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

NINETEENTH REPORT OF THE MONITOR ALVAREZ & MARSAL CANADA INC.

AUGUST 10, 2015

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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 eighteen reports and one supplementary report (the "**Supplementary Report**", 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 Nineteenth Report of the Monitor (the "**Nineteenth Report**") is to provide this Court with:

(i) information regarding the following:

(a) the status of the CCAA Proceedings;

(b) the receipts and disbursements of the Target Canada Entities from July 5, 2015 to August 1, 2015;

(c) the updated and extended cash flow forecast of the Target Canada Entities for the period August 2, 2015 to November 21, 2015;

(d) the Applicants' motion to seek an extension of the Stay Period to November 16, 2015; 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 Nineteenth 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 Nineteenth 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 Nineteenth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

2.2 Future oriented financial information referred to in this Nineteenth 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 Nineteenth Report should be read in conjunction with the Affidavit of Mark J. Wong, General Counsel and Assistant Secretary of TCC in support of the request for an extension of the Stay Period, sworn on August 7, 2015 (the "**Wong Affidavit – Stay Extension**").

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

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

3.0 STATUS OF THE CCAA PROCEEDINGS

Inventory Liquidation Process and Real Property Portfolio Sales Process

3.1 The Monitor recently provided a comprehensive update on the Inventory Liquidation Process and the Real Property Portfolio Sales Process in the Eighteenth Report of the Monitor (the "**Eighteenth Report**") dated July 15, 2015, a copy of which is attached as **Appendix "B"** to this Nineteenth Report (without appendices). As described in the Eighteenth Report, both the

Inventory Liquidation Process and the Real Property Portfolio Sales Process have been completed resulting in net realization proceeds of approximately $386 million in respect of the Inventory Liquidation Process and approximately $548 million in respect of the Real Property Portfolio Sales Process.

Disclaimer Notices

3.2 Since the commencement of the CCAA Proceedings, the Target Canada Entities, with the consent of the Monitor, have issued in excess of 500 notices to disclaim contracts, leases and agreements pursuant to section 32 of the CCAA. As at July 31, 2015, there were approximately 20 agreements remaining that had not yet been disclaimed or otherwise terminated. Most of these agreements related to arrangements for cash management, insurance, tax, payroll and technology services, which continue to be required to support the Orderly Wind-down and the Claims Process. The Monitor will consult with the Target Canada Entities as they continue to assess the go-forward requirements for these services, with disclaimers and/or terminations of the related contracts to occur at the appropriate time.

Claims Process

3.3 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 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.

3.4 The Monitor has received numerous enquiries to date with respect to the Claims Process and has been assisting potential Claimants with matters related to the submission of claims.

3.5 The Claims Procedure Order contains an intercompany claims bar date of July 31, 2015 in respect of Intercompany Claims (as defined therein) and a general claims bar date of August 31, 2015 in respect of general claims.

3.6 The Monitor received 13 Proofs of Claim with respect to 29 Intercompany Claims against the Target Canada Entities (of which 22 are claims among the Target Canada Entities) by the Intercompany Claims Bar Date. The Monitor is in the process of reviewing the Intercompany Claims submitted, requesting additional information as appropriate and preparing the Monitor's Intercompany Claims Report.

3.7 As at August 5, 2015, and not including Intercompany Claims, the Monitor had received 556 Proofs of Claim asserting Claims against the Applicants. The Monitor is reviewing these claims and they remain subject to determination.

3.8 The Monitor will provide this Court with updates on the Claims Process as it advances.

Sale of Computer Servers

3.9 During the course of the Inventory Liquidation Process, the computer servers utilized in TCC's operations at the stores, regional offices and head office were included as FF&E to be sold by the Agent as part of the Inventory Liquidation Process. Prior to their sale, the servers were "scrubbed" (all information and data deleted, and hard drives reformatted). The Agent marketed the servers and, through the Inventory Liquidation Process, sold 152 of them to third parties.

3.10 Notwithstanding that the servers had been scrubbed, out of an abundance of caution, Target Corporation subsequently expressed an interest in acquiring the servers for disposal and destruction. The Agent agreed to contact the third party purchasers of the servers and ultimately 135 of the sold servers were returned to the Agent for a full refund of the aggregate purchase price of approximately $209,000 for the 135 units. These servers, together with an additional 77 that were unsold and still in the possession of the Agent and 15 that were in the possession of an electronics recycler, were then sold by the Agent as part of the Inventory Liquidation Process to Target Corporation for proceeds of approximately $338,000 ($209,000 as full recompense to TCC for the returned servers and $129,000 for the units held by the Agent and the electronics recycler; the pricing for the latter units was based on the average unit price obtained in the sales to third parties after adjusting for outlier transactions at both the high and low end of the range of the prices obtained). Target Corporation did not take delivery of the servers, but rather TCC and the Agent worked in tandem to arrange for their delivery to an electronics recycler and the units were destroyed. Target Corporation reimbursed TCC for the shipping and disposal costs.

3.11 The servers were extensively marketed by the Agent in the Inventory Liquidation Process, with a market price established via the sales by the Agent to third parties, which formed the basis for the $338,000 in proceeds from Target Corporation.[1]

4.0 CASH FLOW RESULTS RELATIVE TO FORECAST

4.1 Receipts and disbursements for the period July 5, 2015 to August 1, 2015 (the "**Reporting Period**", noting that cash flow results through July 4, 2015 were previously reported in the Ninth and Eighteenth Reports), as compared to the cash flow forecast that was attached as Appendix "C" to the Monitor's Ninth Report (the "**Cash Flow Forecast**"), are summarized on the following page. Forecast proceeds from the Real Property Portfolio Sales Process were not included in the Cash Flow Forecast as they were indeterminable at the time the Cash Flow Forecast was prepared.

[1] The Initial Order authorized the Target Canada Entities to dispose of non-material assets not exceeding $1,000,000 in any one transaction (or $5,000,000 in the aggregate).

4.2 As described in the Eighteenth Report, the Monitor held in trust in excess of $400 million of the net proceeds realized through the Real Property Portfolio Sales Process. The aggregate cash position of the Target Canada Entities as at August 1, 2015 was approximately $821.7 million ($406.4 million as shown below, plus $415.3 million held in trust by the Monitor for TCC).

4.3 During the week ended August 8, 2015, the Monitor transferred approximately $414.7 million to TCC (the $415.3 million held in trust by the Monitor for TCC, less an amount held in escrow by the Monitor in respect of a lien claim asserted in connection with one of the completed owned store sales) as the Real Property Portfolio Sales Process is now completed.

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

	Cumulative		
Period Ended	**Budget 01-Aug**	**Actual 01-Aug**	**Variance B / (W)**
OPERATING RECEIPTS			
Sales Receipts	$ -	$ -	$ -
RPPSP Receipts	-	-	-
Other Receipts	-	1,262	1,262
TOTAL RECEIPTS	**-**	**1,262**	**1,262**
OPERATING DISBURSEMENTS			
Employee Payments	94	207	(113)
Rent & Occupancy	85	2,086	(2,000)
DC / Logistics	-	49	(49)
Normal Course Taxes	-	-	-
Professional Fees	9,985	3,169	6,816
All Other	1,480	48,770	(47,290)
Current Operating Disbursements	11,644	54,282	(42,638)
OPERATING CASH FLOW	**(11,644)**	**(53,020)**	**(41,375)**
INTERCOMPANY DISBURSEMENTS			
Intercompany Services	2,269	-	2,269
DIP Interest	-	-	-
Intercompany Disbursements	2,269	-	2,269
NET CASH FLOW	**$ (13,913)**	**$ (53,020)**	**$ (39,106)**
WEEKLY LIQUIDITY			
Beginning Bank Cash Balance [1] [2]	$ 412,547	$ 460,006	$ 47,459
(+/-) Net Cash Flow	(13,913)	(53,020)	(39,106)
(+/-) Change in Cheque Float	-	(476)	(476)
(+/-) DIP Draws/(Repayments)	-	-	-
(+/-) FX Translation	-	(87)	(87)
Ending Bank Cash Balance [1]	398,634	406,424	7,791
Funds held in Monitor's Trust Account re: RPPSP	-	415,328	415,328
Ending Cash Balance	$ 398,634	$ 821,752	$ 423,119

[1] Actuals assume $1.21 CAD/ $1 USD

[2] Beginning Cash Balance was actualized in the cash flow forecast that was attached as Appendix "C" to the Ninth Report

4.4 During the Reporting Period, the Target Canada Entities' total receipts (excluding funds paid to the Monitor pursuant to the Real Property Portfolio Sales Process) were approximately $1.3 million greater than as projected in the Cash Flow Forecast. The variance was due primarily to the sale of computer servers (described above), vendor income and interest that were not included in the Cash Flow Forecast.

