

**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**

**TWENTY-FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

FEBRUARY 9, 2016

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1.0 INTRODUCTION

- 1.1 On January 15, 2015, Target Canada Co. (“**TCC**”) and those companies listed in **Appendix “A”** (collectively, the “**Applicants**”), together with the Partnerships also listed in **Appendix “A”** (the “**Partnerships**”, and collectively with the Applicants, the “**Target Canada Entities**”), applied for and were granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to an Order of this Court dated January 15, 2015, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed Monitor of the Target Canada Entities in the CCAA proceedings (the “**Monitor**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 On February 11, 2015, this Court issued the “**Amended and Restated Initial Order**” (hereinafter, unless the context otherwise requires, the “**Initial Order**”), which incorporates certain changes to the Initial Order granted January 15, 2015 that were described in the Second Report of the Monitor dated February 9, 2015.
- 1.3 In connection with the CCAA Proceedings, the Monitor has provided to this Court twenty-three reports and two supplementary reports (the “**Supplementary Reports**”, and collectively, the “**Monitor’s Reports**”). A&M has also provided to this Court the Pre-Filing Report of the Proposed Monitor (the “**Pre-Filing Report**”) dated January 14, 2015 (together with the Monitor’s Reports, the “**Prior Reports**”). The Prior Reports, the Initial Order and other Court-filed documents and notices in these CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/targetcanada.

1.4 The purpose of this Twenty-Fourth Report of the Monitor (the “**Twenty-Fourth Report**”) is to provide this Court with:

- (i) information regarding the following:
 - (a) the status of the CCAA Proceedings;
 - (b) the Claims Process;
 - (c) the receipts and disbursements of the Target Canada Entities for the period November 22, 2015 to January 30, 2016;
 - (d) the updated and extended cash flow forecast of the Target Canada Entities for the period January 31, 2016 to April 30, 2016;
 - (e) the Employee Trust;
 - (f) the Consultative Committee; and
 - (g) the Applicants’ motion seeking an order, among other things: (i) extending the Stay Period to March 15, 2016; and (ii) authorizing and directing the Applicants to continue to pay to members of the Consultative Committee \$5,000 plus HST for the months of December, 2015 forward, subject to further arrangements on further order of the Court; and
- (ii) the Monitor’s conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Twenty-Fourth Report, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Target Canada Entities and Target Corporation, and discussions with management of the Target Canada Entities and Target Corporation (collectively, the “**Information**”). Except as otherwise described in this Twenty-Fourth Report in respect of the Target Canada Entities’ cash flow forecast:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Twenty-Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Handbook*, has not been performed.

2.2 Future oriented financial information referred to in this Twenty-Fourth Report was prepared based on management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are

not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Twenty-Fourth Report should be read in conjunction with the Affidavit of Mark J. Wong, General Counsel and Assistant Secretary of TCC in support of an order requesting an extension of the Stay Period, sworn on February 8, 2016 (the “**Wong Affidavit – February Stay Extension**”).

2.4 Capitalized terms not otherwise defined in this Twenty-Fourth Report are as defined in the Prior Reports, the Initial Order and the Wong Affidavit – February Stay Extension, as applicable.

2.5 Unless otherwise stated, all monetary amounts contained in this Twenty-Fourth Report are expressed in Canadian dollars.

3.0 STATUS OF THE CCAA PROCEEDINGS

3.1 Following various meetings with stakeholders as described in the Monitor’s Twenty-Third Report, on November 27, 2015, the Target Canada Entities served materials in support of a motion returnable on December 8, 2015, seeking an order for, among other things, the accepting of the filing of the Plan, with the support of Target Corporation as Plan Sponsor, and authorization to call, hold and conduct a Creditors’ Meeting (the “**Meeting Order Motion**”).

3.2 On December 3, 2015, the parties attended a scheduling hearing before the Honourable Regional Senior Justice Morawetz regarding the Meeting Order Motion and it was

determined that, in order to provide sufficient time for parties to file responding materials, the Meeting Order Motion would be heard on December 21 and 22, 2015.

- 3.3 On December 8, 2015, the Court issued an Order extending the Stay Period to February 12, 2016 and amending the definition of “Notice of Objection Bar Date” set out at paragraph 3(aa) of the Claims Procedure Order to extend the Notice of Objection Bar Date to February 12, 2016, or such later date as the Court may order (the “**December Extension Order**”).
- 3.4 Following service of the Meeting Order Motion and leading up to the hearing of the motion, the Target Canada Entities and the Monitor continued to discuss the Plan with representatives of the landlords.
- 3.5 On December 21 and 22, 2015, the Court heard the Meeting Order Motion and reserved its decision on the relief requested by the Applicants.
- 3.6 As directed by the Court at the Meeting Order Motion, on December 30, 2015, the Monitor served its Supplemental Report to the Twenty-Third Report of the Monitor, in order to provide the Court and stakeholders with:
 - (i) general information regarding landlord claims in the Claims Process;
 - (ii) information relating to the aggregate quantum of claims filed by RioCan Holdings Inc. and certain of its affiliates and subsidiaries (collectively, “**RioCan**”) in respect of Guaranteed RioCan Disclaimed Leases and the aggregate quantum allowed in respect of such RioCan claims in the Claims Process; and

(iii) certain information with respect to a settlement agreement entered into by Target Corporation and Bentall Kennedy Group in respect of eight leases disclaimed by TCC.

3.7 While the decision was under reserve, the Target Canada Entities and the Monitor continued discussions with representatives of certain landlords in a continued effort to work towards a consensual resolution.

3.8 On January 13, 2016, the Court issued its decision on the Meeting Order Motion and held that the Plan was not accepted for filing and the motion was dismissed, with the Court's reasons to follow.

3.9 On January 15, 2016, the Court released its reasons/Endorsement, a copy of which is available on the Monitor's website. At paragraph 88 of its Endorsement, the Court directed the Monitor to review the implications of the Endorsement with the stakeholders within 14 days and to schedule a case conference where various alternatives could be reviewed. With the approval of the Court, the case conference was scheduled for February 1, 2016.

