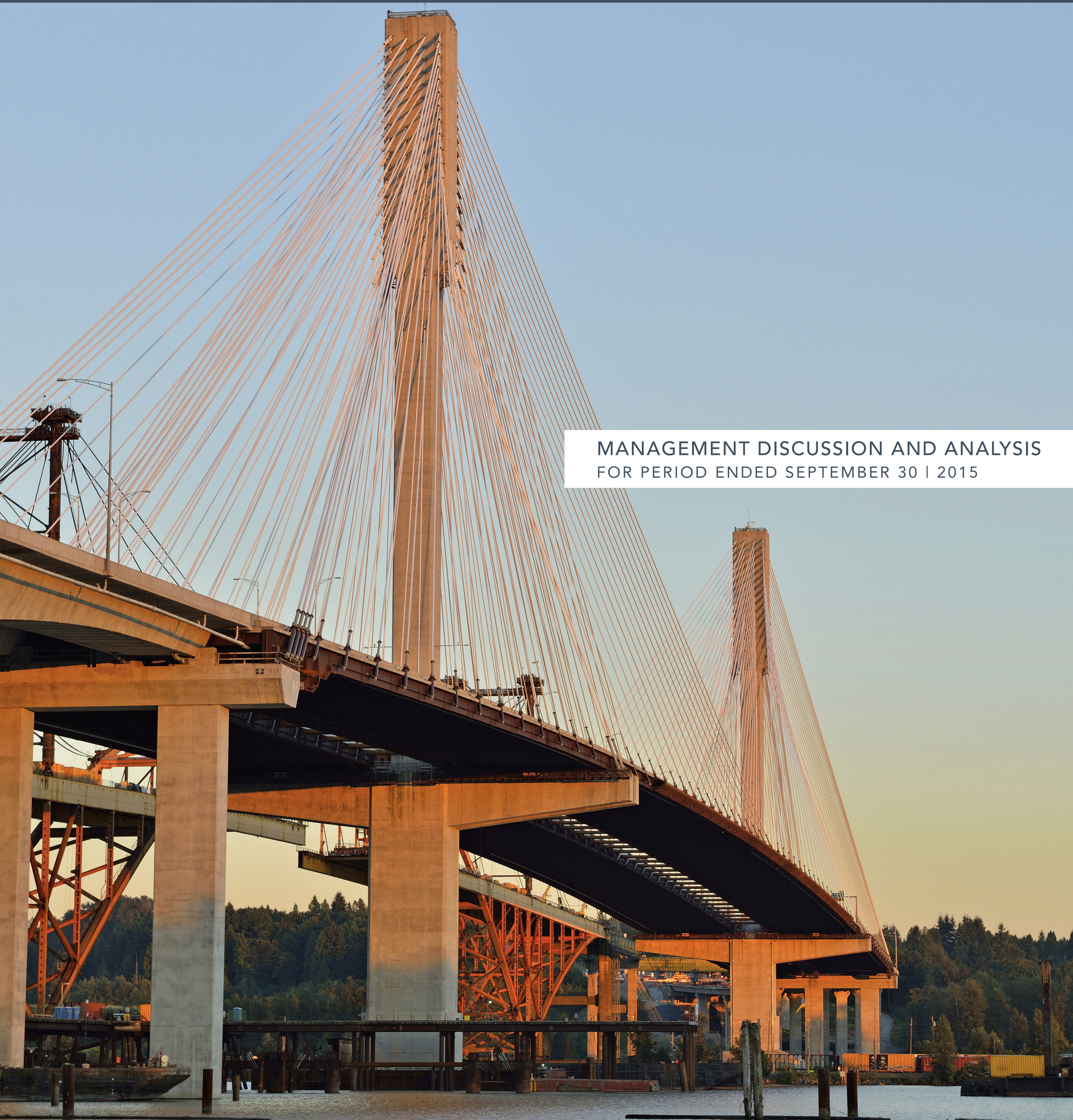
TARGET CAPITAL INC.



MANAGEMENT DISCUSSION AND ANALYSIS

FOR PERIOD ENDED SEPTEMBER 30 | 2015

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This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Target Capital Inc. (the "Company" or "Target") for the six months ended September 30, 2015.

This MD&A should be read in conjunction with Target's condensed consolidated financial statements for the six months ended September 30, 2015, as well as the MD&A found in Target's 2015 Annual Report, together with the audited consolidated financial statements and accompanying notes found therein. Target's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This document presents the views of management as at November 16, 2015. Additional information on Target can be found on SEDAR at www.sedar.com.

