Time) on May 24, 2016, or 24 hours (excluding Saturdays, Sundays and statutory holidays) prior to any adjourned, postponed or rescheduled Creditors' Meeting, or deposit such Convenience Class Claim Election with the Chair at the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) immediately prior to the vote at the time specified by the Chair (the "Election/Proxy Deadline").

**Proxy Form**

**An Affected Creditor may attend at the Creditors' Meeting in person or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the form of Proxy provided to Affected Creditors by the Monitor, or by completing another valid form of Proxy. Persons appointed as proxyholders need not be Affected Creditors.**

In order to be effective, proxies must be received by the Monitor at Alvarez & Marsal Canada Inc., 200 Bay Street, Suite 2900, P.O. Box 22, Toronto, ON M5J 2J1 (Attention: Steven Glustein), facsimile: (416) 847-5201, e-mail: targetcanadamonitor@alvarezandmarsal.com, prior to the Election/Proxy Deadline.

If an Affected Creditor (other than those who are deemed to vote in favour of the Plan as set out above) specifies a choice with respect to voting on the Resolution on a Proxy, the Proxy will be voted in accordance with the specification so made. **In absence of such specification, a Proxy will be voted FOR the Resolution provided that the proxyholder does not otherwise exercise its right to vote at the Creditors' Meeting.**

**NOTICE IS ALSO HEREBY GIVEN** that if the Plan is approved by the Required Majority at the Creditors' Meeting, the Target Canada Entities intend to bring a motion before the Court on June 2, 2016 at 9:30 a.m. (Toronto time) at the Court located at 330 University Avenue, Toronto, Ontario M5G 1R8. The motion will be seeking the granting of the Sanction and Vesting Order sanctioning the Plan under the CCAA and for ancillary relief consequent upon such sanction. Any Affected Creditor that wishes to appear or be represented, and to present evidence or arguments, at such Court hearing must file with the Court a Notice of Appearance and serve such Notice of Appearance on the Service List at least seven (7) days before such Court hearing. Any Affected Creditor that wishes to oppose the relief sought at such Court hearing shall serve on the Service List a notice setting out the basis for such opposition and a copy of the materials to be used at such hearing at least seven (7) days before the date set for such hearing, or such shorter time as the Court, by Order, may allow. A copy of the Service List may be obtained by contacting the Monitor at the particulars set out above or from the Monitor's website set out below.

This Notice is given by the Target Canada Entities pursuant to the Meeting Order.

You may view copies of the documents relating to this process on the Monitor's website at [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada).

DATED this ● day of ●, ●.

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**SCHEDULE “C”  
FORM OF PROXY**

**PROXY AND INSTRUCTIONS  
FOR AFFECTED CREDITORS IN THE MATTER OF THE PROPOSED  
AMENDED AND RESTATED JOINT PLAN OF COMPROMISE AND  
ARRANGEMENT OF  
THE TARGET CANADA ENTITIES**

**MEETING OF AFFECTED CREDITORS**

to be held pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on April [13], 2016 (the “**Meeting Order**”) in connection with the Amended and Restated Joint Plan of Compromise and Arrangement of the Target Canada Entities dated April ●, 2016 (as amended, restated, modified and/or supplemented from time to time, the “**Plan**”)

on May 25, 2016 at 10:00 a.m. (Toronto time) at

Toronto Region Board of Trade  
77 Adelaide Street West  
Toronto, ON M5X 1C1

and at any adjournment, postponement or other rescheduling thereof (the “**Creditors’ Meeting**”)

PLEASE COMPLETE, SIGN AND DATE THIS PROXY AND (I) RETURN IT TO ALVAREZ & MARSAL CANADA INC. BY 10:00 A.M. (TORONTO TIME) ON MAY 24, 2016, OR 24 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS) PRIOR TO ANY ADJOURNED, POSTPONED OR RESCHEDULED CREDITORS’ MEETING, OR (II) DEPOSIT THIS PROXY WITH THE CHAIR AT THE CREDITORS’ MEETING (OR ANY ADJOURNMENT, POSTPONEMENT OR OTHER RESCHEDULING THEREOF) IMMEDIATELY PRIOR TO THE VOTE AT THE TIME SPECIFIED BY THE CHAIR (THE “**ELECTION/PROXY DEADLINE**”). PLEASE RETURN OR DEPOSIT YOUR ORIGINAL PROXY SO THAT IT IS ACTUALLY RECEIVED BY THE MONITOR OR THE CHAIR ON OR BEFORE THE ELECTION/PROXY DEADLINE.

Please use this Proxy form if you do not wish to attend the Creditors’ Meeting to vote in person but wish to appoint a proxyholder to attend the Creditors’ Meeting, vote your Voting Claim to accept or reject the Plan and otherwise act for and on your behalf at the Creditors’ Meeting and any adjournment(s), postponement(s) or rescheduling(s) thereof.

The Plan is included in the Meeting Materials delivered by the Monitor to all Affected Creditors, copies of which you have received. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Plan.

You should review the Plan before you vote. In addition, on April [13], 2016, the Court issued the Meeting Order establishing certain procedures for the conduct of the Creditors’ Meeting, a copy of which is included in the Meeting Materials. The Meeting Order contains important information regarding the voting process. Please read the Meeting Order and the instructions sent with this Proxy prior to submitting this Proxy.

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If the Plan is approved by the Required Majority and is sanctioned by the Court, it will be binding on you whether or not you vote.