3.10 In accordance with the Court's direction, during the period between the January 15, 2016 release of the Endorsement and the February 1, 2016 case conference, the Monitor organized and convened a series of meetings with the non-landlord members of the Consultative Committee, legal counsel to and representatives of a broader group of non-landlord creditors that have been active in the CCAA Proceedings, pharmacist representative counsel, and landlords with disclaimed leases and their respective legal counsel. Each of these meetings included the Target Canada Entities' legal counsel and

the landlord meeting also included TCC's CEO. In addition to the foregoing, the Monitor and its counsel and counsel to the Target Canada Entities also met on an individual basis with legal counsel to several landlords to discuss options relating to a potential consensual resolution. The Monitor indicated at these meetings (and in its status update at the case conference) that in order to achieve a consensual resolution to preserve the value of the Target Corporation subordination and in light of the Court's January 15 Endorsement, a re-allocation of value would likely be required.

- 3.11 On February 1, 2016, the case conference proceeded as scheduled with participants attending both in person and by teleconference. A copy of the Case Conference Agenda served on the Service List and provided to the Court in advance of the case conference is attached as **Appendix "B"** to this Twenty-Fourth Report. The Honourable Regional Senior Justice Morawetz issued an endorsement at the case conference extending the Notice of Objection Bar Date, as defined and described in the Claims Procedure Order, as amended, to 28 days following March 11, 2016, or such other date as the Court may order. In addition, the Monitor advised the Court and participants that it was exercising its discretion under the Claims Procedure Order to set the deadline for filing of Notices of Dispute with respect to assigned leases (with the deadline for Notices of Dispute with respect to disclaimed leases continuing to be extended). Any landlord creditor that intends to dispute a Notice of Revision or Disallowance issued with respect to landlord claims relating to assigned leases must deliver a completed Notice of Dispute to the Monitor in accordance with the Claims Procedure Order by no later than February 29, 2016 (being 28 days after February 1, 2016, consistent with the timeframe for filing Notices of Dispute set out at paragraph 32 of the Claims Procedure Order).

- 3.12 Also on February 1, 2016, the Monitor notified the Service List of the Court's endorsement regarding the extension of the Notice of Objection Bar Date, and the deadline regarding the filing of Notices of Dispute relating to landlord claims in respect of assigned leases, and posted notice of same to the Monitor's website.
- 3.13 Following the February 1 case conference, the Target Canada Entities, with the assistance of the Monitor, continued discussions with counsel to several landlords regarding a proposed consensual resolution. On February 5, 2016, the Target Canada Entities advised the Monitor that they had delivered a term sheet to landlords with guarantees from Target Corporation setting out the proposed framework for a consensual resolution to the CCAA Proceedings and an Amended and Restated Plan. The term sheet was delivered on a without prejudice and confidential basis and remains confidential at this time. On February 8, 2016, the Target Canada Entities advised the Monitor that they had delivered the term sheet to landlords without guarantees from Target Corporation for whom they had contact information. As set out in the Wong Affidavit – February Stay Extension, the proposed framework contemplates a structure whereby all landlords with guarantees will enter into a Landlord Guarantee Creditor Settlement Agreement with Target Corporation, and all landlords without guarantees shall enter into individual Landlord Non-Guarantee Creditor Consent and Support Agreements with TCC. The proposal reflected in the term sheet provides for the contractual settlement of all Landlord Guarantee Claims outside of the CCAA process, in accordance with paragraph 19A of the Initial Order, and requires that the aforementioned agreements be executed by all landlords by March 4, 2016.

3.14 The Monitor will provide further updates to the Court on the status of these discussions as they continue to advance.

4.0 CLAIMS PROCESS

4.1 On June 11, 2015, this Court issued the claims procedure order (the “**Claims Procedure Order**”) approving the claims process (the “**Claims Process**”) to identify and determine claims of creditors (“**Claims**”) of the Target Canada Entities. The Claims Procedure Order was summarized in the Fifteenth Report of the Monitor, and an update on the completion of the notification requirements of the Claims Procedure Order was provided in the Eighteenth Report.

4.2 As described in the Twenty-First Report and the Twenty-Third Report, the Claims Procedure Order provided for the following Claims bar dates:

- (i) Intercompany Claims - July 31, 2015 (the “**Intercompany Claims Bar Date**”);
- (ii) Prefiling Claims – August 31, 2015 (the “**Claims Bar Date**”);
- (iii) D&O Claims – August 31, 2015; and
- (iv) Restructuring Period Claims - the later of: (i) 45 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (ii) the Claims Bar Date.

Intercompany Claims

- 4.3 As required by the Claims Procedure Order, the Monitor provided a comprehensive report on its review of the Intercompany Claims in the Twentieth Report of the Monitor (the “**Intercompany Claims Report**”) dated August 31, 2015.
- 4.4 The Claims Procedure Order provided that after the service of the Monitor’s Intercompany Claims Report, any Claimant may file objections, which may include, but are not limited to, any argument asserted for the subordination of outstanding intercompany debts of any of the Target Canada Entities, any relief in connection with claims to priority, any claim asserted for substantive consolidation, and the validity and quantum of Intercompany Claims and any claim relating to debt re-characterization, by filing a Notice of Objection with the Monitor, not later than the Notice of Objection Bar Date of September 30, 2015.
- 4.5 On September 21, 2015, this Court issued the Order (Amending the Claims Procedure Order) (the “**Claims Procedure Amending Order**”), which amended the definition of the “Notice of Objection Bar Date” in the Claims Procedure Order to extend such date to October 30, 2015, or such later date as may be agreed to by the Monitor and the Consultative Committee.
- 4.6 The Monitor and the Consultative Committee agreed to two further extensions in accordance with the Claims Procedure Amending Order, such that on October 20, 2015, the Monitor notified the Service List that the Notice of Objection Bar Date had been further extended to November 30, 2015, and on November 12, 2015, the Monitor notified the Service List that the Notice of Objection Bar Date had been further extended to

December 31, 2015. In both instances, notice of the extension was posted to the Monitor's website and served on the Service List.

4.7 At an appearance before the Court on November 18, 2015, the Court advised that any further extension of the Notice of Objection Bar Date would require Court approval.