4.5 The Target Canada Entities' total disbursements during the Reporting Period were approximately $42.6 million greater than as projected in the Cash Flow Forecast. Management attributes most of this variance to: (a) the reversal of timing differences in the payment of fees and profit sharing amounts to the Agent (which, as noted in the Eighteenth Report, were paid during the week ended July 11, 2015, several weeks later than had been projected in the Cash Flow Forecast); and (b) timing differences on the payment of professional fees, including amounts to Lazard under its engagement letter, which are being finalized and will be addressed in a subsequent Monitor's report.

4.6 The closing cash balance as at August 1, 2015 was approximately $406.4 million (excluding funds held in trust by the Monitor related to the Real Property Portfolio Sales Process), as compared to the projected cash balance of $398.6 million.

4.7 The Initial Order entitles the Target Canada Entities to continue to utilize their existing Cash Management System, as 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.

5.0 CCAA CASH FLOW FORECAST

5.1 The Applicants have prepared an updated and extended cash flow forecast (the "**Cash Flow Forecast**") for the period August 2, 2015 to November 21, 2015 (the "**Cash Flow Period**"). As described below, the Stay Period is set to expire on August 14, 2015. The Applicants are seeking an extension of the Stay Period to November 16, 2015 and the Cash Flow Period corresponds with this extension request. A copy of the Cash Flow Forecast is attached as **Appendix "C"** to this Nineteenth Report.

5.2 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**").

5.3 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.

5.4 The Cash Flow Forecast has been updated for actual cash flow results through the week ended August 1, 2015. The opening cash position as at August 2, 2015 was approximately $406.4

million (excluding $415.3 million held in trust by the Monitor). Forecast receipts for the Cash Flow Period are approximately $417.6 million (including the transfer of $414.7 million of funds held in trust from the Monitor to TCC) and forecast disbursements are $19.8 million (including approximately $8.1 million for Shared Services).

5.5 The Cash Flow Forecast includes disbursements of approximately $4.6 million in August (two payments of $2.6 million and $2.0 million, respectively), $1.2 million in September, $1.5 million in October and $1.1 million in November for Shared Services. The two disbursements during August are for Shared Services provided in May and June, 2015. The projected Shared Services disbursements thereafter 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.

5.6 The closing cash position in the Cash Flow Forecast for the week ending November 21, 2015 is projected to be approximately $796.1 million.

5.7 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.

6.0 EXTENSION OF THE STAY PERIOD

6.1 Pursuant to the Order (Extending the Stay Period) issued by this Court on May 11, 2015, the Stay Period is set to expire on August 14, 2015. The Applicants are seeking an extension of the Stay Period to November 16, 2015.

6.2 The Monitor supports the Applicants' motion to extend the Stay Period to November 16, 2015 for the following reasons:

(a) the extension will provide the Monitor with the time required to continue to advance the Claims Process in accordance with the Claims Procedure Order;

(b) the stay will permit the Target Canada Entities to continue to take other necessary steps in furtherance of the Orderly Wind-down, including realizing on a small amount of remaining assets, disclaiming or otherwise terminating a small number of remaining agreements (at the appropriate times) and considering the nature of, and developing, a plan of arrangement;

(c) the Applicants have sufficient liquidity throughout the Forecast Period to continue to advance the Claims Process and to develop a plan of arrangement; and

(d) the Applicants continue to act in good faith and with due diligence.

7.0 MONITOR’S CONCLUSIONS AND RECOMMENDATION

7.1 For the reasons set out herein, the Monitor recommends that this Court make the Order granting an extension of the Stay Period to November 16, 2015.

All of which is respectfully submitted to this Court this 10th day of August, 2015.

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]

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

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EIGHTEENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JULY 15, 2015

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Appendix "B" – Eleventh Report of the Monitor

Appendix "C" – Twelfth Report of the Monitor

Appendix "D" – Summary Schedule of Relevant Dates for Disclaimed Leases

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 (the "**Second Report**") dated February 9, 2015.

1.3 In connection with the CCAA Proceedings, the Monitor has provided to this Court seventeen reports and one supplementary report (the "**Supplementary Report**", 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 Monitor has previously provided: (i) in the Eleventh Report of the Monitor dated May 12, 2015 (the "**Eleventh Report**"), a comprehensive update on the Real Property Portfolio Sales

Process; (ii) in the Twelfth Report of the Monitor dated May 15, 2015 (the "**Twelfth Report**"), detailed information regarding a series of motions brought by the Applicants for the approval of transactions in respect of a total of 46 of TCC's owned and leased real estate assets; and (iii) in the Thirteenth Report of the Monitor dated May 29, 2015 (the "**Thirteenth Report**"), information regarding two motions brought by the Applicants for approval of transactions in respect of five of TCC's owned and leased real estate assets, four of which were in respect of back-up bids and were already subject to lease transfer or sale agreements.

1.5 The purpose of this Eighteenth Report of the Monitor (the "**Eighteenth Report**") is to provide this Court with:

(1) information regarding the following:

(a) the Inventory Liquidation Process;

(b) the aggregate net proceeds realized through the Real Property Portfolio Sales Process, and further details with respect to real property leases that have been disclaimed and other aspects of the Real Property Portfolio Sales Process;

(c) the receipts and disbursements of the Target Canada Entities from April 26, 2015 to July 4, 2015;

(d) the commencement of the claims process;

(e) the Employee Trust;

(f) the Consultative Committee; and

(g) the Monitor's activities since the date of the Third Report of the Monitor (February 27, 2015); and

(2) the Monitor's conclusions and recommendations in support of: (a) the Monitor's motion for approval of its Third to Eighteenth Reports and its activities set out therein originally returnable on June 11, 2015 and adjourned to July 30, 2015; and (b) the Monitor's requested approval of the Consultative Committee Member's Fee (as defined below).

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Eighteenth 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**").

2.2 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.

2.3 Capitalized terms not otherwise defined in this Eighteenth Report are as defined in the Prior Reports, the Initial Order and the Real Property Portfolio Sales Process, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained in this Eighteenth Report are expressed in Canadian dollars.

3.0 INVENTORY LIQUIDATION PROCESS

3.1 On February 4, 2015, this Court issued an order (the "**Approval Order – Agency Agreement**") approving: (a) the Agency Agreement, including the Sales Guidelines, entered into between

TCC, Target Canada Pharmacy Corp. and Target Canada Pharmacy (Ontario) Corp. (collectively, "**Target Canada**"), and a contractual joint venture comprised of Merchant Retail Solutions ULC, Gordon Brothers Canada ULC and GA Retail Canada, ULC (collectively, the "**Agent**") on January 29, 2015 (the "**Agency Agreement**"), and certain related relief; and (b) the granting of the Agent's Charge and Security Interest (as defined in the Approval Order – Agency Agreement).

3.2 The Approval Order – Agency Agreement, authorized the Agent to conduct the Sale of inventory and furniture, fixtures and equipment ("**FF&E**") in accordance with the Order, the Agency Agreement and the Sales Guidelines. The Inventory Liquidation Process commenced in the retail stores ("**Stores**") on February 5, 2015.

3.3 The Approval Order – Agency Agreement approved the Agency Agreement with such minor amendments as Target Canada (with the consent of the Monitor) and the Agent may agree in writing. In early March 2015, the Agent, TCC and the Monitor commenced discussions regarding the possible sale and disposal of FF&E located at certain additional locations, being TCC's ten regional office suites and other ancillary locations (the "**Additional Locations**"), that were not included in the Agency Agreement. As discussions involving FF&E at the Additional Locations progressed, it was concluded that certain inventory that was not specifically included in the Agency Agreement, such as returned and salvaged merchandise, specialty Store fixtures, and promotional merchandise and fixtures held at a third party warehouse (collectively, the "**Additional Goods**"), should also be addressed. Target Canada and the Agent, with input from and the consent of the Monitor, completed an Amendment Agreement in order to incorporate the FF&E at the Additional Locations and the Additional Goods into the Inventory Liquidation Process. Further, the Amendment Agreement extended the time period for the sale and removal of FF&E at the corporate headquarters and at an unopened Store. The Monitor provided its consent to the Amendment Agreement as it further facilitated the sale and removal of FF&E and inventory, and the objectives of maximizing proceeds to the estate and ultimately vacating all locations with no realizable assets being abandoned to the extent practicable.

3.4 Pursuant to the Agency Agreement, Target Canada was required to use commercially reasonable efforts to ensure that: (a) all inventory held at TCC's three distribution centres ("**DCs**") as at January 25, 2015 was delivered to the Stores not later than 21 days from the Sale Commencement Date (as defined in the Agency Agreement, being the day after the date the Approval Order – Agency Agreement was granted) of February 5, 2015; and (b) all goods-in-transit and inventory held at the DCs as at the Sale Commencement Date were delivered to the Stores not later than 42 days from the Sale Commencement Date. With these dates in mind, TCC and the Monitor worked extensively with vendors, freight forwarders and consolidators, ocean freight carriers and other transportation companies, and TCC's customs broker, to ensure that goods continued to move throughout TCC's supply chain in order to minimize disruptions and meet the timing requirements of the Agency Agreement. TCC and the Monitor also worked extensively with the Agent in order to coordinate the movement and redirection of inventory from Eastern Canada to Central and Western Canada, as well as Store-to-Store transfers within regions, in order to accelerate the Inventory Liquidation Process and Store closures and minimize costs to the estate.