**Convenience Class Creditors do not need to complete or return a Proxy as they are deemed to vote in favour of the Plan pursuant to the Meeting Order and the Plan.**

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**APPOINTMENT OF PROXYHOLDER AND VOTE**

By checking one of the two boxes below, the undersigned Affected Creditor hereby revokes all proxies previously given and nominates, constitutes and appoints either (*if no box is checked, the Monitor will act as your proxyholder*):

- \_\_\_\_\_, or
- a representative of Alvarez & Marsal Canada Inc. in its capacity as Monitor of the Target Canada Entities

as proxyholder, with full power of substitution, to attend, vote and otherwise act for and on behalf of the undersigned at the Creditors' Meeting and at adjournment(s), postponement(s) and rescheduling(s) thereof, and to vote the amount of the Affected Creditors' Voting Claim. Without limiting the generality of the power hereby conferred, the person named as proxyholder is specifically directed to vote as shown below. The person named as proxyholder is also directed to vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned with respect to any amendments or variations to the Plan and to any matters that may come before the Creditors' Meeting or at any adjournment, postponement or rescheduling thereof and to vote the amount of the Affected Creditor's Voting Claim as follows (*mark only one*):

- Vote **FOR** the approval of the Plan, or
- Vote **AGAINST** the approval of the Plan

**Please note that if no specification is made above, the Affected Creditor will be deemed to have voted FOR approval of the Plan at the Creditors' Meeting provided the Affected Creditor does not otherwise exercise its right to vote at the Creditors' Meeting.**

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**AFFECTED CREDITOR'S SIGNATURE:**

\_\_\_\_\_  
(Print Legal Name of Affected Creditor)

\_\_\_\_\_  
(Print Legal Name of Assignee, if applicable)

\_\_\_\_\_  
(Signature of the Affected Creditor/Assignee or an Authorized Signing Officer of the Affected Creditor/Assignee)

\_\_\_\_\_  
(Print Name and Title of Authorized Signing Officer of the Affected Creditor/Assignee, if applicable)

\_\_\_\_\_  
(Mailing Address of the Affected Creditor/Assignee)

\_\_\_\_\_  
(Telephone Number and E-mail of the Affected Creditor/Assignee or Authorized Signing Officer of the Affected Creditor/Assignee)

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**YOUR PROXY MUST BE RECEIVED (I) BY THE MONITOR AT THE ADDRESS LISTED BELOW OR (II) BY THE CHAIR AT THE CREDITORS' MEETING BEFORE THE ELECTION/PROXY DEADLINE.**

**ALVAREZ & MARSAL CANADA INC.  
MONITOR OF THE TARGET CANADA ENTITIES**

**200 Bay Street  
Suite 2900  
P.O. Box 22  
Toronto, ON  
M5J 2J1**

**Attention: Steven Glustein  
Facsimile: (416) 847-5201  
E-mail: [targetcanadamonitor@alvarezandmarsal.com](mailto:targetcanadamonitor@alvarezandmarsal.com)**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT [targetcanadamonitor@alvarezandmarsal.com](mailto:targetcanadamonitor@alvarezandmarsal.com) OR VISIT THE MONITOR'S WEBSITE AT [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada)**

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**INSTRUCTIONS FOR COMPLETION OF PROXY**

1. All capitalized terms used but not defined in this Proxy shall have the meanings ascribed to such terms in the Amended and Restated Joint Plan of Compromise and Arrangement of the Target Canada Entities dated April ●, 2016 (the “**Plan**”), a copy of which you have received.
2. Please read and follow these instructions carefully. Your Proxy must actually be received (i) by the Monitor at Alvarez & Marsal Canada Inc., Monitor of the Target Canada Entities, 200 Bay Street, Suite 2900, P.O. Box 22, Toronto, ON M5J 2J1 (Attention: Steven Glustein), facsimile: (416) 847-5201, e-mail: targetcanadamonitor@alvarezandmarsal.com prior to 10:00 a.m. (Toronto time) on May 24, 2016 or 24 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time of any adjournment, postponement or rescheduling of the Creditors’ Meeting or (ii) by the Chair at the Creditors’ Meeting (or any adjournment, postponement or rescheduling thereof) immediately prior to the vote at the time specified by the Chair (the “**Election/Proxy Deadline**”). If your Proxy is not received by the Election/Proxy Deadline, unless such time is extended, your Proxy will not be counted.
3. The aggregate amount of your Claim in respect of which you are entitled to vote (your “**Voting Claim**”) shall be your Proven Claim, or with respect to a Disputed Claim, the amount as determined by the Monitor to be your Voting Claim in accordance the Claims Procedure Order and the Meeting Order.
4. Each Affected Creditor who has a right to vote at the Creditors’ Meeting has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed, or to select a representative of the Monitor as its proxyholder. If no proxyholder is selected, the Affected Creditor will be deemed to have appointed any officer of Alvarez & Marsal Canada Inc., in its capacity as Monitor, or such other person as Alvarez & Marsal Canada Inc. may designate, as proxyholder of the Affected Creditor, with power of substitution, to attend on behalf of and act for the Affected Creditor at the Creditors’ Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling thereof.
5. Check the appropriate box to vote for or against the Plan. If you do not check either box, you will be deemed to have voted FOR approval of the Plan provided you do not otherwise exercise your right to vote at the Creditors’ Meeting.
6. Sign the Proxy – your original signature is required on the Proxy to appoint a proxyholder and vote at the Creditors’ Meeting. If you are completing the proxy as a duly authorized representative of a corporation or other entity, indicate your relationship with such corporation or other entity and the capacity in which you are signing, and if subsequently requested, provide proof of your authorization to so sign. In addition, please provide your name, mailing address, telephone number and e-mail address.
7. Return the completed Proxy to the Monitor at Alvarez & Marsal Canada Inc., Monitor of the Target Canada Entities, 200 Bay Street, Suite 2900, P.O. Box 22, Toronto, ON M5J

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2J1 (Attention: Steven Glustein), facsimile: (416) 847-5201, e-mail: [targetcanadamonitor@alvarezandmarsal.com](mailto:targetcanadamonitor@alvarezandmarsal.com), so that it is actually received by no later than the Election/Proxy Deadline.