4.8 Accordingly, on December 8, 2015, the Court issued the December Extension Order amending the definition of "Notice of Objection Bar Date" set out at paragraph 3(aa) of the Claims Procedure Order to extend the Notice of Objection Bar Date to February 12, 2016, or such later date as the Court may order.

4.9 As described above, at the case conference held on February 1, 2016, the Court issued an endorsement extending the Notice of Objection Bar Date to 28 days following March 11, 2016, or such other date as the Court may order.

Landlord Claims

4.10 In accordance with the Court's direction at the Meeting Order Motion that the status quo be maintained with respect to landlord claims pending the release of the Court's decision, on December 23, 2015, the Monitor advised the Service List and posted notice to the Monitor's website that the deadline for filing a Notice of Dispute of Notice of Revision or Disallowance in respect of landlord claims was extended indefinitely pending further guidance from the Monitor.

4.11 Following the issuance of the January 15 Endorsement, the Monitor advised the Court and participants in the case conference that it was exercising its discretion under the Claims Procedure Order to set the deadline for filing a Notice of Dispute with respect to

landlord claims relating to assigned leases such that any such Notice of Dispute must be delivered to the Monitor in accordance with the Claims Procedure Order by no later than February 29, 2016 (being 28 days after February 1, 2016, consistent with the timeframe for filing Notices of Dispute set out at paragraph 32 of the Claims Procedure Order). Notice of the deadline was posted to the Monitor's website and served on the Service List.

Status of Claims Review and Adjudication

4.12 As at the date of this Twenty-Fourth Report, 1,725 Claims have been filed with the Monitor, totalling approximately \$2.63 billion. As summarized in the tables below:

- (i) 1,429 of the Claims have been reviewed, reconciled, resolved and allowed (or deemed allowed or disallowed as the time for a Claimant to respond to a Notice of Revision or Disallowance (“**NRDA**”) issued by the Monitor has expired) (collectively, the “**Resolved Claims**”); and
- (ii) 296 Claims are either:
 - (a) under review by the Monitor – seven claims;
 - (b) subject to an NRDA that the Claimant has not responded to and the time for responding has not yet expired (the “**NRDA Stage**”) – 101 Claims, including 99 landlord Claims; or
 - (c) subject to a Notice of Dispute (“**NOD**”) received by the Monitor from the Claimant in response to an NRDA issued by the Monitor, which NOD is

under review by the Monitor (the “NOD Stage”) – 188 Claims, including three landlord Claims and 90 pharmacist franchisee Claims;¹

(collectively, the “Unresolved Claims”).

4.13 As at the date of this Twenty-Fourth Report, a summary of the Resolved Claims and Unresolved Claims is as follows:

RESOLVED CLAIMS

Category	Filed Amount		Allowed			Deemed Disallowed			Total	
	#	\$	#	Filed \$	Allowed \$	#	Filed \$	Allowed \$	#	\$
Landlord	-	-	-	-	-	-	-	-	-	-
Vendor	1317	250,759,753	1292	246,985,756	232,209,110	25	3,773,997	-	1,317	232,209,110
Pharmacist	2	25,000	2	25,000	25,000	-	-	-	2	25,000
Government	3	155,314	2	155,313	155,313	1	1	-	3	155,313
Litigation	51	4,832,455	43	3,834,953	439,543	8	997,502	-	51	439,543
Employee	54	799,421	9	385,202	135,519	45	414,219	-	54	135,519
Other	2	2	-	-	-	2	2	-	2	-
Total	1429	256,571,946	1348	251,386,225	232,964,486	81	5,185,721	-	1,429	232,964,486

UNRESOLVED CLAIMS

Category	Filed Amount		Monitor Review		NRDA Stage			NOD Stage			
	#	\$	#	Filed Amount \$	#	Filed Amount \$	Allowed Amount \$	#	Filed Amount \$	Allowed Amount \$	NOD Amount \$
Landlord*	102	1,920,294,554	-	-	99	1,888,068,331	306,955,949	3	32,226,222	4,724,206	32,226,222
Vendor	74	290,254,803	7	607,819	1	334,347	126,273	66	289,312,637	179,633,206	259,346,397
Pharmacist	90	152,813,174	-	-	-	-	-	90	152,813,174	19,795,028	152,335,299
Government	10	7,819,418	-	-	1	2,858,968	180,497	9	4,960,450	3,214,303	4,931,983**
Litigation	10	3,356,419	-	-	-	-	-	10	3,356,419	27,760	716,429
Employee	10	130,747	-	-	-	-	-	10	130,747	-	124,979
Other	-	-	-	-	-	-	-	-	-	-	-
Total	296	2,374,669,114	7	607,819	101	1,891,261,646	307,262,720	188	482,799,649	207,394,503	449,681,309
Grand Total	1725	2,631,241,060									

Notes:

* The total Landlord Allowed amount of \$311.7 million (\$307.0 million + \$4.7 million) is comprised of: (i) \$126.4 million for Landlord Restructuring Period Claims of Landlord Guarantee Creditors; (ii) \$171.1 million for Landlord Restructuring Period Claims of Landlords without a Landlord Guarantee Claim; (iii) \$6.7 million for Prefiling Claims; (iv) \$7.5 million related to a disclaimed lease where Target Canada Property LP (“Prop LP”) had a contractual obligation, which is not compromised pursuant to the terms of the Original Plan.

** Total NOD Amount is unknown as certain CRA Claims cannot yet be quantified as information is still pending at this time.

4.14 In addition to the Claims included above, 26 Claims totalling approximately \$8.3 million were filed and subsequently withdrawn by the Claimants.

¹ As set out below, Pharmacist Representative Counsel has filed an omnibus NOD in respect of all pharmacists, however as part of the claims review process, the Monitor allowed the claims of two pharmacists as filed and therefore did not issue an NRDA with respect to such claims.

4.15 Pursuant to paragraphs 23 and 27 of the Claims Procedure Order, Claims not filed and received by the Monitor by the respective Claims Bar Dates, or such later date as the Monitor may agree in writing or the Court may otherwise direct, will be forever barred, estopped and extinguished. The Monitor has received a number of late-filed claims, totalling approximately \$6.2 million. Following inquiries of the Claimants as to why the claims were filed late, and after satisfying itself that there was (i) a *prima facie* basis for such claims, and (ii) a valid reason for late filing, the Monitor admitted these claims into the Claims Process for review and adjudication.

