Target Canada Property LLC Statement of Financial Position

Cash and cash equivalents Other current assets Intercompany receivable from CanCo (11) Other (22) Other (23) Total other current assets Buildings and improvements Construction-in-progress Ra,175 Accumulated depreciation Total accumulated depreciation Property and equipment, net Other noncurrent assets (4) Total assets \$1,426,762 Other noncurrent assets (4) Total assets \$1,631,937 Liabillities and shareholders' investment Accounts payable Intercompany interest payable to Canada Property LP (5) Intercompany interest payable to Target Canada Co (6) Intercompany interest payable to Target Corporation Total accounts payable Accrued and other current liabilities (7) Ra,483 Total current liabilities Intercompany note payable to Target Canada Property LP (1,434,377) Intercompany note payable to Target Conporation Poly,092 Long-term debt and other borrowings Intercompany note payable to Target Corporation Poly,093 Total long-term debt and other borrowings Intercompany note payable to Target Corporation Poly,093 Total long-term debt and other borrowings Intercompany note payable to Target Corporation Poly,093 Total shareholders' investment Retained earnings (11,263) Total shareholders' investment \$1,534,108	(CAD in thousands)	November 1, 2014	
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Intercompany note payable to Target Corporation 99,731 Total long-term debt and other borrowings 1,534,108 Shareholders' investment Retained earnings (11,263) Total shareholders' investment (11,263)	Intercompany note payable to Target Canada Property LP		1.434.377
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Total liabilities and shareholders! (11,263)			(11,263)
Total liabilities and shough ald and the		7.00	
	Total liabilities and shareholders' investment	\$	

Target Canada Property LLC Statement of Operations

(CAD in thousands) Lease revenue	Nine Months Ended November 1, 2014	
	\$	184,575
Total revenue		184,575
Lease expense		72,288
Depreciation expense		33,120
Other expenses		18,128
Income before interest expense and income taxes		61,039
Net interest expense		77,093
Losses before income taxes		(16,054)
Provision for income taxes		(4,013)
Net loss	\$	(12,041)

Target Canada Property LLC Statement of Cash Flows

(CAD in thousands)	Nine Months Ended November 1, 2014	
Operating Activities		
Net loss	\$	(12,041)
Reconciliation to cash flow	•	(12,041)
Depreciation and amortization		33,120
Deferred income taxes		(4,013)
Noncash losses and other, net		
Changes in operating accounts:		10,829
Other current assets		1,090
Accounts payable		87,952
Accrued liabilities and other current liabilities		
Cash flow provided by operations		71,274 188,211
Investing activities		100,211
Expenditures for property and equipment		(151,351)
Cash flow required for investing activities		
Financing activities		(151,351)
Capital contribution		
Cash flow provided by financing activities		
Effect of exchange rate changes on cash and cash equivalents	5-00	
Net increase in cash and cash equivalents		20,000
Cash and cash equivalents at beginning of year		36,860
Cash and cash equivalents at end of period	\$	36,860

- (1) Amounts due from Target Canada Co. related to the leaseback agreement.
- (2) Other current assets are comprised primarily of a sales tax receivable (\$17m) and prepaid income tax (\$12m).
- (3) Our policy is to review long-lived assets for impairment when events or changes in circumstances indicate that the asset's carrying value may not be recoverable. A significant impairment charge will be taken against the long-lived assets of Target Property LLC during the 4th quarter in conjunction with the decision to exit the Canadian market.
- (4) Other noncurrent asset is a long term deferred tax asset.
- (5) Intercompany interest is due to Target Property LP related to a \$1.4 billion intercompany note. Interest is accrued at an annual rate of 7%.
- (6) Intercompany accounts payable is due to Target Canada Co., primarily for rent payments and an administrative fee.
- (7) Significant amounts in accrued and other current liabilities include GST/QST payables (\$7m) and retainage (\$2m).