8. If you need additional Proxies, please immediately contact the Monitor.
9. If multiple Proxies are received from the same person with respect to the same Claims prior to the Election/Proxy Deadline, the latest dated, validly executed Proxy timely received will supersede and revoke any earlier received Proxy. However, if a holder of Claims casts Proxies received by the Monitor dated with the same date, but which are voted inconsistently, such Proxies will not be counted. If a Proxy is not dated in the space provided, it shall be deemed dated as of the date it is received by the Monitor.
10. If an Affected Creditor (other than a Convenience Class Creditor) validly submits a Proxy to the Monitor and subsequently attends the Creditors' Meeting and votes in person inconsistently, such Affected Creditor's vote at the Creditors' Meeting will supersede and revoke the earlier received Proxy.
11. Proxies may be accepted for purposes of an adjourned, postponed or other rescheduled Creditors' Meeting if received by the Monitor by the Election/Proxy Deadline.
12. Any Proxy that is illegible or contains insufficient information to permit the identification of the claimant will not be counted.
13. After the Election/Proxy Deadline, no Proxy may be withdrawn or modified, except by an Affected Creditor voting in person at the Creditors' Meeting, without the prior consent of the Monitor and the Target Canada Entities.
14. If you are an Affected Creditor with one or more Proven Claims in an amount in excess of Cdn\$25,000, you may elect to receive the Cash Elected Amount in full and final satisfaction of your Affected Claims by completing the Convenience Class Claim Election contained in the Meeting Materials you received from the Monitor. If you elect to receive the Cash Elected Amount, you will be deemed to have voted in favour of the Plan and do not need to complete this Proxy.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS PROXY OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPY OR ADDITIONAL COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT [targetcanadamonitor@alvarezandmarsal.com](mailto:targetcanadamonitor@alvarezandmarsal.com) OR VISIT THE MONITOR'S WEBSITE AT [www.alvarezandmarsal.com/targetcanada](http://www.alvarezandmarsal.com/targetcanada)**

**SCHEDULE "D"**  
**FORM OF CONVENIENCE CLASS CLAIM ELECTION**

**TO: ALVAREZ & MARSAL CANADA INC., in its capacity as Monitor of the Target Canada Entities**

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In connection with the Amended and Restated Joint Plan of Compromise and Arrangement of the Target Canada Entities pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated April ●, 2016 (as amended, restated, modified and/or supplemented from time to time, the "**Plan**"), the undersigned hereby elects to be treated as a Convenience Class Creditor and thereby to receive the Cash Elected Amount of Cdn\$25,000 in full and final satisfaction of the Proven Claim(s) of the undersigned, and hereby acknowledges that the undersigned shall be deemed to vote its Voting Claim(s) in favour of the Plan at the Creditors' Meeting.

For the purposes of this election, terms not defined herein shall have the meanings ascribed thereto in the Plan.

**DATED** at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**AFFECTED CREDITOR'S SIGNATURE:**

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(Print Legal Name of Affected Creditor)

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(Print Legal Name of Assignee, if applicable)

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(Signature of the Affected Creditor/Assignee or an Authorized Signing Officer of the Affected Creditor/Assignee)

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(Print Name and Title of Authorized Signing Officer of the Affected Creditor/Assignee, if applicable)

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(Mailing Address of the Affected Creditor/Assignee)

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(Telephone Number and E-mail of the Affected Creditor/Assignee or Authorized Signing Officer of the Affected Creditor/Assignee)

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**SCHEDULE “E”  
FORM OF RESOLUTION**

**BE IT RESOLVED THAT:**

1. The Amended and Restated Joint Plan of Compromise and 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., Target Canada Property LLC, Target Canada Pharmacy Franchising LP, Target Canada Mobile LP, and Target Canada Property LP (collectively, the “**Target Canada Entities**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) dated April ●, 2016 (the “**Plan**”), which Plan has been presented to this meeting and which is substantially in the form attached as Exhibit “●” to the Affidavit of Mark J. Wong sworn ●, 2016 (as such Plan may be amended, restated, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and
2. any director or officer of each of the Target Canada Entities be and is hereby authorized and directed, for and on behalf of each of the Target Canada Entities, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

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**SCHEDULE "D"****Landlord Guarantee Creditors**

| <b>NO.</b> | <b>LANDLORD GROUP</b>                    | <b>LANDLORD/ CLAIMANT</b>   | <b>STORE #</b> | <b>LOCATION</b>              |
|------------|--|---|----------------|------------------------------|
| 1.         | 20 Vic Management Inc. (manager)         | HOOPP Realty Inc.   | 3708           | Devonshire Mall              |
| 2.         | ADMNS Meadowlands Investment Corporation | ADMNS Meadowlands Investment Corporation                                  | 3628           | Meadowlands Shopping Center  |
| 3.         | Bentall Kennedy                          | Penretail Management Ltd.   | 3510           | Westmount Shopping Centre    |
| 4.         | Bentall Kennedy                          | Hazeldean Mall LP   | 3511           | Hazeldean Mall               |
| 5.         | Bentall Kennedy (manager)                | bcIMC Realty Corporation  | 3624           | Bower Place                  |
| 6.         | Bentall Kennedy                          | 2725312 Canada Inc. and 2973758 Canada Inc.                               | 3690           | Willowbrook Shopping Centre  |
| 7.         | Bentall Kennedy (manager)                | bcIMC Realty Corporation  | 3715           | Cloverdale Mall              |
| 8.         | Bentall Kennedy                          | PCM Sheridan Inc.   | 3669           | Sheridan Mall                |
| 9.         | Calloway REIT                            | Calloway REIT (Laurentian) Inc.   | 3642           | Laurentian Power Centre      |
| 10.        | Calloway REIT                            | Calloway Reit (Hopedale) Inc.   | 3670           | Hopedale Mall                |
| 11.        | Centrecorp Management Services Ltd.      | Faubourg Boisbriand Shopping Centre Holdings Inc.                         | 3765           | Faubourg Boisbriand          |
| 12.        | Cominar Real Estate Investment Trust     | 9130-1093 Quebec Inc. as nominee for Cominar Real Estate Investment Trust | 3576           | Carrefour St Georges         |
| 13.        | Cominar Real Estate Investment Trust     | Cominar Real Estate Investment Trust                                      | 3592           | Les Rivieres Shopping Centre |
| 14.        | Crombie Real Estate Investment Trust     | Crombie Property Holdings Limited   | 3630           | 1899 Algonquin Avenue        |