Unresolved Claims

4.16 Prior to the NRDA Deadline,² the Monitor issued 531 NRDA's. Of these 531 NRDA's, the Monitor has received 188 responding NODs from Claimants, totalling approximately \$449.7 million plus unknown CRA claim amounts (as compared to the total amount of \$207.4 million allowed by the Monitor in the corresponding NRDA's). The significant NODs relate to:

- (i) Government Claims: the Canada Revenue Agency (“CRA”) had initially filed nine “marker claims” for corporate income/withholding taxes and GST/HST with “unknown” claim balances (or where claim amounts were provided, with a notation that the amount was “subject to Audit review of assessed amounts”). Representatives of the Monitor and its counsel, the Target Canada Entities and their counsel and the CRA have engaged in extensive ongoing discussions aimed at providing information that will allow for ascertaining any amount that may be

² Includes four revised NRDA's issued subsequent to December 15, 2015.

payable in respect of these claims, which amount remains unknown at the date of this report. To comply with the requirements of the Claims Procedure Order while these discussions continued, the Monitor issued NRDA's on or prior to the NRDA Deadline to disallow the contingent components of the Claims on the basis that they remained unascertained, unliquidated and contingent as of that date. In order to preserve its rights in the Claims Process and to comply with the requirements under the Claims Procedure Order, CRA filed eight NODs against the Target Canada Entities. Additional information with respect to the CRA claims and the NODs filed is provided below;

- (ii) Pharmacist Claims: Pharmacists filed 91 individual Proofs of Claim,³ and the Monitor issued individual NRDA's in respect of 89 of such pharmacist claims on or prior to the NRDA Deadline.⁴ Pharmacist representative counsel filed an omnibus NOD (the "**Omnibus Pharmacist NOD**") in response to the individual NRDA's issued that, by its terms, indicates that 91 pharmacist claims are disputed. The difference between the Monitor's allowed amount in the NRDA's and the disputed amount in the Omnibus Pharmacist NOD is approximately \$132.5 million. On February 9, 2016, pharmacist representative counsel served a motion record returnable on February 12, 2016 to address procedural issues related to the pharmacist claims, including go-forward fee arrangements, a process to identify

³ The Monitor also received a Proof of Claim filed by McMahon Distributeur Pharmaceutique Inc., the owner/operator of 14 Target/Brunet co-branded pharmacies in the province of Quebec, who is not a member of the Pharmacist Franchisee Association of Canada, is not represented by pharmacist representative counsel, and is not reflected in the Omnibus Pharmacist NOD.

⁴ As indicated above, two of the pharmacist claims were allowed as filed and no NRDA's were issued.

and resolve common issues in dispute, and a procedure for the expeditious and efficient resolution of any such disputes; and

- (iii) Vendor Claims: 66 Claimants have submitted NODs resulting in a difference in claims value between the Monitor and the Claimants of approximately \$79.7 million. Eight significant Claims account for approximately \$72.4 million or 91% of the aggregate difference. The Monitor is reviewing the NODs that have been received, and is assessing its options to resolve these Claims, including through further discussions or reconciliation with the claimants or referring Claims to a Claims Officer or the Court for adjudication where appropriate.

4.17 The Monitor has issued 101 NRDA's where the Claim has not yet been resolved or a response has not yet been received from the Claimant. The significant NRDA's relate to:

- (i) Landlords: on December 23, 2015, the Monitor exercised its discretion to extend the date for the filing of NODs with respect to landlord Claims pending the outcome of the Meeting Order Motion. As such, 99 landlord Claims are subject to unresolved NRDA's⁵; and
- (ii) Other: based on additional information received, the Monitor issued four revised NRDA's to Claimants subsequent to the NRDA Deadline, and the 28-day period for responding to two of those revised NRDA's has not yet expired.

⁵ As set out above, the dispute deadline for landlord claims relating to assigned leases has now been set at February 29, 2016.

4.18 The Monitor, in consultation with the Target Canada Entities, is in the process of reviewing and adjudicating the NODs and will provide updates to the Court as the Claims Process continues to advance.

CRA Claims

4.19 A summary of the Claims filed by CRA and other government taxation agencies as at the date of this report is provided in the table below.

GOVERNMENT CLAIMS

Canada Revenue Agency ("CRA") and Other Taxation Agencies				
Claim Ref. No.	Filed Amount	NRDA Stage	NOD Stage	Entity Against Which Claim is Filed
Income/Withholding Taxes				
1. 1624 (RC001)	Unknown*	\$0	Unknown**	Target Canada Co.
2. 1625 (RP001)	\$543.89*	\$543.89	Unknown**	Target Canada Co.
3. 1626 (RP0002)	\$1769.14*	\$1,769.14	Unknown**	Target Canada Co.
4. 1627 (RP0003)	\$101.87*	\$101.87	Unknown**	Target Canada Co.
5. 1628 (RP0004)	\$1984.82*	\$1,984.82	Unknown**	Target Canada Co.
6. 1631 (RC0001)	Unknown*	\$0	Unknown**	Target Canada Property LLC
Other Taxes				
7. 186 Manitoba	\$6,783.83	Allowed	N/A	Target Canada Co.
8. 1266 Quebec	\$4,956,042.45	\$3,209,903.09	\$4,931,974.72	Target Canada Co.
9. 1365 British Columbia	\$2,858,967.92	\$180,497.16***	NOD deadline Feb. 11	Target Canada Co.
10. 1612 CRA/HST	Unknown*	\$0	Unknown **	Target Canada Co.
11. 1630 CRA/HST	Unknown*	\$0	Unknown **	Target Canada Property LP
12. 1629 (RT0001)	Unknown*	\$0	No NOD filed (Deemed Disallowed)	Target Canada Property LLC
13. 1535 Minister of National Revenue	\$148,529.61	Allowed	N/A	Target Canada Co.

Notes:

* The Proof of Claim indicated the amount was also "subject to Audit review of assessed amounts".