Information contained in the Management Discussion and Analysis ("MD&A") is presented on the same basis as the financial statements and was prepared in accordance with International Financial Reporting Standards (IFRS) and is presented in Canadian dollars, Target's functional currency.

Forward-looking statements

The MD&A contains forward-looking statements and information within the meaning of applicable securities legislation. A statement we make is forward-looking when it uses what we know today to make a statement about the future. Forward-looking statements may include words such as *anticipate, believe, could, expect, intend, may, objective, plan* and *will*. The forward-looking statements contained or incorporated by reference in this Management Discussion and Analysis are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Target cautions readers against placing reliance on forward-looking statements when making decisions, as the actual results could differ appreciably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements, due to various material factors. These factors include, among other things, capital market activity; changes in government monetary, fiscal and economic policies; changes in interest rates, inflation levels and general economic conditions; legislative and regulatory developments; competition; credit ratings; scarcity of human resources; and technological environment.

Forward-looking statements include, but are not limited to, statements with respect to (1) Capacity to deliver results (2) Risk framework (3) Liquidity (4) Trade receivables and (5) Income taxes. All statements, other than statements of historical fact, which address activities, events or developments that we expect or anticipate will or may occur in the future, are forward-looking statements. We include forward-looking statements because we believe it is important to communicate our expectations to our investors. However, all forward-looking statements are based on management's current expectations of future events and are subject to risk and uncertainty.

There have been no events or circumstances that have occurred during the period to which the MD&A relates, or to a period that is not yet complete, that are reasonably likely to cause actual results to differ materially from the forward-looking information identified in this MD&A.

The Company does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations. The foregoing list of factors is not necessarily exhaustive.

Business Overview

Target was incorporated on June 8, 1993, under the Business Corporations Act of Alberta. The Company has investments in trailer fee rights, listed public companies and private real estate development companies. The Company also makes investments in a majority of the voting shares of certain private companies. The Company receives its revenues from trailer fees, dividends, interest income and investment company fees. Its principal expense is interest on its outstanding bonds.

The Company listed its shares on the TSX-Venture exchange (Symbol "TCI") on December 19, 2008 and on the Canadian Securities Exchange (CSE) on July 8, 2014 (Symbol "TCI").

Our investment business

Since its inception, Target has made strategic investments in companies that show strong potential for future growth. Historically, these have been 'buy and hold' type investments; however, over the last three years Target has also made some short-term investments. These investments include listed companies, small start-up operations, and land development corporations.

Starting in 2009, Target began acquiring controlling interests in private companies. The nature of the Company's investment in the controlled private companies ("CPC") enables the debt securities of the companies to be eligible for Deferred Plans. A Deferred Plan is a registered retirement savings plan, registered education savings plan, registered retirement income fund, a locked-in retirement account or a tax-free savings account. The promoters managing these companies use the capital raised at their own discretion, without reliance on the management or resources of Target. Target's management and capital are not committed to these controlled private companies.

Target earns fees from each company for enabling these companies to raise funds from Deferred Plans. The annual fee is generally the greater of $2,500 or 0.5% of the total capital raised by each private company from Deferred Plans. The controlled private companies have raised capital via investments from Deferred Plans varying in size from nil to several million dollars.

Target does not consolidate these controlled private companies for accounting purposes. This is because Target has agreements with these companies that restrict Target's profits to the fees that it charges and its losses to the initial investment made and because Target is not the primary beneficiary of the success or failure of these private companies.

Our land development business

Target's land development business comprises two investments; Bearspaw Tree Farm and Industrial Avenue Development Corporation.

Bearspaw Tree Farm is private company which holds land in the northwest corner of Calgary, AB. On July 29, 2015, the City of Calgary approved the Haskayne Area Structure Plan ("Haskayne ASP"), the first milestone in development of the Bearspaw Tree Farm lands. The approval of the Haskayne ASP allows Bearspaw Tree Farm to further efforts toward development of high density, mixed use area on the northern edge of the Bow River.

For fiscal 2016, Target will work in cooperation with Bearspaw Tree Farm to complete an updated land appraisal, the results of which will be reflected in the current fiscal year.

On October 14, 2014, the Company acquired an additional 46% interest in Industrial Avenue Development Corporation ("IADC"), bringing its total interest to 96%. The company purchased the additional interest in IADC to further pursue its growth strategy in land redevelopment. The property under development consists of both land held in Langley, British Columbia and capitalized development costs accumulated over prior years. The Company intends to build a multi-story residential development called the "Landing at Langley".