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| <b>NO.</b> | <b>LANDLORD GROUP</b>        | <b>LANDLORD/ CLAIMANT</b>  | <b>STORE #</b> | <b>LOCATION</b>                |
|------------|------------------------------|--|----------------|--------------------------------|
| 15.        | Davpart Inc.                 | Lindsay Square Mall Inc.   | 3560           | Lindsay Square Mall            |
| 16.        | Doral Holdings Limited       | Doral Holdings Limited and 430635 Ontario Inc.                               | 3645           | Seaway Mall                    |
| 17.        | Kingsett                     | Place Vertu Holdings Inc.  | 3769           | Place Vertu                    |
| 18.        | Mcintosh Properties Ltd.     | Mcintosh Properties Ltd.   | 3698           | Orchard Park Plaza             |
| 19.        | Montez Corporation           | Montez (Corner Brook) Inc.   | 3650           | Corner Brook                   |
| 20.        | Morguard Investments Limited | Revenue Properties Company Limited and Morguard Real Estate Investment Trust | 3574           | Prairie Mall                   |
| 21.        | Morguard Investments Limited | 2046459 Ontario Inc.   | 3575           | Cottonwood Mall                |
| 22.        | Morguard Investments Limited | 3934390 Canada Inc.  | 3577           | The Mall at Lawson Heights     |
| 23.        | Morguard Investments Limited | Morguard Real Estate Investment Trust  | 3608           | Cambridge Centre               |
| 24.        | Morguard Investments Limited | Morguard Corporation and Bramalea City Centre Equities Inc.                  | 3623           | Bramalea City Centre           |
| 25.        | Morguard Investments Limited | Bonnie Doon Shopping Centre (Holdings) Ltd.                                  | 3710           | Bonnie Doon                    |
| 26.        | Morguard Investments Limited | Revenue Properties Company Limited   | 3742           | East York Town Centre          |
| 27.        | Morguard Investments Limited | Morguard Real Estate Investment Trust  | 3763           | Shoppers Mall                  |
| 28.        | Primaris                     | Kildonan Place Ltd.  | 3644           | Kildonan Place Shopping Centre |
| 29.        | Primaris                     | McAllister Place Holdings Inc.   | 3655           | McAllister Place               |
| 30.        | Primaris                     | St. Albert Centre Holdings Inc.  | 3694           | St. Albert Centre              |

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| <b>NO.</b> | <b>LANDLORD GROUP</b>                   | <b>LANDLORD/ CLAIMANT</b>            | <b>STORE #</b> | <b>LOCATION</b>             |
|------------|---|--------------------------------------|----------------|-----------------------------|
| 31.        | SunLife Assurance Company of Canada     | Sun Life Assurance Company of Canada | 3538           | Forest Lawn Shopping Centre |
| 32.        | Triovest Realty Advisors Inc. (manager) | Barton Centre LP                     | 3753           | Centre Mall                 |
| 33.        | Triovest Realty Advisors Inc. (manager) | 7902484 Canada Inc.                  | 3767           | Taunton Road Power Centre   |
| 34.        | Valiant Rental Properties Ltd           | Valiant Rental Inc.                  | 3757           | Clarington Town Centre      |
| 35.        | Westcliff Management Ltd. (manager)     | Carrefour Richelieu Realities Ltd.   | 3657           | Carrefour Du Nord           |
| 36.        | Westcliff Management Ltd. (manager)     | Carrefour Richelieu Realities Ltd.   | 3516           | Carrefour Richelieu         |
| 37.        | Westcliff Management Ltd. (manager)     | Carrefour Richelieu Realities Ltd.   | 3595           | Carrefour Angrignon         |

**SCHEDULE "E"****Landlord Non-Guarantee Creditors**

| <b>NO.</b> | <b>LANDLORD GROUP</b>                | <b>LANDLORD/CLAIMANT</b>                  | <b>STORE #</b> | <b>LOCATION</b>              |
|------------|--------------------------------------|---|----------------|------------------------------|
| 1.         | 20 Vic Management, Inc.              | OPB Realty Inc.                           | 3663           | Pickering Town Centre        |
| 2.         | Beauward Shopping Centre, Ltd.       | Beauwood Shopping Centre, Ltd.            | 3693           | Carrefour St-Eustache        |
| 3.         | Beauward Shopping Centre, Ltd.       | Beauwood Shopping Centre, Ltd.            | 3718           | Les Galeries Joliette        |
| 4.         | Bridlewood Mall Management           | Bridlewood Mall Management Inc.           | 3667           | Bridlewood Mall              |
| 5.         | Cogir Management Corporation         | Halifax 1658 Bedford Highway Inc.         | 3731           | Bedford Place                |
| 6.         | Cominar Real Estate Investment Trust | 9090-7155 Quebec Inc.                     | 3702           | Place Longueuil              |
| 7.         | Cominar Real Estate Investment Trust | Cominar NF Real Estate Holdings Inc.      | 3732           | Cabot Square                 |
| 8.         | Cominar Real Estate Investment Trust | 2226009 Ontario Inc.                      | 7000           | Centre Laval                 |
| 9.         | Crombie Developments Limited         | Crombie Developments Ltd                  | 3530           | Sydney Shopping Centre       |
| 10.        | Crombie Developments Limited         | Crombie Developments Ltd                  | 3550           | Uptown Centre                |
| 11.        | Effort Trust Company                 | 60 Martindale Crescent (Hamilton) Limited | 3671           | Meadowland Power centre      |
| 12.        | First Capital Corporation            | First Capital (Stoney Creek) Corporation  | 3524           | Zellers Plaza – Stoney Creek |
| 13.        | First Capital Corporation            | Corporation FCHT Holdings (Quebec) Inc.   | 3634           | Place Portobello             |
| 14.        | Fishman Holdings North America, Inc. | 2058790 Ontario Ltd.                      | 3707           | Woodbine Centre              |