3.5 The 42-day time period from the Sale Commencement Date ended on March 18, 2015. As at that date, all goods-in-transit and inventory held at TCC's DCs as at the Sale Commencement Date had been shipped to the Stores (except for a very small amount of inventory that was later sold at port and certain returned/salvaged goods located at the Milton DC which were included in the Amendment Agreement), such that operation of the DCs had been discontinued with no further inventory to be received or shipped at/from the DCs. Throughout the Inventory Liquidation Process, TCC and the Monitor worked with Eleven Points Logistics Inc. ("**Eleven Points**"), the third party logistics services provider that operated TCC's DCs, in order to assist Eleven Points in managing its staffing levels and inventory handling capabilities with the amount of activity associated with the anticipated receipts of goods into the DCs and shipments of goods to the Stores.

3.6 All of TCC's 133 Stores that were in operation as at the January 15, 2015 CCAA filing date (the "**Filing Date**") were closed to the public on or before April 12, 2015.

3.7 As described in the First Report of the Monitor, the Agency Agreement[1]:

(a) guaranteed the Company a minimum recovery of 74% of the Cost Value of the Merchandise, which reflects the lower of cost or Retail (as at the Sale Commencement Date) for each item of Merchandise sold through the Stores, subject to the total amount of Merchandise sold totaling between $445 million and $475 million at Cost Value, with a Cost Factor Threshold of 63%, and subject to other adjustments as applicable such as a provision for Merchandise shrinkage and the satisfaction of delivery time covenants;

(b) provided that the Agent is responsible for Store-level operating expenses during the Sale, which consisted of twenty categories of Expenses, such as occupancy expenses, employee wages and benefits, advertising and promotional costs, third party fees, insurance and other costs;

(c) required the Agent to deliver to the Company an irrevocable and unconditional standby letter of credit in the original face amount of $50 million to secure the Agent's obligations, including the Guaranteed Amount, under the Agency Agreement;

(d) provided that once Proceeds from the sale of Merchandise covered TCC's Expenses, the Agent's Expenses and the Guaranteed Amount to TCC, any further

[1] All capitalized terms used by not defined in this section have the meaning given to them in the Agency Agreement.

Proceeds, if any, would be utilized to pay the Agent's Fee (based on 6% of Gross Rings) with any Proceeds beyond the Agent's Fee to be split equally between TCC and the Agent; and

(e) provided the Agent with a 20% commission on its sale of FF&E, Additional Goods and Consignment Goods.

3.8 Following the final sales of inventory and FF&E, TCC and the Monitor worked extensively with the Agent over a period of several weeks to reconcile sales and other data utilized in the calculation of the fees and profit sharing amounts due to the Agent pursuant to the Agency Agreement and to resolve any disputed items related to same. The Guaranteed Amount of 74% of the Cost Value of the Merchandise was determined to be $341.7 million. The results of the Inventory Liquidation Process were quite successful such that there were sufficient recoveries above the Guaranteed Amount to provide for the payment of the Agent's Fee and invoke the profit sharing mechanism. The financial success of the Inventory Liquidation Process is attributable in part to the Agent's ability to complete the sale of inventory and close TCC's 133 operating Stores earlier than originally anticipated, reducing the overall costs of realization.

3.9 Net proceeds to TCC generated from the Inventory Liquidation Process were approximately $386 million, comprised of the Guaranteed Amount of $341.7 million, TCC's share of the profit sharing mechanism of $12.8 million (based on 50% of Remaining Proceeds, as defined in the Agency Agreement), net proceeds from the sale of FF&E of $25.6 million and net proceeds from the sale of miscellaneous assets under the Agency Agreement of $5.9 million.

3.10 Based upon TCC's sales data, the aggregate Agent's Fee and profit sharing amount due to the Agent was negotiated and settled at approximately $39.8 million, comprised of the Agent's Fee of $27.0 million and the Agent's profit sharing of $12.8 million. The aggregate amount due to the Agent was in line with the forecast amount of $37.1 million included in the cash flow forecast appended to the Ninth Report of the Monitor (the "**Ninth Report**") dated May 4, 2015, with the higher than forecast amount due to the Agent attributable primarily to an increased profit sharing that resulted from better than anticipated results in the liquidation process. The foregoing amounts were paid to the joint venture participants on July 8, 2015. In addition, the Agent received approximately $8.8 million throughout the Inventory Liquidation Process in respect of its 20% commission on the sale of FF&E, Additional Goods and Consignment Goods.

4.0 REAL PROPERTY PORTFOLIO SALES PROCESS

4.1 The Monitor provided a comprehensive update on the Real Property Portfolio Sales Process in the Eleventh Report, a copy of which is attached as **Appendix "B"** to this Eighteenth Report. As described in the Eleventh Report:

(a) leading up to and during the course of the three day Auction period (May 5, 6 and 7, 2015), as well as the days immediately following the Auction, TCC finalized and executed thirteen separate agreements in respect of its three owned distribution centres ("**DCs**"), two owned stores ("**Stores**") and 43 Store leases, for combined consideration (subject to adjustments) totalling approximately $390.2 million. In addition, there were four smaller transactions for combined consideration of $250,000 where agreements were being finalized at the time of the Eleventh Report;

(b) when taken together with the proceeds from the Oxford/Ivanhoe Cambridge transaction (11 Store leases) that closed on March 6, 2015 and the Cadillac Fairview transactions (five Store leases and one owned Store) which, at the time of the Eleventh Report, were subject to pending approval motions before the Court on May 19, 2015, the anticipated aggregate proceeds from the Real Property Portfolio Sale Process were approximately $573.6 million (in respect of the three DCs, three owned Stores and 64 Store leases), subject to adjustments. At the time of the Eleventh Report, each of the agreements were subject to Court approval (with the exception of the Oxford/Ivanhoe Cambridge Lease Transaction Agreement, which had been approved and closed, and a transaction with One York Street Inc., which had also concluded), and the satisfaction of certain terms and conditions, including, where applicable, obtaining all required landlord and other consents, lease amendments, waivers and/or non-disturbance agreements; and

(c) a summary of the executed agreements generated through the Real Property Portfolio Sales Process (including the four smaller agreements that were being finalized at that time) was provided in the Eleventh Report.

4.2 The Monitor provided extensive details regarding a series of motions to be brought by the Applicants on May 19, 20 and 21 for the approval of transactions in respect of a total of 46 of TCC's owned and leased real estate assets in the Twelfth Report, a copy of which is attached as **Appendix "C"** to this Eighteenth Report.

4.3 Each of the proposed transactions described in the Twelfth Report were approved by the Court on May 19, 20 or 21, and TCC and the Monitor subsequently worked with the purchasers or assignees, third parties and the respective landlords to close the transactions.

4.4 As at July 15, 2015, all of the transactions described in the Twelfth Report had closed in their entirety, with the exception of: (a) one of the 13 leases included in the Lease Transfer Agreement with Lowe's Companies Canada, ULC ("**Lowe's**"), which was disclaimed on July 14, 2015 as described in paragraph 4.7 below; and (b) the transaction with Rona Inc. ("**Rona**") for the Cottonwood Mall lease, where the transaction did not close and the lease was disclaimed on June 30, 2015. In addition: (a) a transaction with OPB (EMTC) Inc. in respect of the Erin Mills Town

Centre lease was not yet completed as of July 15, 2015, which transaction will not generate any cash proceeds, but if completed will result in an assignment of the lease to Wal-Mart as described in the Monitor's Seventeenth Report and a release of TCC and Target Corporation, which transaction is expected to close on or about July 17, 2015 and for which a motion to approve is pending before the Court; and (b) a transaction with Brad-Lea Meadows Limited in respect of the Thames Lea Plaza lease was completed on July 15, 2015, which transaction did not generate any cash proceeds but resulted in an assignment of the lease to Xtaabay Holdings Ltd. and a release of TCC and Target Corporation. By Orders dated June 24 and 29, respectively, the Court granted an extension of the outside date under the Real Property Portfolio Sales Process to July 15, 2015 in respect of the leases subject to the Lowe's and Wal-Mart transactions that were not yet closed and by Order dated June 30, 2015, granted an extension of the outside date under the Real Property Portfolio Sales Process to July 17, 2015 in respect of the leases relating to the Erin Mills Town Centre and the Thames Lea Plaza. In respect of each of these leases, the outside date may be further extended on the consent of the applicable parties.

Aggregate Net Proceeds Realized Through the Real Property Portfolio Sales Process

4.5 A summary of the aggregate net proceeds realized to date through the Real Property Portfolio Sales Process is provided in the table below.