For fiscal 2016, Target's goals for the Landing at Langley are to commission the sales center and achieve 40% presales, obtain construction financing, and break ground in spring 2016. During the first half of the fiscal year, the project completed milestones for development permit and building permit approvals.

Second Quarter 2016 Financial Overview

SUMMARY OF FINANCIAL RESULTS FOR THE THREE MONTHS ENDED			
($ thousands)	**September 30, 2015**	September 30, 2014	Variation Q2-2016 to Q2-2015
Total revenue	**195**	185	6%
Total expenses	**(273)**	(325)	(16%)
Net earnings (loss) before tax	**(78)**	(140)	44%
Income tax (recovery)	**(63)**	(53)	(19%)
Net earnings (loss)	**(15)**	(87)	83
Net earnings (loss) per share – Basic	**(0.00)**	(0.02)	>100%
Net earnings (loss) per share – Diluted	**(0.00)**	(0.02)	>100%

The calculation of variation is based on whole figures and not on rounded thousands.

Target's total revenue increased 6% or $10,282 for the quarter ended September 30, 2015 as compared to the second quarter last year.

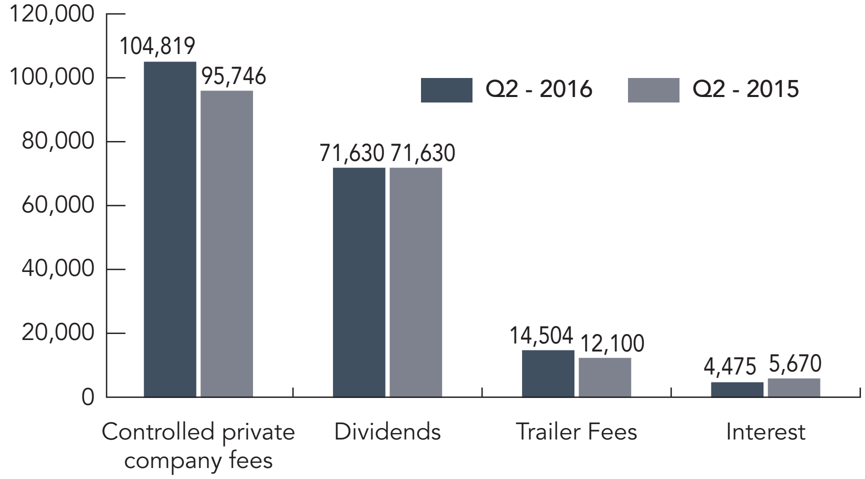
Total expenses decreased 16% or $52,383 mainly due to lower professional fees incurred in Q2-2016 compared to same period last year. In Q2-2015 the company incurred significant expenses related to listing on the Canadian Stock Exchange.

As a result, Target reports an 83% or $72,441 reduction in quarterly net loss to $14,926.

Revenue

During the three months ended September 30, 2015 and 2014, the Company earned its operating revenue from the following sources:

REVENUE DISTRIBUTION



SOURCES OF REVENUE		
	2015	2014
Controlled private company fees	54%	52%
Dividends	37%	39%
Trailer fees	7%	7%
Interest	2%	2%
	100%	100%

Controlled private company ("CPC") fees increased 9% to $104,819 from $95,746 due to timing of annual fees invoiced and additional capital raising fees invoiced to CPCs compared to same period in prior year.

Dividend revenue was stable at $71,630 for Q2-2016 as Olympia Financial Group Inc. ("Olympia", TSX:OLY) regular quarterly dividend remained constant at $0.65/share and Target's holdings also remained constant compared to same period last year.

Expenses

Interest on bonds

Interest on bonds increased 10% to $88,095 from $79,899 due to the issuance of additional bonds during the latter part of the prior fiscal year. Bond proceeds are used to fund general corporate purposes.

Salaries and wages

Salaries and wages increased 5% to $58,046 from $55,286 due to the follow factors; base salary increases for the current fiscal year and timing of sales commissions were mostly offset through less administrative staff.

Professional fees

Professional fees decreased 77% to $14,096 from $61,764 due to nonrecurring costs associated with listing onto Canadian Securities Commission ("CSE"). Additionally legal fees to pursue collection on overdue accounts decreased compared to Q2-2015.