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| NO. | LANDLORD GROUP         | LANDLORD/CLAIMANT  | STORE # | LOCATION                          |
|-----|------------------------|--|---------|-----------------------------------|
| 15. | Northwest Realty, Inc. | Discovery Harbour Shopping Centre Ltd.                   | 3508    | Discovery Harbour Shopping Centre |
| 16. | Primaris               | Sherwood Park Portfolio Inc.                             | 3564    | Sherwood Park Mall                |
| 17. | Primaris               | Medicine Hat Mall Inc.                                   | 3614    | Medicine Hat Mall                 |
| 18. | Primaris               | Sunridge Mall Holdings Inc.                              | 3713    | Sunridge Mall                     |
| 19. | Primaris               | Place D'Orleans Holdings Inc.                            | 3764    | Place D'Orleans                   |
| 20. | RioCan                 | RioCan Holdings Inc.                                     | 3519    | South Hamilton Square             |
| 21. | RioCan                 | RioCan Holdings Inc.                                     | 3522    | County Fair Mall                  |
| 22. | RioCan                 | RioCan Holdings Inc.                                     | 3526    | Lawrence Square                   |
| 23. | RioCan                 | RioCan Holdings (Five Points) Inc.                       | 3559    | Five Points Mall                  |
| 24. | RioCan                 | RioKim Holdings (PEI) Inc.                               | 3637    | Charlottetown Mall                |
| 25. | RioCan                 | 151516 Canada Inc.                                       | 3639    | Durham Centre                     |
| 26. | RioCan                 | RioCan Holdings Inc.                                     | 3665    | Orillia Square                    |
| 27. | RioCan                 | 1388688 Ontario Limited                                  | 3668    | Shoppers World Brampton           |
| 28. | RioCan                 | RioKim Holdings (Quebec II) Inc.                         | 3695    | Mega Centre Autoroute 13          |
| 29. | RioCan                 | RioCan Holdings Inc.                                     | 3699    | Stratford Mall                    |
| 30. | RioCan                 | RK (Burlington Mall) Inc.                                | 3738    | Burlington Mall                   |
| 31. | RioCan                 | RioKim Holdings (Ontario II) Inc.                        | 3751    | Gates of Fergus                   |
| 32. | RioCan                 | RioCan Holdings Inc. & Canada Mortgage and Housing Corp. | 3761    | Millcroft Centre                  |



| NO. | LANDLORD GROUP                       | LANDLORD/CLAIMANT   | STORE # | LOCATION                 |
|-----|--------------------------------------|---|---------|--------------------------|
| 33. | RioCan                               | RioCan PS Inc.  | 3762    | Flamborough Power Centre |
| 34. | RioCan                               | 2076031 Ontario Limited   | 3768    | Eglinton and Warden      |
| 35. | RioCan                               | MillWoods Centre Inc.   | 3770    | Mill Woods Town Centre   |
| 36. | RioCan                               | RioTrin Properties (Brampton) Inc.                                      | 3773    | Trinity Common           |
| 37. | RioCan                               | RioTrin Properties (Weston) Inc. & 2176905 Ontario Ltd.                 | 7002    | Stockyards               |
| 38. | RioCan                               | RioCan Holdings Inc.  | 7001    | RioCan Niagara Falls     |
| 39. | 46 <sup>th</sup> Avenue Investments  | 46 <sup>th</sup> Avenue Investments Limited                             | 7327    | Warehouse Space          |
| 40. | Bentall Kennedy                      | bcIMC Realty Corporation  | 7417    | Ottawa Office            |
| 41. | Triovest                             | Big Bend Equities Inc.  | 7328    | Warehouse Space          |
| 42. | Complexe Lebourgneuf 2               | Complexe Lebourgneuf Phase II Inc.                                      | 7416    | Quebec City Office       |
| 43. | CREIT Management LP                  | Canadian Property Holdings (Alberta) Inc.                               | 7326    | Warehouse Space          |
| 44. | Cominar Real Estate Investment Trust | Cominar REIT  | 7413    | Montreal Office          |
| 45. | HOOPP Realty Inc.                    | Menkes Property Management Services Ltd. as agent for HOOPP Realty Inc. | 7400    | Mississauga Office       |
| 46. | HOOPP Realty Inc.                    | Menkes Property Management Services Ltd. as agent for HOOPP Realty Inc. | 9730    | Headquarters             |
| 47. | HOOPP Realty Inc.                    | Menkes Property Management Services Ltd. as agent for HOOPP Realty Inc. | 9731    | Headquarters             |

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| <b>NO.</b> | <b>LANDLORD GROUP</b>        | <b>LANDLORD/CLAIMANT</b>    | <b>STORE #</b> | <b>LOCATION</b>  |
|------------|------------------------------|-----------------------------|----------------|------------------|
| 48.        | Ivanhoe Cambridge            | Oshawa Centre Holdings Inc. | 7403           | Oshawa Office    |
| 49.        | Redstone Equities            | Park Place IV Limited       | 7418           | Dartmouth Office |
| 50.        | Morguard Investments Limited | Pensionfund Realty Limited  | 7412           | Winnipeg Office  |
| 51.        | Strategic Group              | Macleod Place Ltd.          | 7411           | Calgary Office   |
| 52.        | Bentall Kennedy              | 391102 B.C. Ltd.            | 7407           | Burnaby Office   |

**SCHEDULE "F"****Employee Trust Termination Certificate**

- TO:** **ALVAREZ & MARSAL CANADA INC.**, in its capacity as the Court-appointed Monitor of the Target Canada Entities and not in its personal capacity
- RE:** Termination of the Trust Agreement between Target Corporation, Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed Monitor of Target Canada Co. and certain of its subsidiaries and not in its personal capacity, and the Hon. John D. Ground dated January 15, 2015 (as amended, restated, supplemented and/or modified from time to time, the "**Employee Trust Agreement**")
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The undersigned, in his capacity as the Trustee under the Employee Trust Agreement, does hereby certify that all outstanding disputes by employee claimants in respect of their entitlements, if any, under the Employee Trust Agreement have been fully and finally resolved pursuant to and in accordance with the Employee Trust Claims Procedure Order issued by the Ontario Superior Court of Justice (Commercial List) dated October 21, 2015 (Court File No. CV-15-10832-00CL).