** Under the caption "Reason for Dispute" in the respective NRDA, the CRA has stated that "this claim cannot yet be quantified as information is still pending from Target Canada Entities".

*** The deadline for the Claimant to file a Notice of Dispute is February 11, 2016.

Income / Withholding Taxes

4.20 NODs with respect to the CRA claims bearing Claims No. 1624, 1625, 1626, 1627, 1628 and 1631, respectively, were originally filed with the Monitor on January 18, 2016 comprised of unsubstantiated claims aggregating in the hundreds of millions of dollars with a statement under the caption "Reason for Dispute" that such claim "cannot yet be quantified as information is still pending from the Target Canada Entities." The Target Canada Entities have advised the Monitor that the NODs as originally filed in almost all

instances reflect that as of the date the NODs were filed all information requests made by CRA to substantiate the Target Canada Entities tax reporting and compliance had not yet been satisfied. The Monitor understands that the high dollar NODs filed by the CRA were based predominantly on the CRA's need to preserve its rights within the Claims Process while it continues to obtain and review additional information before finalizing its position. Following discussions between and among the CRA, the Target Canada Entities' counsel and the Monitor, on February 8, 2016, the CRA amended their NODs with respect to Claims No. 1624, 1625, 1626, 1627, 1628 and 1631 to indicate the claims are for an unknown amount to reflect the fact that additional information is required by CRA to more accurately quantify any claims.

4.21 The Monitor and its counsel have reviewed the claims and NODs filed and the proposal letters issued by the CRA to the Target Canada Entities, which letters set out the CRA's rationale for its various claims. As stated, the Monitor and its counsel have also participated in ongoing discussions with the Target Canada Entities, their counsel, and representatives of the CRA and the Department of Justice Canada on behalf of the CRA. The Target Canada Entities, in consultation with the Monitor, are working diligently and cooperatively (both with each other and with their affiliates as part of the Shared Services) to obtain and provide the CRA with information to satisfy the outstanding information requests and this process remains ongoing. The Target Canada Entities have advised the Monitor that they expect the CRA will be provided with sufficient information to respond to the questions raised to date by the CRA and that, as a result, they do not expect the amount of the CRA claims to be in the range as initially filed by the CRA. Following on the Monitor's comments with respect to "marker claims" in the

Twenty-Third Report, the Monitor cautions that it is not at this time possible to provide specific guidance on the nature or quantum of any claims that will ultimately be pursued or sustained by the CRA, and that such claims could be material.

Other Taxes

- 4.22 As indicated in the table above, the Monitor has received an NOD with respect to three of the five Claims relating to sales and other taxes (with the deadline for one of the five Claims not yet passed), two of which do not specify a quantum in the NOD.
- 4.23 The Monitor is reviewing additional information provided with Revenu Quebec's NOD in support of the difference between the amount allowed in the NRDA and the amount claimed in the NOD. In addition, the Monitor understands that Revenu Quebec has issued an additional assessment to TCC under the *Quebec Sales Tax Act* in the amount of approximately \$3.3 million. The Monitor understands that TCC has not disputed this assessment. The Monitor also understands that Revenu Quebec has not filed a claim in the Claims Process for this \$3.3 million as it intends to exercise its right of set-off against post-filing amounts owed to TCC.
- 4.24 Although the CRA's NOD relating to a Claim against TCC does not specify a quantum, TCC has advised the Monitor that the CRA has issued a proposed assessment for HST against TCC in the amount of \$992,875 and that TCC does not intend to dispute the proposed assessment.

Director & Officer Claims

- 4.25 A summary of the D&O Claims received by the Monitor is provided below:
- (i) eleven D&O Claims were filed totalling approximately \$567,000;
 - (ii) nine of the eleven D&O Claims were filed as “marker claims” for unspecified, unliquidated amounts; and
 - (iii) of the eleven D&O Claims filed, six were subsequently withdrawn by the Claimants.
- 4.26 The Monitor, in consultation with the Target Canada Entities and legal counsel to the Directors and Officers, reviewed the remaining five filed D&O Claims and issued NRDA to each of the Claimants disallowing the claims in full.
- 4.27 With respect to the five Claims disallowed in full: (i) two claimants did not respond to the NRDA and the claims have been deemed disallowed pursuant to the Claims Procedure Order; (ii) two claimants responded with NODs, both filed as “marker claims” for unspecified, unliquidated amounts; and (iii) as of the date of this Twenty-Fourth Report, one of the NRDA is still within the 28-day response period.
- 4.28 The Monitor, in consultation with the Target Canada Entities and legal counsel to the Directors and Officers, continues to review and adjudicate the two disputed claims and will provide updates to the Court as the Claims Process continues to advance.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Receipts and disbursements for the period November 22, 2015 to January 30, 2016 (the “**Reporting Period**”, noting that cash flow results through November 21, 2015 were reported in the Twenty-Third Report of the Monitor dated November 27, 2015 (the “**Twenty-Third Report**”), as compared to the cash flow forecast that was attached as Appendix “C” to the Twenty-First Report (the “**Cash Flow Forecast**”), are summarized below:

(\$ in 000's CAD, unless otherwise noted)

<i>Period Ended</i>	Cumulative		
	Budget 30-Jan	Actual 30-Jan	Variance B / (W)
OPERATING RECEIPTS			
Sales Receipts	\$ -	\$ -	\$ -
Other Receipts	2,350	8,429	6,079
TOTAL RECEIPTS	2,350	8,429	6,079
OPERATING DISBURSEMENTS			
Employee Payments	313	500	(187)
Rent & Occupancy	304	179	125
DC / Logistics	-	26	(26)
Normal Course Taxes	-	0	(0)
Professional Fees	3,000	4,659	(1,659)
All Other	375	1,175	(800)
Current Operating Disbursements	3,992	6,539	(2,547)
OPERATING CASH FLOW	(1,643)	1,889	3,532
INTERCOMPANY DISBURSEMENTS			
Intercompany Services	2,597	2,917	(320)
DIP Interest	-	-	-
Intercompany Disbursements	2,597	2,917	(320)
NET CASH FLOW	\$ (4,239)	\$ (1,027)	\$ 3,212