Bad debts

Total bad debt expenses were $40,190 during the period, a decrease of $4,681 or 10% from $44,871 in the prior period. Bad debt expense relates to allowances made for receivables from controlled private companies and the actual write-off of accounts that were deemed uncollectable.

Amortization

Intangible amortization costs were stable during the year as the trailer fee rights continued to be depreciated on a straight-line basis. Equipment amortization costs decreased as Target continues to amortize leasehold improvements and office furniture acquired for the new office.

Interest

Interest expense decreased 35% to $8,960 from $13,703 as the interest rate decreased on Target's line of credit, offsetting increased amounts borrowed throughout Q2-2016 compared to Q2-2015.

Results of Operations for the six months ended September 30, 2015

SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED			
($ thousands)	September 30, 2015	September 30, 2014	Variation 15-14
Total revenue	410	393	6%
Total expenses	(834)	(557)	50%
Net earnings (loss) before tax	(424)	(165)	157%
Income tax (recovery)	(157)	(77)	104%
Net earnings (loss)	(267)	(88)	(203%)
Net earnings (loss) per share – Basic	(0.07)	(0.02)	(250%)
Net earnings (loss) per share – Diluted	(0.07)	(0.02)	(250%)

The calculation of variation is based on whole figures and not on rounded thousands.

Revenue

Controlled private company ("CPC") fees increased 9% to $231,529 from $211,641 due to timing of annual fees invoiced and additional capital raising fees invoiced to CPCs compared to same period in prior year.

Dividend revenue was stable at $143,260 as Olympia Financial Group Inc. ("Olympia", TSX:OLY) regular quarterly dividend remained constant at $0.65/share and Target's holdings also remained constant compared to same period last year.

Expenses

Interest on bonds

Interest on bonds increased 11% to $173,836 from $157,253 due to the issuance of additional bonds during the latter part of the prior fiscal year. Bond proceeds are used to fund general corporate purposes.

Salaries and wages

Salaries and wages were flat at $109,149 compared to $109,650 for the prior year due to the following factors; base salary increases for the current fiscal year were offset through less administrative staff.

Professional fees

Professional fees decreased 70% to $27,146 from $91,164 due to nonrecurring costs associated with listing onto Canadian Securities Commission ("CSE"). Additionally, legal fees to pursue collection on overdue accounts decreased compared to Q2-2015.

Bad debts

Total bad debt expenses were $42,690 during the period, a decrease of $2,181 or 5% from $44,871 in the prior period. Bad debt expense relates to allowances made for receivables from controlled private companies and the actual write-off of accounts that were deemed uncollectable.

Impairment loss on properties under development

During the period, the Corporation disposed of the display suite that was purchased as part of the IADC acquisition and recorded an impairment in the amount of $332,178. Concurrently, the Corporation sold all display suite furniture and contents for $14,500.

Comparison of financial condition at quarter end with the prior year-end

The table summarizes the financial condition of the company as at September 30, 2015 compared to the previous year ended March 31, 2015:

($ thousands)	September 30, 2015	March 31, 2015	Variation
Marketable securities	$ 1,293	$ 3,322	(61%)
Accounts receivable	409	643	(36%)
Advances Receivable	50	50	-
Income tax recoverable	101	1	>100%
Prepaid expenses	1	1	-
Investments and advances	1,269	1,293	(2%)
Property under development	4,582	4,811	(5%)
Trailer fee rights	112	135	(17%)
Equipment and leasehold improvements	60	87	(32%)
Controlled private companies	35	36	(4%)
TOTAL ASSETS	7,912	10,379	(24%)
Short term bonds	3,999	3,999	-
Bank indebtedness	93	1,430	(93%)
Accounts payable and accrued liabilities	110	180	(39%)
Current portion of mortgage	75	25	>100%
Interest payable	2	4	(50%)
Total Short-Term Liabilities	4,279	5,638	(25%)
Long-term bonds	1,119	1,119	-
Mortgage	925	975	(5%)
Deferred income taxes	3	107	(97%)
Total Long-term Liabilities	2,047	2,201	(6%)
TOTAL LIABILITIES	6,326	7,839	(19%)
NET ASSETS	$ 1,586	$ 2,540	(38%)

The calculation of variation is based on whole figures and not on rounded thousands.