*[Remainder of Page Intentionally Left Blank]*

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**DATED** \_\_\_\_\_, [2016].

**HON. JOHN D. GROUND**, in his capacity as  
Trustee under the Employee Trust Agreement  
and not in his personal capacity

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**SCHEDULE "G"****Employee Trust Property Joint Direction**

**TO:** THE ROYAL BANK OF CANADA ("RBC")

**RE:** Trust Agreement between Target Corporation (the "Plan Sponsor"), Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed Monitor of Target Canada Co. and certain of its subsidiaries and not in its personal capacity, and the Hon. John D. Ground dated January 15, 2015 (as amended, restated, supplemented and/or modified from time to time, the "**Employee Trust Agreement**")

**AND RE:** Account Number [●] (the "**Account**")

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The undersigned hereby direct RBC to remit all funds on deposit in the Account, which amount totals \$●, to the [Plan Sponsor/or [Insert designee]] in accordance with the payment instructions contained on Schedule "A" hereto.

And for so doing this shall be your good, sufficient and irrevocable authority.

*[Remainder of Page Intentionally Left Blank]*

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DATED \_\_\_\_\_, [2016].

**HON. JOHN D. GROUND**, in his capacity as  
Trustee under the Employee Trust Agreement  
and not in his personal capacity

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**ALVAREZ & MARSAL CANADA INC.**, in  
its capacity as the Administrator under the  
Employee Trust Agreement and not in its  
personal capacity

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE "H"****Co-Tenancy Stays**

This schedule sets out the outside dates for the expiry of the co-tenancy stays that have been ordered in this proceeding:

| Order             | Para | Date Granted     | Length                 | Date Stay Expires    |
|-------------------|------|------------------|------------------------|----------------------|
| Initial Order     | 18   | January 15, 2015 | During the Stay Period | With the Stay Period |
| Canadian Tire     | 11   | May 19, 2015     | 6 months               | November 19, 2015    |
| Cadillac Fairview | 9    | May 19, 2015     | 6 months               | November 19, 2015    |
| Lowe's            | 11   | May 20, 2015     | 6 months               | November 20, 2015    |
| Wal-Mart          | 12   | May 21, 2015     | 8 months               | January 21, 2016     |
| Erin Mills        | 11   | July 17, 2015    | 8 months               | March 17, 2016       |

# **EXHIBIT B**



THIS IS EXHIBIT "B" TO THE  
AFFIDAVIT OF MARK J. WONG

SWORN APRIL 6, 2016

A handwritten signature in black ink, appearing to read "Paul C. ...", written over a horizontal line.

Commissioner for Taking Affidavits

**April 13, 2016**

TO: Creditors of Target Canada Co. and the other Target Canada Entities

Dear Sirs/Mesdames:

**Proposed Amended and Restated Plan of Compromise and Arrangement**

On behalf of the Target Canada Entities, Target Canada is pleased to present its Amended and Restated Plan of Compromise and Arrangement (the “**Plan**”). If approved by the creditors and sanctioned by the Court, the Plan will:

- provide significant monetary recovery for creditors,
- accelerate timely payout to creditors, and
- resolve our CCAA proceedings with certainty and finality.

The Plan is an amended and restated version of the “Original Plan” that Target Canada sought to file in late 2015. The most significant change from the Original Plan is that the amounts of all landlord claims arising from disclaimed leases and all related guarantee claims against Target Corporation have been resolved outside of the Plan. The agreement of the landlords is conditional on approval of the Plan by the creditors and the Court.

The Target Canada Entities have obtained Court approval that a single class of unsecured creditors be permitted to vote on the Plan at a meeting to be held on May 25, 2016. This class will include our landlords, trade creditors, suppliers of services, pharmacists and all of our other unsecured creditors.

Key features of the Plan include:

1. Based on current information, **we expect a range of recovery for affected unsecured creditors of approximately 68% to 78% of their proven claims.**<sup>1</sup>
2. Target Corporation’s agreement to subordinate the majority of its intercompany claims against Target Canada has been maintained from the Original Plan.

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<sup>1</sup> This range is based on information from the Monitor as of April 1, 2016 and is provided on an estimated basis, as there remain significant claims that have not yet been finalized for distribution purposes. In addition, certain potential creditors such as the Canada Revenue Agency have filed claims for an unliquidated or unknown amount. Any references to range of recovery in this letter are subject to these important qualifications and those outlined in the Monitor’s Twenty-Third, Twenty-Fourth and Twenty-Sixth Reports.

3. Target Corporation is the “Plan Sponsor” and will also make additional Cash contributions under the Plan, which are on top of the many contributions that Target Corporation has already made in these CCAA proceedings.<sup>2</sup> In exchange, the Plan will provide a release in favour of Target Corporation.<sup>3</sup>
4. Target Canada believes that this is the best available plan in the circumstances. It maximizes creditor recovery, expedites plan implementation and complies with the Court’s orders and directions.
5. The alternative to the Plan is a bankruptcy. We understand that Target Corporation’s agreement to subordinate the vast majority of the intercompany claims is on the basis of the Plan only and would not be available in bankruptcy proceedings. Both Target Canada and the Monitor believe that creditor recoveries under the Plan will be far superior to what would result from a bankruptcy. The significant recoveries under the Plan are only possible because of Target Corporation’s agreement to permit the subordination of the intercompany claims.
6. If the creditors approve the Plan at the creditors’ meeting, we expect to apply to the Court on June 2, 2016 for an order sanctioning the Plan. If the order is granted, we hope to make an initial distribution to creditors as quickly as possible.