WEEKLY LIQUIDITY			
Beginning Bank Cash Balance [1]	\$ 800,037	\$ 803,785	\$ 3,748
(+/-) Net Cash Flow	(4,239)	(1,027)	3,212
(+/-) Change in Cheque Float	-	(25)	(25)
(+/-) DIP Draws/(Repayments)	-	-	-
(+/-) FX Translation	-	(278)	(278)
Ending Bank Cash Balance [2]	795,798	802,455	6,657

[1] Beginning Cash Balance was actualized in the cash flow forecast that was attached as Appendix "C" to the Twenty-First Report

[2] Actuals assume \$1.40 CAD/ \$1.00 USD

5.2 During the Reporting Period, the Target Canada Entities' total receipts were approximately \$6.1 million greater than as projected in the Cash Flow Forecast. The variance was due primarily to: (a) a settlement with TCC's former salvage merchandiser (the company that acquired and sold TCC's discontinued and excess inventory prior to

the commencement of the Inventory Liquidation Process) in the amount of \$4.0 million; (b) the return of approximately \$1.9 million of deposits that had been paid to utility providers; and (c) vendor income of approximately \$1.1 million that was received from a single vendor. The foregoing is partially off-set by approximately \$1.0 million of net HST refunds that were forecast but not received.

- 5.3 The Target Canada Entities' total disbursements during the Reporting Period were approximately \$2.5 million greater than as projected in the Cash Flow Forecast, primarily due to: (a) Professional Fees exceeded forecast by approximately \$1.7 million, largely due to the accelerated timing of the filing of the Plan and the hearing of the Meeting Order Motion, relative to the timing that was anticipated when the forecast was prepared, and the complexities associated with the review and administration of landlord claims and other claims that include damages related to disclaimed contracts; and (b) Other disbursements exceeded forecast by approximately \$800,000 as vendor accounts continue to be reconciled as part of the Claims Process and post-filing obligations that are validated through that process continue to be paid.
- 5.4 The closing cash balance as at January 30, 2016 was approximately \$802.5 million, as compared to the projected cash balance of \$795.8 million.
- 5.5 The Initial Order entitles the Target Canada Entities to continue to utilize their existing Cash Management System, as defined and described in the Pre-Filing Report. The Cash Management System of the Target Canada Entities continues to operate in the same manner as it had prior to the commencement of the CCAA Proceedings, with the exception that all 133 retail Stores were closed to the public on or before April 12, 2015.

6.0 CCAA CASH FLOW FORECAST

- 6.1 With the assistance of the Monitor, the Applicants have prepared an updated and extended cash flow forecast (the “**Cash Flow Forecast**”) for the period January 31, 2016 to April 30, 2016 (the “**Cash Flow Period**”). As described below, the Stay Period is set to expire on February 12, 2016. The Applicants are seeking an extension of the Stay Period to March 15, 2016 and the Cash Flow Period covers the date of the extension request. A copy of the Cash Flow Forecast is attached as **Appendix “C”** to this Twenty-Fourth Report.
- 6.2 The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represents TCC management’s estimates of projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast (the “**Cash Flow Assumptions**”).
- 6.3 The Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1) requires a Monitor to review the debtor’s cash flow statement as to its reasonableness and to file a report with the Court on the Monitor’s findings. Pursuant to this standard, the Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management and employees of TCC and Target Corporation. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need

not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

- 6.4 The Cash Flow Forecast has been updated for actual cash flow results through the week ended January 30, 2016. The opening cash position as at January 31, 2016 was approximately \$802.5 million. Forecast receipts for the Cash Flow Period are approximately \$390,000 and forecast disbursements are approximately \$8.5 million (including approximately \$375,000 for Shared Services).
- 6.5 The Cash Flow Forecast includes disbursements of \$150,000 in February, \$125,000 in March and \$100,000 in April for Shared Services incurred in connection with the Orderly Wind-down and Claims Process (i.e. primarily accounting, treasury and information technology services). The disbursements included in the Cash Flow Forecast are one month in arrears (i.e. \$150,000 projected to be paid in February is for services provided in January). The projected Shared Services disbursements are based on the arrangements described in the Pre-Filing Report, and TCC has been working with the Monitor to reduce these services (with a corresponding cost reduction), where appropriate, as the Orderly Wind-down and Claims Process continue toward completion.
- 6.6 The closing cash position in the Cash Flow Forecast for the week ending April 30, 2016 is projected to be approximately \$794.3 million.
- 6.7 The Cash Flow Forecast has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.

7.0 EMPLOYEE TRUST

7.1 As described in the First Report, the Initial Order approved the creation of the Employee Trust on substantially the terms and conditions set out in the Employee Trust Agreement, including without limitation, the appointments of Hon. John D. Ground as Trustee and the Monitor as Administrator. As at the date of this Twenty-Fourth Report, the Monitor, in its capacity as Administrator under the Employee Trust has, among other things:

- (i) in conjunction with the Trustee, jointly opened the Target Canada Employee Trust bank account at Royal Bank of Canada (the “**Employee Trust Account**”) and transferred a combined \$95 million of contributions received from Target Corp. in its capacity as Settlor to the Employee Trust Account;
- (ii) provided extensive assistance and review of TCC’s calculation of individual biweekly entitlement amounts for thousands of Eligible Employees and allocation of benefit amounts as between the Employee Trust and TCC;
- (iii) with the consent of Employee Representative Counsel and the Target Canada Entities, obtained an order (the “**Employee Trust Claims Procedure Order**”) approving a dispute process for any Trust Claimant who has properly delivered a Notice of Dispute; and administered Trust Disputes in accordance with the Employee Trust Claims Procedure Order (as of the date of this Twenty-Fourth Report, less than 20 Trust Disputes/Trust Claims remain unresolved); and

- (iv) with the consent of the Trustee, made payments from the Employee Trust totaling approximately \$81.0 million for the benefit of more than 15,000 Eligible Employees.

8.0 CONSULTATIVE COMMITTEE

8.1 As previously reported to the Court in certain of the Prior Reports, in accordance with the Court's direction, a Consultative Committee representing a cross-section of creditor interests was constituted. The Monitor met with the Consultative Committee several times throughout the period from June to December, 2015 to consult with them regarding the Claims Process, the Monitor's Intercompany Claims Report and a potential consensual resolution.