Target Canada Co., et al
Summary of Aggregate Net Proceeds Realized Through the Real Property Portfolio Sales Process

Acquirer	Agreement Type	Property(ies) Acquired	Cash Consideration	Adjustments*	Cure Costs**	Net Proceeds
Summary of Transactions Completed/Agreed to as part of Auction Process						
Distribution Centres:						
Lowe's Companies Canada, ULC	Agreement of Purchase and Sale	Milton Distribution Centre	$125,000,000	$100,664	NA	$125,100,664
Wal-Mart Canada Corp.	Agreement of Purchase and Sale	Cornwall Distribution Centre	80,750,000	437,183	NA	81,187,183
Sobeys Capital Incorporated	Agreement of Purchase and Sale	Calgary Distribution Centre	50,000,000	552,327	NA	50,552,327
		Total Distribution Centres	**$255,750,000**	**$1,090,175**		**$256,840,175**
Owned Stores:						
Wal-Mart Canada Corp.	Agreement of Purchase and Sale	#7006 - Candiac Power Centre	$14,000,000	$197,197	NA	$14,197,197
Park Place Acquisition Corporation	Agreement of Purchase and Sale	#7004 - Park Place	3,475,000	(77,685)	NA	3,397,315
		Total Owned Stores	**$17,475,000**	**$119,512**		**$17,594,512**
Leased Stores:						
Wal-Mart Canada Corp.	Lease Transfer Agreement - Closed	12 Store Leases	$70,000,000	($3,006,517)	($1,972,965)	$65,020,518
Lowe's Companies Canada, ULC	Lease Transfer Agreement - Closed	12 Store Leases	22,750,000	(5,977,308)	(2,491,718)	14,280,974
Canadian Tire Real Estate Limited	Lease Transfer Agreement - Closed	12 Store Leases	17,654,000	230,986	(527,012)	17,357,974
The Berezan Real Estate Partnership	Lease Surrender Agreement	#3744 - Sahali Centre Mall	1,200,000	(48,787)	-	1,151,213
West Edmonton Mall Property Inc.	Disclaimer and Release Agreement	#3648 - West Edmonton Mall	1,000,000	-	-	1,000,000
Canpro Investments Ltd.	Amendment and Resiliation of Lease	#3547 - Les Galeries Gatineau	106,756	-	-	106,756
Cominar Real Estate Investment Trust	Lease Surrender Agreement	#7000 - Centre Laval	100,000	25,765	-	125,765
Morguard Real Estate Investment Trust	Lease Surrender Agreement	#3766 - Centre at Circle & Eight	100,000	(33,711)	-	66,289
Vanprop Investments Ltd.	Lease Surrender Agreement	#3534 - Lansdown Centre	50,000	(90,379)	-	(40,379)
Brad-Lea Meadows Limited	Waiver and Release Agreement	#3533 - Thames-Lea Plaza	-	-	-	-
Paula-Dale, Ltd.	Disclaimer and Release Agreement	#3552 - Westdale Mall	-	-	-	-
		Total Leased Stores	**$112,960,756**	**($8,899,950)**	**($4,991,696)**	**$99,069,110**
			$386,185,756	**($7,690,263)**	**($4,991,696)**	**$373,503,797**
Summary of Closed and Pending Transactions Agreed to Prior to Auction						
Owned Stores:						
The Cadillac Fairview Corporation Limited	Agreement of Purchase and Sale	#7012, Polo Park	$18,500,000	($2,558,025)	-	$15,941,975
		Total Owned Stores	**$18,500,000**	**($2,558,025)**	**-**	**$15,941,975**
Leased Stores:						
Ivanhoe Cambridge Inc. and Oxford Properties Corporation, et al	Lease Transaction Agreement	11 Store Leases	$138,000,000	($5,869,030)	-	$132,130,970
CF/Realty Holdings Inc., et al	Lease Surrender Agreement***	5 Store Leases	29,172,000	(2,912,599)	-	26,259,401
One York Street Inc.	Termination, Disclaimer, Surrender and Release Agreement	#7008 - One York Street	-	-	-	-
		Total Leased Stores	**$167,172,000**	**($8,781,629)**	**-**	**$158,390,371**
			$185,672,000	**($11,339,654)**	**-**	**$174,332,346**
			$571,857,756	**($19,029,918)**	**($4,991,696)**	**$547,836,142**
Leased Stores (Pending):						
OPB (EMTC) Inc. (20 Vic Management)	Assignment and Assumption Agreement	#3646 - Erin Mills Town Centre	-	-	($76,339)	($76,339)

* Adjustments primarily include amounts for stub-period rents, CAM charges and/or realty taxes and in some cases payments relating to third party waivers and in respect of landlord obligations.
** Cure costs primarily include payments for rent arrears, realty taxes arrears, repair costs or other arrear amounts.
*** Indicated Cash Consideration is shown gross of a $2,572,951 Termination Fee included in the Lease Surrender Agreement and illustrated in Adjustments.

4.6 Aggregate net proceeds realized to date through the Real Property Portfolio Sales Process are approximately $547.8 million, after net aggregate closing adjustments and cure costs of approximately $24.0 million.

4.7 As anticipated in connection with the Lowe's lease transactions, there were significant covenants and other restrictions that needed to be addressed between and among TCC, the applicable landlords and other tenants. Significant adjustments became necessary in order to complete certain of the transactions for the benefit of the estate and its creditors, resulting in aggregate net cash proceeds to the estate of approximately $14.3 million. For one leased property subject to the Lowe's lease transfer agreement, the parties were unable to reach a resolution that would generate a positive economic benefit to the estate as a result of use restrictions. Accordingly, such property was removed from the lease transfer agreement in accordance with its terms and the lease was disclaimed on July 14, 2015.

Notices of Disclaimer or Resiliation

4.8 In addressing the status of each individual property during the Real Property Portfolio Sales Process and whether such property lease should be maintained or disclaimed by TCC at any point in the process, the Monitor considered a number of factors in attempting to ensure that net proceeds to the estate were maximized to the extent possible, and the interests of individual landlords were being addressed. These factors included but were not limited to:

(a) the time needed on a Store-by-Store basis to conduct the Orderly Wind-down to closure, including the Inventory Liquidation Process and the time required thereafter to remove FF&E in accordance with arrangements with individual purchasers and landlords and return the premises to broom-swept condition. TCC was not in a position to disclaim any Store leases until at least such time as a Vacate Date notice had been issued by the Agent indicating that a Store would be closing;

(b) whether there was interest expressed in the lease at the LOI submission stage (March 5, 2015) or at the Qualified Bid deadline (April 23, 2015);

(c) whether Lazard believed that there was a reasonable prospect of a sale transaction/lease surrender agreement;

(d) whether Northwest Atlantic (Canada) Inc., the broker advisor, had provided an indicative estimate of value for the lease;

(e) whether there was a reasonable prospect of an alternative arrangement beneficial to the estate; and

(f) the amount of ongoing rental costs.

4.9 The LOI deadline of March 5, 2015 and the Qualified Bid deadline of April 23, 2015 were established for the purpose of qualifying bidders, not for removing specific leases from the Real Property Portfolio Sales Process. Definitive outside dates for the removal of leases from the Real Property Portfolio Sales Process (June 1, 2015 if there was no definitive agreement by that time, and June 30, 2015 for any properties where such an agreement had not yet closed) were established as part of the Real Property Portfolio Sales Process through negotiations with landlord representatives prior to Court approval of the process in order to address landlord concerns that leases not be retained beyond a reasonable point in time in the process. If no definitive agreement or closing, as the case may be, had been achieved by the applicable outside date, the lease in question was required to be disclaimed at such time.

4.10 Even within the confines of the outside dates reflected in the Real Property Portfolio Sales Process, the Monitor was very focused on trying to balance the sometimes conflicting objectives of individual landlords and the interests of the estate as a whole, including the importance of maximizing the net proceeds to the estate for the benefit of all creditors, including the landlords. This balance was reflected in the terms of the Real Property Portfolio Sales Process negotiated with landlord representatives and was implemented by the Monitor utilizing the measure of "reasonable prospect" of a transaction being achieved in assessing whether individual leases should be disclaimed, once notices of Store closings had been received from the Agent. Beyond the Monitor's ongoing communication with TCC and Lazard concerning the status of individual properties and disclaimer prospects, and the Monitor's oversight of the Real Property Portfolio Sales Process as a whole, a specific disclaimer protocol was established under which, among other things, the Monitor and TCC obtained from Lazard prompt, formal communication with respect to individual leases under review that had become candidates for disclaimer.

4.11 All of TCC's 133 Stores in operation as at the Filing Date were closed to the public on or before April 12, 2015, well in advance of the original anticipated timeline for the completion of the Orderly Wind-down process. Following individual Store closures, TCC, the Agent and the Monitor worked to conclude the remaining sales of FF&E in preparation for vacating the Stores (the Real Property Portfolio Sales Process provided for a 14-day period from the date each Store closed to the public for the sale and removal of remaining FF&E and for the premises to be put into broom-swept condition). TCC and the Monitor, and their respective legal counsel also worked extensively with landlords to consensually resolve any issues related to the sale and removal of FF&E and the release of Stores back to landlords.