Marketable securities declined 61% due to the sale of 55,000 Olympia shares and a decrease in share price of Olympia Financial Group. The Olympia share price was $23.00 at September 30, 2015 compared to $31.00 at March 31, 2015. On September 14, 2015; Target Capital sold 55,000 Olympia shares for proceeds of $1,294,700. Target Capital utilized the proceeds to pay down its line of credit and to fund continued development of The Landing at Langley. Consequently future dividend revenue is expected to decrease by $35,750 per quarter, assuming all other factors remain constant.

PROPERTY UNDER DEVELOPMENT		
($ thousands)	September 30, 2015	March 31, 2015
Balance as at beginning of fiscal year	$ 4,810,620	$ -
Additions – purchase of asset	-	4,409,195
Additions – development expenditures	118,098	401,425
Impairment loss on disposition of display suite	(332,178)	-
Asset dispositions	(14,500)	-
Balance as at end of fiscal year	$ 4,582,040	$ 4,810,620

On October 14, 2014, the Company acquired an additional 46% interest in Industrial Avenue Development Corporation ("IADC"), bringing its total interest to 96%. The company purchased the additional interest in IADC to further pursue its growth strategy in land redevelopment.

During the period the Corporation incurred $118,098 in preconstruction costs to continue the development of The Landing at Langley with efforts concentrated on obtaining the development permit, completing architectural drawings, previous show suite demolition, construction of the new show suite, obtaining the building permit, and website development.

The Corporation disposed of the previous show suite that was purchased as part of the IADC acquisition and recorded an impairment in the amount of $332,178. Concurrently, the Corporation sold all display suite furniture and contents for $14,500.

Quarterly Results

The following table presents the most recent quarterly results along with the previous 8 quarters:

	2016		2015				2014		
($ thousands)	30-Sep 2015	30-Jun 2015	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-Jun 2014	31-Mar 2014	31-Dec 2013	30-Sep 2013
Total revenue	195	215	355	395	185	207	424	1,754	229
Total expenses	(273)	(561)	(223)	(389)	(325)	(232)	(313)	(367)	(263)
Earnings (loss) before income taxes	(78)	(346)	132	6	(140)	(25)	111	1,387	(34)
Net Earnings (loss)	(15)	(252)	101	22	(87)	(1)	131	1,386	(2)
- Per share – basic and diluted	(0.00)	(0.07)	0.03	0.01	(0.02)	(0.00)	0.03	0.36	0.00

Due to the nature of Target's business, certain revenues are consistent and earned on a regular basis, such as dividend revenue and loan interest; however other types of revenue are unpredictable due to timing, such as CPC fees and special dividends. As a result, Target's quarterly performance has varied significantly.

Outstanding Share Data

The following table indicates the common shares and stock options issued and outstanding at August 12, 2015, June 30, 2015 and March 31, 2015; indicating no changes.

	November 16, 2015	September 30, 2015	March 31, 2015
Common Shares	3,851,863	3,851,863	3,851,863
Stock Options	-	-	-
Weighted average number of shares outstanding during the period Basic and Diluted	3,851,863	3,851,863	3,851,863

Business Risks

Leadership

Target is dependent on members of its senior management and operational staff. A loss of one or more of these individuals could adversely affect Target's business. Target has minimized the impact of losing any one individual by cross-training senior management and operational staff to assume a variety of roles within the Company.

Financing

Target has sufficient cash facilities and investments in marketable securities to maintain day-to-day operations without arranging additional financing.

Regulation

The Company is subject to various laws and regulations; any changes to these statutes, or court decisions, regarding their application could negatively impact the Company. Specifically, Target's investments in controlled private companies are reliant on regulations under the Income Tax Act, and there can be no assurance that the Government will not adopt laws or regulatory requirements that could adversely affect this line of business.

Credit risk

Credit risk arises from the Company's accounts receivable due from customers. There is always the potential that a customer will fail to perform its financial obligations. The Company has a significant number of customers, thus minimizing the concentration of risk. Target is committed to a policy of closely monitoring the Company's risk and exposure in the area of accounts receivable. During the quarter ended September 30, 2015, the Company expensed $40,190 (September 30, 2014 - $44,871) in uncollectable accounts receivable balances.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management regularly reviews future cash requirements to ensure adequate funds are available. At quarter end, Target had a current ratio of 0.43:1, a decrease from the 0.71:1, ratio at the previous year end. The decrease in liquidity is primarily caused by certain bonds with an early redemption option being classified as a short term liability rather than a long term liability. On October 30, 2015; the notification period closed for early redemption of the 7% renewable bond due January 31, 2025. The company has received notification from bondholders representing $753,600 of the total $2,942,300 outstanding. Based on its experience with past Company bonds and the current economic climate, management does not expect a significant number of additional bondholders holding bonds due upon demand will redeem within the next year.