8.2 On July 30, 2015, the Court issued an Endorsement directing the Applicants to pay to each member of the Consultative Committee a monthly fee, the amount of \$5,000 plus HST commencing May 2015 and ending September 2015, subject to further arrangements on further order of the Court. On November 18, 2015, the Court issued an Order (Amending the October 30 Order and Certain Related Relief) which approved the Consultative Committee Protocol that included a provision for the Applicants to pay members of the Consultative Committee \$5,000 plus HST for the months of October and November, 2015 or such alternate compensation as may be agreed by all members of the Consultative Committee, the Monitor and the Target Canada Entities or by further order of the Court.

8.3 The members of the Consultative Committee, the Monitor and the Target Canada Entities have agreed to extend the above compensation arrangements on a month-to-month basis,

such that each member of the Consultative Committee will receive \$5,000 for the months from December, 2015 forward, subject to further arrangements on further order of the Court. Accordingly, the Applicants' motion record returnable on February 12, 2016 requests the Court's approval of these arrangements by way of an Order, and the Monitor is in support of the requested relief.

9.0 EXTENSION OF THE STAY PERIOD

9.1 Pursuant to the Order (Extending Stay Period and Notice of Objection Bar Date) of this Court dated December 8, 2015 (the "**December 8 Order**"), the Stay Period is set to expire on February 12, 2016. The Applicants are seeking an extension of the Stay Period to March 15, 2016.

9.2 The Monitor supports the Applicants' motion to extend the Stay Period to March 15, 2016 for the following reasons:

- (i) the extension is consistent with the proposed timetable referenced in the Case Conference Agenda (amended as required due to Court availability) for the Applicants to seek an extension of the Stay Period, subject to agreements being executed with all landlords by March 4, 2016, as set out in the Wong Affidavit – February Stay Extension;
- (ii) the extension will permit the Target Canada Entities to continue to attempt to reach a consensual resolution and to continue to take other necessary steps in furtherance of the Orderly Wind-down, including realizing on a small amount of

remaining assets and disclaiming or otherwise terminating a small number of remaining agreements (at the appropriate times);


- (iii) the extension will provide the Monitor with the time required to continue to advance the Claims Process in accordance with the Claims Procedure Order;
- (iv) the Applicants have sufficient liquidity throughout the Forecast Period to accommodate the above date; and
- (v) the Applicants continue to act in good faith and with due diligence in attempting to reach a consensual resolution that could lead to the filing of an amended Plan to present to their creditors.


10.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

- 10.1 For the reasons set out herein, the Monitor recommends that this Court make an Order:
- (i) granting an extension of the Stay Period to March 15, 2016; and (ii) authorizing and directing the Applicants to continue to pay to members of the Consultative Committee \$5,000 plus HST for the months from December, 2015 forward, subject to further arrangements on further order of the Court.

All of which is respectfully submitted to this Court this 9th day of February, 2016.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of Target Canada Co., and
the other Applicants listed on Appendix "A"**

Per: 
Name: Douglas R. McIntosh
Title: President

Per: 
Name Alan J Hutchens
Title: Senior Vice-President

APPENDIX “A”

Applicants

Target Canada Co.

Target Canada Health Co.

Target Canada Mobile GP Co.

Target Canada Pharmacy (BC) Corp.

Target Canada Pharmacy (Ontario) Corp.

Target Canada Pharmacy (SK) Corp.

Target Canada Pharmacy Corp.

Target Canada Property LLC

Partnerships

Target Canada Pharmacy Franchising LP

Target Canada Mobile LP

Target Canada Property LP

APPENDIX "B"
(SEE ATTACHED)

**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**

Case Conference Agenda

**February 1, 2016 at 9:00 a.m. – 330 University Avenue, Toronto, Ontario
Courtroom 8-1**

Dial in (North America): 1-800-946-0702, passcode 694924

A. Court Directed Case Conference Matters

1. Case conference in accordance with paragraph 88 of the Endorsement of Regional Senior Justice Morawetz dated January 15, 2016 issued with respect to the Applicants' motion for a Meeting Order heard on December 21 and 22, 2015 (the "**Meeting Order Motion**")
2. Applicants' proposed timetable going forward:

February 12	Seek extension of stay of proceedings to March 11
March 4	Executed Settlement Agreement with landlords with parent guarantees
	Executed Consent and Support Agreements with landlords without parent guarantees
March 11	If landlord agreements are executed, seek stay extension to April 21
	If no agreement, transition to alternative process
April 12	Serve Amended and Restated Plan and Meeting Order Motion
April 21	Meeting Order Motion
May 25	Creditors' Meeting
May 27	Serve Sanction Materials
June 3	Sanction Hearing

B. Other Case Conference Matters

3. Seek directions from the Court regarding costs issues with respect to the Meeting Order Motion
4. Extension of the Notice of Objection Bar Date
 - a. At the Applicants' motion for extension of the stay of proceedings scheduled to be heard on February 12, 2016, the Applicants' anticipate requesting an extension of the stay to and including March 11, 2016
 - b. Request an endorsement of the Court at the Case Conference that the definition of "Notice of Objection Bar Date" set out in paragraph 3(aa) of the Claims Procedure Order (issued by Regional Senior Justice Morawetz on June 11, 2015, as amended) is amended to extend the Notice of Objection Bar Date to 28 days following March 11, 2016, or such later date as the Court may Order
5. Timing for filing any Notices of Dispute of Revision or Disallowance with respect to landlord claims relating to assigned leases only
 - a. In accordance with the Court's direction that the status quo be maintained with respect to landlord claims while the decision of the Court on the Meeting Order Motion was pending, the Monitor advised the Service List on December 23, 2015, that the Monitor:
 - i. was exercising its discretion to extend the date for the filing of any Notice of Dispute with respect to landlord claims pending the release of the Court's decision; and
 - ii. would provide further guidance as to the timing for filing of any such Notice of Dispute following the issuance of the Court's decision
 - b. The Monitor is proposing that, following the Case Conference, the Monitor will advise the Service List and post notice to the Monitor's website that:
 - iii. any landlord who intends to dispute a Notice of Revision or Disallowance with respect to landlord claims relating to assigned leases only must deliver a completed Landlord Notice of Dispute to the Monitor by no later than February 29, 2016 (being 28 days after February 1, 2016); and
 - iv. this deadline does not apply to any Notice of Dispute with respect to landlord claims relating to disclaimed leases (which deadline continues to be extended)
6. Extension of payment arrangements with members of the Consultative Committee:
 - a. The Order issued November 18, 2015 (Amending the October 30 Order and Certain Related Relief) directed the Applicants to pay members of the Consultative Committee \$5,000 plus HST for the months of October and November 2015, or such alternate compensation as may be agreed by all members

of the Consultative Committee, the Monitor and the Target Canada Entities or by further order of the Court