4.12 After the Phase 1 Bid Deadline (March 5, 2015), there were 38 Store leases[2] for which no LOI had been received. During the period after the Phase 1 Bid Deadline but before the Qualified Bid Deadline (April 23, 2015), the Target Canada Entities, with the consent of the Monitor, delivered 31 disclaimer notices pursuant to section 32 of the CCAA with respect to leases for 12 Stores and 19 office and/or warehouse facilities, for properties where no LOIs had been received. In addition, during this period the Termination, Disclaimer, Surrender and Release Agreement dated March 26, 2015 was entered into and became effective with respect to the One York Street location. In the case of the 12 Stores, the Agent had provided vacate notices to TCC, and in the view of Lazard and the Applicants, in consultation with the Monitor, there was little or no reasonable prospect of the leases being included in a larger transaction with a Qualified Bidder or being addressed by an alternative consensual arrangement.

[2] Including the One York Street agreement to lease. The One York Street location was never opened.

4.13 Of the 38 Store leases where no LOIs were submitted, 26 leases were retained in the Real Property Portfolio Sales Process until the Qualified Bid Deadline in cases where, in the view of Lazard (after discussions with certain bidders) and the Applicants, and in consultation with the Monitor and Northwest, it was considered that there was a reasonable prospect of the leases being included in a larger transaction with a Competing Bidder or addressed by an alternative consensual arrangement. The interests of Competing Bidders in TCC's lease portfolio, including the above leases where there were no LOIs initially submitted, evolved substantially during the process and, accordingly, where interest was believed to exist, Lazard continued to explore such interest for the benefit of the estate. Further, landlords had expressed interest at the outset of the Real Property Portfolio Sales Process in being able to acquire the leases for their properties and had negotiated the ability for properties to be withdrawn from the Real Property Portfolio Sales Process at any time in the event of such a landlord transaction. Such opportunities to remove leases from the Real Property Portfolio Sales Process in such a manner became easier to address post the Phase 1 Bid Deadline when the initial relative level of interest from third party buyers became known to TCC, Lazard and the Monitor. Finally, as indicated above, these leases were required to be maintained for varying periods of time past the Phase 1 Bid Deadline in any event in order to support the Orderly Wind-down process as Stores continued to need to be occupied, with the last of the vacate notices being issued by the Agent on April 2, 2015 and effective April 12, 2015, followed by the 14-day period for removal of FF&E.

4.14 Of the 113 Store leases remaining in the Real Property Portfolio Sales Process as at the Qualified Bid Deadline of April 23, 2015 (137 leased Stores, less 11 leases included in the Oxford/Ivanhoe Cambridge transaction, the One York Street location and 12 leases disclaimed prior to the Qualified Bid Deadline), Qualified Bids in respect of 50 leased Stores were submitted. In addition, before the Qualified Bid Deadline, an alternative agreement was entered into with a landlord with respect to one leased property in respect of which no LOI had been received.

Following the Qualified Bid Deadline and prior to the Auction, the Target Canada Entities, with the consent of the Monitor, delivered 44 notices of disclaimer between April 24 and April 30, 2015 with respect to the leases for a further 44 Stores (bringing the total disclaimed Stores to that point to a total of 56) where no Qualified Bids had been submitted and where, in the view of Lazard (after discussions with certain bidders) and the Applicants, and in consultation with the Monitor, there was little or no reasonable prospect of the leases being included in a larger transaction with a Qualified Bidder before or during the Auction or addressed by an alternative consensual arrangement. The leases for these locations were accordingly promptly withdrawn from the Real Property Portfolio Sales Process.

4.15 There were 18 Store leases that were retained after the Qualified Bid Deadline where no Qualified Bid had been received. Of these 18 leases, Lazard continued to explore potential opportunities for sale transactions, lease surrenders or alternative arrangements for a short period of time up until the Auction process was completed, where the prospect of some interest or an alternative transaction was believed to exist. Lazard's continued discussions ultimately resulted in transactions on three of these 18 properties. On May 8, 2015, immediately after the Auction, the remaining 15 leases were disclaimed, together with two additional leases that were subject to Qualified Bids but where the parties had concluded that such transactions could not be finalized.

4.16 In aggregate, 75 Store leases have been disclaimed[3]. Of these 75 Store lease disclaimers, 14 Stores were closed to the public in the latter half of March and 57 were closed during the first half of April (four Stores with leases disclaimed had never opened). A summary schedule of relevant dates with respect to the 75 Store leases that have been disclaimed (the "**Disclaimer Summary**") is attached as **Appendix "D"** to this Eighteenth Report.

[3] Including the Cottonwood Mall lease subject to a lease transaction agreement with Rona that did not close and was disclaimed on June 30, 2014 and the Burlington Mall lease subject to a lease transaction with Lowe's that did not close and was disclaimed on July 14, 2015.

4.17 Other than with respect to four Stores where lease transaction agreements were still being finalized, as at May 10, 2015, all of TCC's property leases were either subject to a definitive agreement or had been disclaimed, such that:

(a) notices of disclaimer had been delivered with respect to 73 Stores and 19 office and/or warehouse facilities; and

(b) TCC had entered into termination and release or similar agreements with respect to three leases for its former head office and two other ancillary offices.

All of the foregoing was achieved well in advance of the June 1, 2015 outside date for execution of definitive agreements or delivery of disclaimer notices under the Real Property Portfolio Sales Process (such date having been negotiated with representatives of the landlord group that comprised several large retail landlords that held or managed, in aggregate, the majority of TCC's Store leases). Most of the Store leases not subject to a transaction (56 out of 73 or 77%) were disclaimed within 15 weeks of the Filing Date, with all such disclaimers issued less than four months after the Filing Date.

4.18 There were a number of challenges experienced during the course of the Real Property Portfolio Sales Process, including limited use restrictive clauses associated with a number of properties, tenant waiver requirements and the short time line reflected in the Real Property Portfolio Sales Process (relative to fairly long term investment decisions on the part of potential acquirers). The set timelines in the Real Property Portfolio Sales Process were negotiated with landlord representatives but TCC, Lazard and the Monitor were cognizant of the greater time pressure brought to bear by the accelerated closing schedule and the reality of the need for TCC, where appropriate, to vacate premises and stop paying rent post the 30-day disclaimer notice period as soon as possible. At the same time, TCC, Lazard and the Monitor worked to ensure that sufficient time had been provided on a property-by-property basis to maximize the opportunity for transactions to be achieved with a view to maximizing net realizations available to the estate for the benefit of all creditors.

4.19 TCC, Lazard and the Monitor were very focused on managing this balance, but were also faced with evolving interests on the part of third party buyers and landlords over the course of the process. For example, 38 leases subject to an LOI did not result in corresponding Qualified Bids. Where such LOIs were in hand, the related leases could not be disclaimed until after the Qualified Bid Deadline (April 23, 2015) unless there were reasons to conclude that a Qualified Bid would not be submitted. This applied regardless of whether or when the Stores subject to such leases had been closed. Further, interest in individual properties continued to develop and evolve even for leases where no LOIs had originally been received. In particular, those parties with wider interest in multiple properties continued to add and subtract locations from potential transactions as the Real Property Portfolio Sales Process advanced.

4.20 The end result of the dynamics of the Real Property Portfolio Sales Process described above was that the average time between the Vacate Date and disclaimer date for leases that were not subject to transactions was kept to approximately 26 days.

Participation of Target Corporation

4.21 Certain creditors have requested that the Monitor provide more information with respect to the role of Target Corporation in the context of the execution of the Real Property Portfolio Sales Process and the Inventory Liquidation Process. The Monitor has provided information to such parties and thought it would be of interest to provide additional commentary to the broader constituencies of the estate.

In the Real Property Portfolio Sales Process

4.22 Paragraph 41 of the Real Property Portfolio Sales Process contemplated that Target Corporation would be involved in the Real Property Portfolio Sales Process; it provided that the Target Canada Entities, the Monitor and Lazard would communicate and consult with Target Corporation, in its capacity as DIP Lender, throughout the process. In addition, the DIP Facility requires TCC to consult with Target Corporation with respect to the Real Property Portfolio Sales Process and to update and provide information to Target Corporation on material developments in the CCAA Proceedings.

4.23 As set out in the Eleventh Report, Target Corporation was involved in the Real Property Portfolio Sales Process to the extent that they could be facilitative given their position as guarantor of certain leases (e.g. where there was a request for inducement from a prospective bidder or landlord). Further, Target Corporation had discussions with certain landlords with respect to their lease obligations that could potentially have resulted in benefits to the estate and the landlord(s).