## **1. Background to the Plan**

We have worked tirelessly over the course of these CCAA proceedings to maximize the value of our assets for the benefit of all creditors, including through the sale of our inventory and real property. By July 2015, this realization phase was substantially complete. We began negotiating and developing the terms of a plan that would resolve all claims against the Target Canada Entities and complete our CCAA proceedings.

We developed and proposed a global resolution for consideration by the Monitor and held meetings with the Consultative Committee of creditors. Through this process, we refined the proposed global resolution in an effort to achieve a balanced plan for our

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<sup>2</sup> Target Corporation’s significant economic contributions to date in these CCAA proceedings include: (1) the prior subordination of the approximately \$3.1 billion intercompany claim by a subsidiary of Target Corporation against Target Canada; (2) funding the Employee Trust in the amount of \$95 million and the consequent removal of the related employee claims from the Target Canada estate; (3) making available DIP financing to allow Target Canada to meet payroll and other obligations; and (4) providing ongoing shared services to Target Canada to facilitate the orderly wind down of the businesses, under which terms Target Corporation will not be fully compensated for its actual costs incurred.

<sup>3</sup> Target Corporation will not receive a release under the Plan in respect of Landlord Guarantee Claims (as that term is defined in the Plan).

stakeholders. We continued to meet with representatives of a range of our creditors, including landlords, trade creditors and other constituents, to obtain feedback and to garner support for the timely, consensual resolution to our CCAA proceedings.

In December 2015, Target Canada brought a motion asking the Court to accept the filing of the Original Plan and order a creditors' meeting to vote on it. That motion was opposed by certain landlords who objected to the Original Plan's treatment of their guarantee claims. The Original Plan proposed to compromise and settle those claims, which would have required the Court to amend the Initial Order to remove paragraph 19A. The Court dismissed the motion, finding, among other things, that compromising the guarantee claims without the landlords' consent would violate paragraph 19A of the Initial Order.

Target Canada immediately resumed discussions with the landlords in an effort to develop a consensual, global resolution and achieve Court approval. On February 1, 2016, Target Canada proposed a timetable by which it would negotiate a resolution with the landlords and, if successful, seek approval of a revised plan. The timetable contemplated that, unless 100% of the landlords executed the necessary agreements (described below) by March 4, 2016, Target Canada would take steps to transition to a bankruptcy process.

On March 4, 2016, after weeks of tough negotiations, Target Canada announced that all landlords had entered into the necessary agreements, which included: (1) a settlement agreement between Target Corporation and all landlords with disclaimed leases guaranteed by Target Corporation, which contractually resolved the guarantee claims outside of the Plan; and (2) consent and support agreements between Target Canada and all other landlords with disclaimed leases. All of these landlords committed to support and vote for the Plan. Target Corporation also entered into a Plan Sponsor Agreement, which contains Target Corporation's commitment to fund certain contributions into the Plan and to support and be bound by the Plan. Target Canada also announced that the Monitor and the Consultative Committee support the filing of the Plan.

Since that date, we have continued to engage with a range of creditors and other stakeholders in an attempt to build consensus for the Plan and, ultimately, a positive vote at the creditors' meeting. Target Canada and the Monitor are also working to resolve disputed claims and unquantified claims (such as the unquantified claims by the Canada Revenue Agency) in an effort to maximize the initial distributions to creditors.

We are very pleased to present our Plan to you. We firmly believe that it maximizes creditor recovery and will facilitate the controlled and orderly wind down of the Target Canada Entities in a timely manner.

## 2. Treatment of Creditors and Expected Recoveries

This letter provides information about expected recoveries to help you understand the Plan. You should note, however, that the information in this letter is qualified in its entirety by reference to the detailed information contained in the Plan. You should read the Plan carefully to understand its terms, as well as the other considerations that may be important to you in deciding whether to approve the Plan. You should consult financial, tax or other professional advisors regarding the Plan.

### (a) Claims Against Propco and Property LP

**Third party creditors of Propco and Property LP will be paid 100% of their proven claims against Propco and Property LP on the initial distribution date, or, in the case of a disputed claim that becomes a proven claim against Propco or Property LP, by the final distribution date.**

After the third party creditors of Propco and Property LP have been paid their proven claims, Propco's remaining cash will be paid toward valid intercompany claims against Propco that are held by Target Canada, Property LP and Target Corporation. The Plan provides that a limited amount of this cash will be paid to Target Corporation in respect of a valid intercompany claim. Target Corporation will direct that any other cash be delivered to Target Canada for distribution to creditors in accordance with the Plan.

### (b) Convenience Class Creditors

**The Plan refers to creditors with proven claims of less than or equal to \$25,000 (in the aggregate) as "Convenience Class Creditors". They will be paid 100% of their proven claims on the initial distribution date.**

**Other creditors with claims in excess of \$25,000 can elect to become, and be treated for all Plan purposes as, Convenience Class Creditors, in which case they will be paid \$25,000 on the initial distribution date.**

All Convenience Class Creditors are deemed to vote in favour of the Plan and will not receive further distributions under the Plan after the initial distribution date.

**(c) Landlords with Disclaimed Leases**

**Landlords with disclaimed leases have agreed to the quantum of their claims against the Target Canada Entities as part of the consensual resolution. For disclaimed leases guaranteed by Target Corporation, on the initial distribution date the landlords will receive 100% of their proven claims from Target Canada and additional amounts funded by Target Corporation as agreed to between Target Corporation and the landlords.**

Unlike the Original Plan, the Plan does not use a “Landlord Formula Amount” to value landlord claims. Instead, all landlords with disclaimed leases have consensually agreed to values for their restructuring period claims and pre-filing claims.

For disclaimed leases guaranteed by Target Corporation, Target Canada will pay landlords 100% of their proven claims against Target Canada on the initial distribution date. These payments will be funded by Target Canada.