- b. At the stay extension hearing, a continuation of the payment arrangement for members of the Consultative Committee until further Order of the Court will be requested
7. Scheduling of motion by Pharmacists' Representative Counsel for advice and directions on procedural matters

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

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**CASE CONFERENCE AGENDA
(February 1, 2016)**

GOODMANS LLP

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Lawyers for the Monitor

APPENDIX “C”
(SEE ATTACHED)

(\$ in 000's CAD) Week Ending =>	Wk-55	Wk-56	Wk-57	Wk-58	Wk-59	Wk-60	Wk-61	Wk-62	Wk-63	Wk-64	Wk-65	Wk-66	Wk-67	Wk-68	Forecast
	30-Jan	06-Feb	13-Feb	20-Feb	27-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr	Total
Actual															
Sales Receipts	30	30	30	30	30	30	30	30	30	30	30	30	30	30	390
Other Receipts	4,067														\$
TOTAL RECEIPTS	4,067														390
OPERATING DISBURSEMENTS															
Employee Payments	32		15		15		15		15		15		15		90
Rent & Occupancy	-														-
DC / Logistics	-														-
Normal Course Taxes	-														-
Professional Fees	624	1,800	1,800			1,200		650		1,200		650		1,200	7,324
All Other	50	50	50	50	50	150	50	50	50	50	50	50	50	50	750
Current Operating Disbursements	35	674	65	1,850	65	1,350	65	700	65	1,250	65	700	65	1,250	8,164
OPERATING CASH FLOW	4,032	(644)	(35)	(1,820)	(35)	(1,320)	(35)	(670)	(35)	(1,220)	(35)	(670)	(35)	(1,220)	(7,774)
INTERCOMPANY DISBURSEMENTS															
Intercompany Services	-			150				125				100			375
DIP Interest	-														-
Intercompany Disbursements	-			150				125				100			375
NET CASH FLOW	\$ 4,032	\$ (644)	\$ (35)	\$ (1,970)	\$ (35)	\$ (1,320)	\$ (35)	\$ (795)	\$ (35)	\$ (1,220)	\$ (35)	\$ (770)	\$ (35)	\$ (1,220)	\$ (8,149)
WEEKLY LIQUIDITY															
Beginning Bank Cash Balance	\$ 798,433	\$ 802,417	\$ 801,773	\$ 801,738	\$ 799,768	\$ 799,733	\$ 798,413	\$ 798,378	\$ 797,583	\$ 797,548	\$ 796,328	\$ 796,293	\$ 795,523	\$ 795,488	\$ 802,417
Weekly Cash Flow	4,032	(644)	(35)	(1,970)	(35)	(1,320)	(35)	(795)	(35)	(1,220)	(35)	(770)	(35)	(1,220)	(8,149)
DIP Funding															
Total	802,465	801,773	801,738	799,768	799,733	798,413	798,378	797,583	797,548	796,328	796,293	795,523	795,488	794,268	794,268
FX Translation															
Change in Float	(49)														
Ending Bank Cash Balance	\$ 802,417	\$ 801,773	\$ 801,738	\$ 799,768	\$ 799,733	\$ 798,413	\$ 798,378	\$ 797,583	\$ 797,548	\$ 796,328	\$ 796,293	\$ 795,523	\$ 795,488	\$ 794,268	\$ 794,268

**In the Matter of the CCAA Proceedings of Target Canada Co. (“TCC”) and the Other Applicants and Partnerships Identified in the Initial Order (collectively, the “Target Canada Entities”)
Notes to the Target Canada Entities’ Unaudited 13-Week Cash Flow Forecast**

Disclaimer:

In preparing this cash flow forecast (the “Forecast”), TCC has relied upon unaudited financial information and TCC has not attempted to further verify the accuracy or completeness of such information. The Forecast includes estimates concerning the orderly wind-down of the Target Canada Entities’ businesses and additional assumptions discussed below with respect to the requirements and impact of a filing under the *Companies’ Creditors Arrangement Act* (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty of other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Forecast reflects opening cash from the orderly wind-down of the Target Canada Entities’ operations. TCC, with the assistance of the Monitor, has prepared the Forecast based primarily on TCC’s go-forward expectations. The Forecast does not include Target Canada Property LLC (“TCC Propco”), as no material cash flow activity is anticipated for that entity during the Forecast Period. TCC Propco’s cash balance as at January 30, 2016 was approximately \$77 million. The Forecast is presented in thousands of Canadian dollars.

Assumptions:

1. Beginning Balance

This is the actual opening cash balance as at January 31, 2016.

2. Operating Receipts

Forecast receipts include interest on funds on deposit.

3. Employee Payments

These disbursements include payroll, payroll taxes and employee benefits costs and are forecast based on projected requirements.

4. Professional Fees

These disbursements include payments to TCC’s legal counsel, the Monitor and its counsel, counsel to the Directors, members of the Consultative Committee of Creditors, and other consultants and advisors as required.

5. All Other

These disbursements include post-filing amounts anticipated to arise during claims reconciliations through the claims process.

6. Intercompany

These disbursements represent projected payments related to Shared Services provided by Target Corporation. Forecast amounts continue to decrease in accordance with projected requirements during the Claims Process.

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

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**TWENTY-FOURTH REPORT OF THE
MONITOR**

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