4.24 Target Corporation was very helpful to TCC, Lazard and to the Monitor in supporting their efforts in connection with the Real Property Portfolio Sales Process. The real estate portfolio group and related accounting service and legal support personnel provided to Target Canada before the Filing Date were all located at Target Corporation’s headquarters in Minneapolis. Such personnel were employees of Target Corporation, with these services provided to Target Canada under the shared services arrangements through Target Brands. After the Filing Date and during the course of the Real Property Portfolio Sales Process, these Target Corporation employees were invaluable resources to TCC, Lazard and the Monitor given their extensive knowledge of individual sites, lease-specific issues and the positioning/potential interest of prospective interested parties. Support from Target Corporation personnel was also required by TCC in order to address closing cost adjustments/statements and cure costs issues in connection with all lease transactions, often a very extensive and urgent exercise requiring detailed knowledge of specific properties and related issues.

4.25 Certain representatives of Target Corporation at times attended periodic formal real estate process update calls conducted by Lazard reporting to TCC and the Monitor to provide helpful background information where appropriate and to field and respond to facilitative requests in connection with inducements requested from potential third party buyers and/or landlords communicated to Lazard in connection with leases subject to Target Corporation guarantees. Representatives of Target Corporation received details of the LOIs received during Phase 1 of the Real Property Portfolio Sales Process. At a meeting on March 9, 2015 among TCC, the Monitor, Lazard and representatives of Target Corporation, Lazard provided an overview of the results of the Real Property Portfolio Sales Process and Qualified LOIs received. Representatives of Target Corporation also received details of the Qualified Bids received during Phase 2 of the Real Property Portfolio Sales Process. On April 27, 2015, TCC, the Monitor and Lazard met to discuss the results of the Real Property Portfolio Sales Process and the Qualified Bids received, and to determine which leases in respect of which no Qualified Bids were received should be immediately disclaimed. Representatives of Target Corporation attended a subsequent meeting with TCC, the Monitor and Lazard where Lazard provided a more general overview of the results of the Real Property Portfolio Sales Process to the Qualified Bid Deadline and properties to be disclaimed. Representatives of Target Corporation also attended and observed the Auction process from May 5 to May 7, 2015.

4.26 Certain creditors have also requested more detailed information concerning disclaimers of leases that were guaranteed by Target Corporation and those that were not guaranteed. Of the 73 Store leases that were disclaimed as at May 10, 2015, 44 leases (approximately 60%) are guaranteed by Target Corporation (excluding Zellers) and 31 of the 64 leases that were included in a transaction agreement (approximately 48%) are subject to a Target Corporation guarantee. From the

Monitor's perspective, whether a lease was supported by a Target Corporation guarantee or not was irrelevant to the conduct of the Real Property Portfolio Sale Process, except in two key respects: (a) to the extent that Target Corporation could be facilitative by providing funding incentives (to a third party buyer or to a landlord) where guarantees existed to make a transaction happen where the economics of the situation might have dictated otherwise; and (b) where a guarantee did exist, it was very much in the interest of the creditors of the estate that a release be sought from the landlord not just from their claim against the estate but also with respect to the guarantee due to the subrogation rights that Target Corporation would otherwise have.

In the Inventory Liquidation Process

4.27 TCC required the extensive involvement of Target Corporation to facilitate the Inventory Liquidation Process as all accounting, treasury and cash management functions were managed by Target Corporation through the shared services arrangements with Target Brands, certain of which, in the form of providing insurance and security measures at specific Stores, continue. Further, through these shared services arrangements, among other things: (a) substantial records and data were provided to the prospective liquidators in the Liquidation Agent Solicitation Process to facilitate due diligence; (b) daily sales, gross margin and inventory reporting was developed for the Agent's use in managing and accounting for the inventory liquidation; and (c) weekly reporting was developed to reconcile operating costs as between TCC and the Agent.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Receipts and disbursements for the period April 26, 2015 to July 4, 2015 (the "**Reporting Period**", noting that cash flow results through April 25, 2015 were previously reported in the Ninth Report), as compared to the cash flow forecast that was attached as Appendix "C" to the

Ninth Report (the "**Cash Flow Forecast**"), are summarized on the following page. Forecast proceeds from the Real Property Portfolio Sales Process were not included in the Cash Flow Forecast as they were indeterminable at the time the Cash Flow Forecast was prepared.

5.2 With the exception of the net proceeds of approximately $132.1 million generated from the Oxford/Ivanhoe Cambridge lease transaction, which were paid by the Monitor to TCC shortly after the transaction closed, and approximately $932,000 that was paid to TCC directly in one of the other closed lease transactions, all other net proceeds realized through the Real Property Portfolio Sales Process, as set out in the table on page 11 of this Eighteenth Report, continue to be held in trust by the Monitor. The Monitor is holding in trust approximately $414.7 million of the net proceeds realized through the Real Property Portfolio Sales Process, plus certain other amounts held in escrow subject to the closing of the related transaction. The aggregate cash position of the Target Canada Entities as at July 4, 2015 was approximately $874.7 million ($460.0 million as shown below, plus $414.7 million held in trust by the Monitor – updated to July 15, 2015).

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

	Cumulative		
Period Ended	**Budget 04-Jul**	**Actual 04-Jul**	**Variance B / (W)**
OPERATING RECEIPTS			
Sales Receipts	$ 3,000	$ 4,646	$ 1,646
RPPSP Receipts	2,964	3,896	932
Other Receipts	1,465	8,216	6,751
TOTAL RECEIPTS	**7,430**	**16,758**	**9,329**
OPERATING DISBURSEMENTS			
Employee Payments	16,232	22,496	(6,264)
Rent & Occupancy	30,088	27,885	2,203
DC / Logistics	2,138	3,166	(1,028)
Normal Course Taxes	19,633	19,146	486
Professional Fees	13,530	8,414	5,116
All Other	49,495	12,356	37,138
Current Operating Disbursements	131,115	93,463	37,653
OPERATING CASH FLOW	**(123,686)**	**(76,704)**	**46,982**
INTERCOMPANY DISBURSEMENTS			
Intercompany Services	8,920	7,549	1,371
DIP Interest	-	-	-
Intercompany Disbursements	8,920	7,549	1,371
NET CASH FLOW	**$ (132,606)**	**$ (84,253)**	**$ 48,353**
WEEKLY LIQUIDITY			
Beginning Bank Cash Balance [1] [2]	$ 545,153	$ 545,153	$ -
(+/-) Net Cash Flow	(132,606)	(84,253)	48,353
(+/-) Change in Cheque Float	-	(797)	(797)
(+/-) DIP Draws/(Repayments)	-	-	-
(+/-) FX Translation	-	(96)	(96)
Ending Bank Cash Balance [1]	412,547	460,006	47,459
Funds held in Monitor's Trust Account re: RPPSP [3]	-	414,705	414,705
Ending Cash Balance	$ 412,547	$ 874,711	$ 462,164

[1] Actuals assume $1.21 CAD/ $1 USD.

[2] Beginning Cash Balance was actualized in the cash flow forecast that was attached as Appendix "C" to the Ninth Report.

[3] Excludes amounts relating to pending transactions.

5.3 During the Reporting Period, the Target Canada Entities' total receipts (excluding funds paid to the Monitor pursuant to the Real Property Portfolio Sales Process) were approximately $9.3 million greater than projected in the Cash Flow Forecast. Approximately $7.7 million of the variance was due to the return of deposits, tax refunds, vendor income and other miscellaneous receipts that were not included in the Cash Flow Forecast.

5.4 The Target Canada Entities' total disbursements during the Reporting Period were approximately $39.0 million less than projected in the Cash Flow Forecast. Management attributes most of this variance to: (a) timing differences in the disbursement of fees and profit sharing amounts to the Agent (which were forecast but not paid during the Reporting Period); and (b) a permanent variance in payroll due to more time taken to facilitate FF&E removals and consensually resolve vacate issues at the Stores, necessitating the retention of certain employees for longer periods than had been forecast.

5.5 Overall, during the Reporting Period, the Target Canada Entities experienced a positive net cash flow variance of approximately $48.4 million relative to the Cash Flow Forecast, however, most of this variance reversed in the following week as the Agent's fees and profit sharing amounts were paid.

5.6 The closing cash balance as at July 4, 2015 was approximately $460.0 million (excluding funds held in trust by the Monitor related to the Real Property Portfolio Sales Process), as compared to the projected cash balance of $412.5 million.

5.7 An updated and extended cash flow forecast will be provided to the Court in connection with a future motion by the Applicants' to extend the stay of proceedings beyond the current Stay Period of August 14, 2015.

5.8 The Initial Order entitles the Target Canada Entities to continue to utilize their existing Cash Management System, as 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 COMMENCEMENT OF THE CLAIMS PROCESS

6.1 On June 11, 2015, this Court approved the claims procedure order (the "**Claims Procedure Order**") approving the claims process (the "**Claims Process**") to identify and determine claims of creditors of the Target Canada Entities. The proposed Claims Procedure Order was summarized in the Fifteenth Report of the Monitor dated June 5, 2015 (the "**Fifteenth Report**").