Related Party Transactions

(a) During the year, the Company entered into transactions with the following related parties:

Bearspaw Tree Farm Inc., Common management

Controlled private companies, Subsidiaries

Exempt Experts Inc. (“Exempt”), Common management

Eyelogic Systems Inc. (“Eyelogic”), Common management

National Exempt Markets Association (“NEMA”), Common management

Olympia Financial Group Inc. (“OFGI”), Common management

Olympia Benefits Inc. (“OBI”), Common management

Olympia Trust Company (“OTC”), Common management

OrganicKidz Inc. (“OKI”), Significant common share holdings

Tarman Inc. (“Tarman”), Common management

The Company receives payment from related companies with common management, for monthly office rent and occupancy costs for an office in the Company’s location. The related Companies’ per month share of office rent and occupancy costs was $11,859 (September 30, 2014 - $7,790).

(b) Transactions

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

For the six months ended September 30,	2015	2014
Revenue		
Controlled private company fees		
Controlled private companies	$ 231,529	$ 211,641
Dividends		
Olympia Financial Group Inc.	143,260	143,260
Interest income		
OrganicKidz Inc.	8,774	11,199
Trailer fees		
Olympia Benefits Inc.	26,645	26,194
G&A and Rent Reimbursements		
Exempt Experts	101,560	200,046
NEMA	3,530	6,793
Olympia Financial Group	37,387	38,008
Eyelogic Systems Inc	22,865	-
	$ 573,820	$ 637,141
Expenses		
General and Administration		
Olympia Financial Group Inc.	$ 328	$ 22,962
Olympia Benefits Inc.	2,846	11,768
Bad Debt		
Controlled private companies	42,690	44,871
Royalties		
Eyelogic Systems Inc.	1,665	2,469
Management fees		
Tarman Inc.	12,000	12,000
	$ 59,519	$ 94,070

(c) Accounts receivable, notes receivable and related party loans include amounts receivable from:

	September 30, 2015	March 31, 2015
Controlled private companies	$ 299,916	$ 463,216
Bad debt allowance for controlled private companies	(64,180)	(64,180)
OrganicKidz Inc.	152,925	176,486
Exempt Experts Inc.	94,882	109,371
Eyelogic Systems Inc.	4,480	14,402
Olympia Benefits Inc.	4,637	-
Olympia Financial Group Inc.	1,888	13,831
NEMA	525	630
	$ 495,073	$ 713,756

(d) Accounts payable and accrued liabilities include amounts payable to:

	September 30, 2015	March 31, 2015
Eyelogic Systems Inc.	$ 9,054	$ 53,341
Olympia Benefits Inc.	900	-
Olympia Financial Group Inc.	530	4,878
	$ 10,484	$ 58,219

Subsequent Events

On October 30, 2015; the notification period closed for early redemption of the 7% renewable bond due January 31, 2025. The company has received notification from bondholders representing $753,600 of the total $2,942,300 outstanding.

Directors

Anne Louise Bartlett[123]
Gerardus Janssen[123]
Brian Newman[123]
Rick Skauge
Craig Skauge
Greg Walter[123]

Officers

Rick Skauge
Chief Executive Officer

Craig Skauge
President

Kristoffer Moen
Chief Financial Officer

Board Committees

[1] Audit Committee

[2] Corporate Governance & Nomination Committee

[3] Compensation Committee

Head Office

Target Capital Inc.
Suite 1020, 140 - 10th Avenue SE
Calgary, Alberta T2G 0R1
T 403.476.0280

www.targetcapitalinc.com
cfo@targetcapitalinc.com

Transfer Agent

CST Trust Company
Suite 600, 333 - 7th Avenue SW
Calgary, Alberta T2P 2Z1
T 403.776.3900
F 403.776.3916

Auditors

Kenway Mack Slusarchuk Stewart LLP
Chartered Accountants
Suite 1500, 333 - 11th Avenue SW
Calgary, Alberta T2R 1L9

OFFICERS

RICK SKAUGE
Chief Executive Officer

KRISTOFFER MOEN
Chief Financial Officer

CRAIG SKAUGE
President

TARGET
CAPITAL INC.
Suite 1020, 140 - 10th Avenue SE, Calgary, Alberta T2G 0R1
T 403.476.0280