Target Canada will pay all other landlords with disclaimed leases their *pro rata* share of their proven claims on the same dates that Target Canada pays other unsecured creditors. In addition, these landlords will receive an additional payment on the initial distribution date that is designed to provide them with approximately the same proven claim recovery that they would have received under the Original Plan. This additional amount will be funded by Target Corporation so that the payments will not dilute the recovery of the other creditors.

**(d) Creditors of Target Canada and its Subsidiaries**

**All other creditors of Target Canada and its subsidiaries<sup>4</sup> are expected to be paid distributions in the range of 68% to 78% of their proven claims.<sup>5</sup> Payments will begin on the initial distribution date and continue until the final distribution date.**

Creditors holding disputed claims will receive distributions on account of their claims once proven or the amount owing is resolved.

<sup>4</sup> Target Canada Health Co., Target Canada Mobile GP Co., Target Canada Pharmacy (BC) Corp., Target Canada Pharmacy (Ontario) Corp., Target Canada Pharmacy Corp. and Target Canada Pharmacy (SK) Corp.

<sup>5</sup> See footnote 1.

Although the expected range of recoveries is approximately 7% lower under this Plan than under the Original Plan, this reduction was necessary to: (1) provide enhanced recoveries to Landlord Guarantee Creditors to achieve the consensual resolution with the landlords; and (2) maintain Target Corporation's subordination of the majority of its intercompany claims against Target Canada. We believe that we have taken all reasonably available steps to maximize the recoveries for creditors given the circumstances we faced and believe that the recoveries contemplated under this Plan are far superior to the recoveries that creditors would receive under an alternate plan without this subordination or in a bankruptcy.

(e) **Employees**

Target Canada and Target Corporation designed the Employee Trust to provide a measure of financial security for current employees during the orderly wind down, by ensuring that employees were paid certain amounts, including receiving working notice following termination. Target Corporation has paid \$95 million to fund the Employee Trust. Creditors of Target Canada benefit from the Employee Trust because significant employee claims have been eliminated from the Target Canada estate. Based on current information from the Monitor, we expect that approximately \$81 million will have been paid in respect of employee claims through the Employee Trust.

Although the CCAA provides that a Plan must provide for payment in full of "Employee Priority Claims", the Employee Trust has already paid most, if not all, claims that would otherwise be considered Employee Priority Claims. Based on information from the Monitor, there is currently a surplus in the Employee Trust. Employee Priority Claims – if any exist – are therefore expected to be paid entirely out of the Employee Trust. Any balance in the Trust will be repaid to Target Corporation.

(f) **Additional Information about Claims, Generally**

(i) *Currency*

All monetary amounts in this letter are in Canadian dollars, unless otherwise stated. All payments under the Plan will be made in Canadian dollars. In accordance with the Claims Procedure Order, any claim denominated in a foreign currency will be converted at the Bank of Canada noon exchange rate in effect on January 15, 2015. For claims denominated in US dollars, the conversion rate is US\$1 : Cdn\$1.1932.

(ii) *Assignment of Claims*

A creditor may only transfer or assign its claim in accordance with, and subject to the restrictions in, the Plan.

(iii) *Tax Considerations*

Creditors are urged to consult their own advisors regarding the income or other tax consequences of their participation in the Plan.

All creditors and assignees of creditor claims should be aware that payments made under the Plan, if paid to persons who are not resident in Canada for purposes of Canada's *Income Tax Act*, may be subject to Canadian withholding tax. In particular, payments made to such non-residents under the Plan on account of landlord claims will generally be subject to a 25% Canadian withholding tax.

Target Canada will be entitled to deduct and withhold and remit from any distribution payable to any person pursuant to the Plan such amounts as are required by applicable laws, including Canada's *Income Tax Act*. To the extent that amounts are so withheld or deducted and remitted to the relevant taxing authority, such amounts will be treated as having been paid to such person under the Plan.

Payments made under the Plan may be inclusive of applicable Canadian federal goods and services and harmonized sales taxes, and other applicable Canadian provincial sales taxes, as may be required to be remitted by the recipient to an applicable taxing authority.

**3. The Creditors' Meeting and Voting on the Plan**

As noted above, the Court ordered on April 13, 2016 that a single class of unsecured creditors be permitted to vote on the Plan at a meeting to be held on **May 25, 2016**. At the creditors' meeting, creditors will consider and, if thought advisable, vote to approve the Plan. All creditors that will be affected by the Plan will be entitled to vote on the Plan.

Certain persons are not entitled to vote on the Plan, including holders of unaffected claims and intercompany claims, among others. As a related party, Target Corporation is not entitled to vote in support of the Plan in respect of any of its claims.

**4. Where You Can Find More Information**

As stated above, the information provided in this letter is intended to help you understand the Plan. You should note, however, that the governing document is the Plan. You should read the Plan carefully in its entirety to understand its terms, as well as the other considerations that may be important to you in deciding whether to approve the Plan. You should consult financial, tax or other professional advisors regarding the Plan and should not construe the contents of this letter as investment, legal or tax advice. The Monitor will be serving its report on the Plan on or before May 11, 2016 in advance of the creditors' meeting.



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If you have any questions with respect to the Plan, you should contact our counsel at Osler or the Monitor. All questions and correspondence to Osler or the Monitor should be directed to Tracy Sandler or Alan Hutchens, respectively:

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

Attention: Tracy C. Sandler  
Email: [tsandler@osler.com](mailto:tsandler@osler.com)

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

Attention: Alan J. Hutchens  
Email: [targetcanadamonitor@alvarezandmarsal.com](mailto:targetcanadamonitor@alvarezandmarsal.com)

Additional information is available on the website that is maintained by the Monitor in respect of these CCAA proceedings at <http://www.alvarezandmarsal.com/targetcanada>.

\* \* \*

We thank you for your continued support, cooperation and confidence in the Target Canada Entities throughout our restructuring process. We hope that you will vote for the Plan.

Yours very truly,

Target Canada Co.  
per:

***“Aaron Alt”***

Aaron Alt,  
Chief Executive Officer