6.2 In accordance with the provisions of the Claims Procedure Order, the Monitor has undertaken the following:

(a) on June 12, 2015, posted a copy of the Claims Package to the Monitor's website;

(b) arranged for the Notice to Claimants to be published in the Wall Street Journal (National Edition) and La Presse newspaper on June 16, 2015 and June 23, 2015;

(c) arranged for the Notice to Claimants to be published in The Globe and Mail (National Edition) newspaper on June 17, 2015 and June 23, 2015;

(d) on June 16, 2015, caused a copy of the Claims Package to be mailed or e-mailed to approximately 3,700 known Claimants (other than Employees);

(e) on June 17, 2015, caused a copy of the Claims Package to be emailed to the Service List;

(f) on June 16, 2015 caused a copy of the Employee Letter to be sent to approximately 17,700 Employees; and

(g) continues to provide Claims Packages to parties who request such documentation.

6.3 The Monitor has received numerous enquiries to date with respect to the Claims Process and has been assisting potential Claimants with matters pertaining to submitting claims.

6.4 The Claims Procedure Order contains a general claims bar date of August 31, 2015. As of July 9, 2015, the Monitor had received 242 Proofs of Claim asserting Claims against the Applicants totalling $27,656,797. The Monitor is reviewing these claims and they remain subject to determination.

6.5 The Monitor will provide this Court with updates on the Claims Process as it advances.

7.0 EMPLOYEE TRUST

7.1 As described in the First Report of the Monitor, 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 Eighteenth Report, the Monitor, in its capacity as Administrator under the Employee Trust has, among other things:

(a) in conjunction with the Trustee, jointly opened the Target Canada Employee Trust bank account at Royal Bank of Canada (the "**Employee Trust Account**");

(b) transferred the full $90 million of initial contributions received from the Settlor to the Employee Trust Account;

(c) transferred an additional $5 million (the "**Additional Contribution**") received from the Settlor to the Employee Trust Account (as a result of the accelerated timing of the Store closures, the Monitor requested and received, on April 24, 2015, the Additional Contribution);

(d) provided extensive assistance and review of TCC's calculation of individual bi-weekly entitlement amounts for thousands of Eligible Employees;

(e) administered notices of disputes received regarding Eligible Employee Claims (all of which must be filed with the Monitor and Employee Representative Counsel by July 30, 2015) and discussed same with Employee Representative Counsel; and

(f) with the consent of the Trustee, made payments from the Employee Trust totaling approximately $80.1 million for the benefit of more than 15,000 Eligible Employees.

7.2 Under the terms of the Employee Trust Agreement, Eligible Employees received payments from the Employee Trust for the pay periods ended February 7, 2015 through to May 16, 2015 for the majority of Eligible Employees, and May 30, 2015 for those Eligible Employees working in Manitoba. The final regularly scheduled Employee Trust disbursement was made on June 4, 2015 in respect of the pay period ending May 30, 2015. The Monitor continues to work with TCC to reconcile amounts owing between the Employee Trust and TCC and expects that TCC will be further reimbursed by the Employee Trust on account of final wage, employer tax and benefits reconciliations.

7.3 Based on the projected final reconciliation, the Monitor expects that all beneficiaries of the Employee Trust will receive the benefits to which they are entitled in accordance with its terms and conditions.

8.0 CONSULTATIVE COMMITTEE

8.1 As previously reported to the Court in the Monitor's Fifteenth Report, a Consultative Committee representing a cross-section of creditor interests has been constituted. The Monitor and the Consultative Committee have agreed to an operating protocol. At the suggestion of the Court, the Monitor and its counsel met with representatives of the Consultative Committee to address the payment of an appropriate fee for the members. The Monitor and the Consultative Committee have agreed that, subject to Court approval, each member shall be paid the sum of $5,000 plus HST per month as a cost of the administration of the CCAA Proceedings, commencing with the month of May, 2015 and ending with the month of September, 2015, subject to further arrangements (the "**Consultative Committee Member's Fee**").

9.0 MONITOR'S ACTIVITIES

9.1 As described in the Seventh Report of the Monitor (the "**Seventh Report**") dated March 24, 2015, the Ninth Report of the Monitor (the "**Ninth Report**") dated May 4, 2015 and the Fifteenth Report of the Monitor (the "**Fifteenth Report**") dated June 5, 2015 and expanded upon below, since the granting of the Initial Order, the Monitor has worked closely with the Target Canada Entities to stabilize their business and operations such that all 133 open Stores in Canada remained operational throughout the Inventory Liquidation Process (the final group of Stores closed to the public on April 12, 2015). This work included concerted efforts to address extensive and urgent supply chain and other logistical issues essential to the Orderly Wind-down and extensive communications with stakeholders, as well as assisting with other activities essential to the Orderly Wind-down, including matters related to the Inventory Liquidation Process and the Real Property Portfolio Sales Process.

9.2 In the Second Report and in submissions to the Court on February 11, 2015, the Monitor undertook to provide information regarding the quantity of TCC's inventory: (a) received and in-transit (where title had transferred to TCC) as at January 15, 2015; and (b) received and/or where title had transferred to TCC and had not been paid for during the 30-day period immediately preceding January 15, 2015 (the "**Requested Information**"). The Monitor was also asked by the Court to update the Service List as to its progress in assembling the Requested Information no later than February 18, 2015. The Monitor served the Inventory Update Letter on the Service List on February 18, 2015. In the Fourth Report of the Monitor (the "**Fourth Report**") dated March 3, 2015, the Monitor provided the Court with information regarding the key dates and assumptions, methodology and approach, and conclusions related to the Requested Information.

9.3 Pursuant to the Endorsement of this Court dated February 19, 2015, Blaney McMurtry LLP submitted a list of 61 questions and information requests to TCC, Target Corporation and the Monitor on March 2, 2015 (the "**March 2 Letter**"). The Monitor conducted an extensive amount of work in order to respond to the questions directed to the Monitor or that the Monitor was best able to respond to. In the Fifth Report of the Monitor (the "**Fifth Report**") dated March 16, 2015, the Monitor provided the Court with responses to certain of the inventory-related and other questions included in the March 2 Letter. In addition, the Monitor also provided extensive assistance to TCC and Osler, Hoskin & Harcourt LLP ("**Osler**") in obtaining and analyzing information to assist in the preparation of Osler's responding letter, on behalf of TCC, to the March 2 Letter.

9.4 In addition to the Monitor's ongoing supervision and involvement with the Inventory Liquidation Process and Real Property Portfolio Sales Process (as described in certain of the Prior Reports), the activities of the Monitor from the date of the Third Report (February 27, 2015) have included the following:

(a) assisting the Target Canada Entities with communications with employees, PFAC, pharmacy franchisees, suppliers and other parties;

(b) as described above, assisting TCC in stabilizing its supply chain, including extensive communications with the third-party operator of TCC's distribution centres, vendors, freight forwarders and consolidators, ocean freight carriers and other transportation companies, and TCC's customs broker, with a view to minimizing supply disruption and continuing the movement of goods-in-transit to the DCs and Stores;

(c) numerous meetings and discussions with the Target Canada Entities and the Agent regarding the Inventory Liquidation Process, including assisting TCC in reviewing and reconciling data in support of the Agent's weekly invoices and the final reconciliation of proceeds due to TCC and the Agent pursuant to the terms of the Agency Agreement;

(d) in addition to its overall supervisory role, various matters regarding the Real Property Portfolio Sales Process, including: numerous discussions with the Target Canada Entities, Lazard and the Broker; assisting with the closing of the Oxford/Ivanhoe Cambridge Lease Transaction Agreement; reviewing the LOIs and bids received in each of Phase 1 and Phase 2 of the Real Property Portfolio Sales Process and meeting with, among others, the Target Canada Entities and Lazard regarding same; maintaining the Monitor's trust bank account for administering deposits and proceeds in connection with the Real Property Portfolio Sales Process; reviewing other draft letters and agreements with respect to the Real Property Portfolio Sales Process, including the termination and release agreements entered into and described in the Monitor's Eighth Report; providing updates on the Real Property Portfolio Sales Process in the Monitor's Sixth, Eighth and Tenth Reports, and a comprehensive update in the Monitor's Eleventh Report with the Auction having been concluded; attending the Auction period process held on May 5, 6 and 7, 2015, at Osler's offices in Toronto; assisting in the negotiation of final transaction and related agreements in respect of the three DCs, three owned Stores and 64 Store leases; preparing the Monitor's Twelfth and Thirteenth Reports, which provided details of and recommendations in respect of a series of real property transactions; attending at Court on May 19, 20 and 21, 2015, for the hearings to seek approval of the applicable agreements; assisting with the Rona transaction agreement and Backup Bids; and assisting in closings of the real property transactions;

(e) numerous discussions with the Target Canada Entities and their legal counsel to develop a plan for addressing the sale and removal of FF&E on a premises-by-premises basis, and addressing specific issues related to individual Store locations and other real estate;

(f) numerous discussions with the Target Canada Entities related to the Asset Purchase Agreement between TCC, Target Corporation and Target Brands, Inc. with respect to the sale of various assets using or displaying intellectual property proprietary to Target Brands, Inc. and preparing the Monitor's Seventh Report related thereto;

(g) assisting the Target Canada Entities in coordinating Store closures;

(h) responding to approximately 930 enquiries (from the commencement of the CCAA Proceedings) from stakeholders that contacted the Monitor on the toll-free number or email account established by the Monitor, plus numerous other enquiries made directly to the Monitor or directed to the Monitor by employees of the Target Canada Entities;

(i) monitoring the receipts, disbursements, purchase commitments and arrangements for deposits with certain suppliers and creditors of the Target Canada Entities, including tracking outstanding balances and commitments due to critical service providers;

(j) assisting the Target Canada Entities in assessing and responding to the Target Canada Entities' requests for Monitor consents to disclaimers for in excess of 500 contracts, leases and agreements;

(k) monitoring and providing ongoing operational updates to assist the Target Canada Entities in managing the Orderly Wind-down;

(l) assisting the Target Canada Entities in assessing their employee requirements as the Orderly Wind-down advanced; assisting the Target Canada Entities in identifying KERP eligible employees and in calculating individual entitlements under the KERP;

(m) in its capacity as Administrator of the Employee Trust, communications with and among Employee Representative Counsel, Monitor counsel, Target Canada Entities' counsel and the Trustee regarding the Employee Trust, assistance with the calculation of specific entitlement amounts for Eligible Employees and facilitating required payments from the Employee Trust;

(n) corresponding with and tracking claims transfers and assignments received from purchasers of creditor claims;

(o) bringing the Monitor's motion seeking the advice and directions of the Court with respect to a proposed framework for a claims process motion to be brought by the Monitor and preparing the Monitor's Ninth Report related thereto;

(p) reviewing agreements, consulting with the Target Canada Entities, and preparing the Monitor's Fourteenth Report with respect to the Zellers/HBC Transaction Agreement;

(q) coordinating the formation of the Consultative Committee; in conjunction with the Consultative Committee, developing a protocol to assist in the calling and conduct of meetings of the Consultative Committee; meeting with the Consultative Committee on June 2, 2015 to discuss the role of the Consultative Committee in these CCAA Proceedings and the draft Claims Procedure Order;

(r) developing the Claims Process and Claims Procedure Order and discussing or consulting with the Consultative Committee, the Target Canada Entities, Target Corporation, Employee Representative Counsel, and other stakeholders that provided comments to the Monitor or its counsel prior to the date of the Monitor's motion; preparing the Fifteenth Report of the Monitor to describe the Claims Process; completing the noticing aspects of the Claims Process as described above; creating a process for reviewing and reporting on the Claims Process; with the assistance of the Applicants, reviewing claims and corresponding with claimants and potential claimants to reconcile claim amounts and respond to questions;

(s) assisting in coordinating the sale of certain equipment at the Calgary DC; preparing the Sixteenth Report of the Monitor to describe the Asset Purchase Agreement and related Access Agreement; and

(t) posting non-confidential materials filed with the Court to the website established by the Monitor for the CCAA Proceedings.

9.5 The Monitor requests the approval of its Third to Eighteenth Reports and the activities set out therein.

10.0 MONITOR'S CONCLUSIONS AND RECOMMENDATION

10.1 The Monitor is of the view that it is fair and reasonable to have its Third to Eighteenth Reports and the activities set out therein approved by the Court at this time, and respectfully recommends that the Court grant the relief requested regarding: (a) approval of the Monitor's reports and activities set out in the Monitor's notice of return of motion in respect of its motion originally returnable on June 11, 2015 and adjourned to July 30, 2015; and (b) approval of the Consultative Committee Member's Fee.

All of which is respectfully submitted to this Court this 15th day of July, 2015.

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

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

EIGHTEENTH REPORT OF THE MONITOR

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APPENDIX "C"

[SEE ATTACHED]

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 16-Week Cash Flow Forecast

Disclaimer:

In preparing this cash flow forecast (the "**Forecast**"), the 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 cash flows 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, taking into consideration the closure of all of TCC's retail stores on or before April 12, 2015. The Forecast does not include Target Canada Property LLC ("**TCC Propco**"), as minimal cash flow activity is anticipated for that entity during the Forecast Period. TTC Propco's cash balance as at August 1, 2015 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 of August 1, 2015.

2. **Operating Receipts**
   Forecast receipts include the transfer of net proceeds held in trust by the Monitor from the real property portfolio sales process, a reimbursement from the Employee Trust and estimated refunds of sales taxes.

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

4. **Rent, Occupancy and Taxes**
   The Forecast assumes TCC pays remaining utility and property tax payments incurred during the post-CCAA filing period.

5. **DC/Logistics**
   Disbursements to distribution centre logistics provider are forecast based on expenses incurred during the Inventory Liquidation Process.

6. **Professional Fees**
   These disbursements include payments to TCC's advisors and their legal counsel, the Monitor and its counsel, and counsel to the Directors.

7. **All Other**
   These disbursements include telecom, technology, recycling and other wind-down costs.

8. **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 wind-down process and claims process.

($ in 000's CAD)	Wk-29	Wk-30	Wk-31	Wk-32	Wk-33	Wk-34	Wk-35	Wk-36	Wk-37	Wk-38	Wk-39	Wk-40	Wk-41	Wk-42	Wk-43	Wk-44	Wk-45	Forecast
Week Ending ==>	01-Aug	08-Aug	15-Aug	22-Aug	29-Aug	05-Sep	12-Sep	19-Sep	26-Sep	03-Oct	10-Oct	17-Oct	24-Oct	31-Oct	07-Nov	14-Nov	21-Nov	Total
OPERATING RECEIPTS	Actual																	
Sales Receipts	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Receipts	312	414,648	1,200	1,242	-	-	-	461	-	-	-	-	-	-	-	-	-	417,551
TOTAL RECEIPTS	**312**	**414,648**	**1,200**	**1,242**	**-**	**-**	**-**	**461**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**417,551**
OPERATING DISBURSEMENTS																		
Employee Payments	92	0	70	0	23	0	20	50	22	0	20	50	20	3	20	0	70	372
Rent, Occupancy and Taxes	577	110	287	237	237	237	237	237	237	237	-	-	-	-	-	-	-	2,052
DC / Logistics	25	75	250	50	-	-	-	-	-	-	-	-	-	-	-	-	-	375
Normal Course Taxes	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	111	1,358	3,875	895	775	815	595	545	545	585	445	525	525	525	525	525	525	13,583
All Other	590	593	500	250	250	416	250	250	250	100	100	100	100	100	50	50	50	3,409
Current Operating Disbursements	1,395	2,135	4,982	1,432	1,284	1,468	1,102	1,082	1,054	922	565	675	645	628	595	575	645	19,791
OPERATING CASH FLOW	**(1,083)**	**412,513**	**(3,782)**	**(190)**	**(1,284)**	**(1,468)**	**(1,102)**	**(621)**	**(1,054)**	**(922)**	**(565)**	**(675)**	**(645)**	**(628)**	**(595)**	**(575)**	**(645)**	**397,760**
INTERCOMPANY DISBURSEMENTS																		
Intercompany Services	-	2,594	-	2,032	-	-	1,200	-	-	-	1,146	-	-	-	1,163	-	-	8,134
DIP Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Disbursements	-	2,594	-	2,032	-	-	1,200	-	-	-	1,146	-	-	-	1,163	-	-	8,134
NET CASH FLOW	**$ (1,083)**	**$ 409,918**	**$ (3,782)**	**$ (2,222)**	**$ (1,284)**	**$ (1,468)**	**$ (2,302)**	**$ (621)**	**$ (1,054)**	**$ (922)**	**$ (1,711)**	**$ (675)**	**$ (645)**	**$ (628)**	**$ (1,758)**	**$ (575)**	**$ (645)**	**$ 389,626**
WEEKLY LIQUIDITY																		
Beginning Bank Cash Balance	$ 407,508	$ 406,424	$ 816,343	$ 812,561	$ 810,339	$ 809,055	$ 807,587	$ 805,285	$ 804,664	$ 803,610	$ 802,688	$ 800,977	$ 800,302	$ 799,657	$ 799,029	$ 797,271	$ 796,695	$ 406,424
Weekly Cash Flow	(1,083)	409,918	(3,782)	(2,222)	(1,284)	(1,468)	(2,302)	(621)	(1,054)	(922)	(1,711)	(675)	(645)	(628)	(1,758)	(575)	(645)	389,626
DIP Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	406,424	816,343	812,561	810,339	809,055	807,587	805,285	804,664	803,610	802,688	800,977	800,302	799,657	799,029	797,271	796,695	796,050	796,050
FX Translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Float	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Bank Cash Balance	$ 406,424	$ 816,343	$ 812,561	$ 810,339	$ 809,055	$ 807,587	$ 805,285	$ 804,664	$ 803,610	$ 802,688	$ 800,977	$ 800,302	$ 799,657	$ 799,029	$ 797,271	$ 796,695	$ 796,050	$ 796,050
Ending DIP Balance - USD	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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