

# Creditor Reporting Package

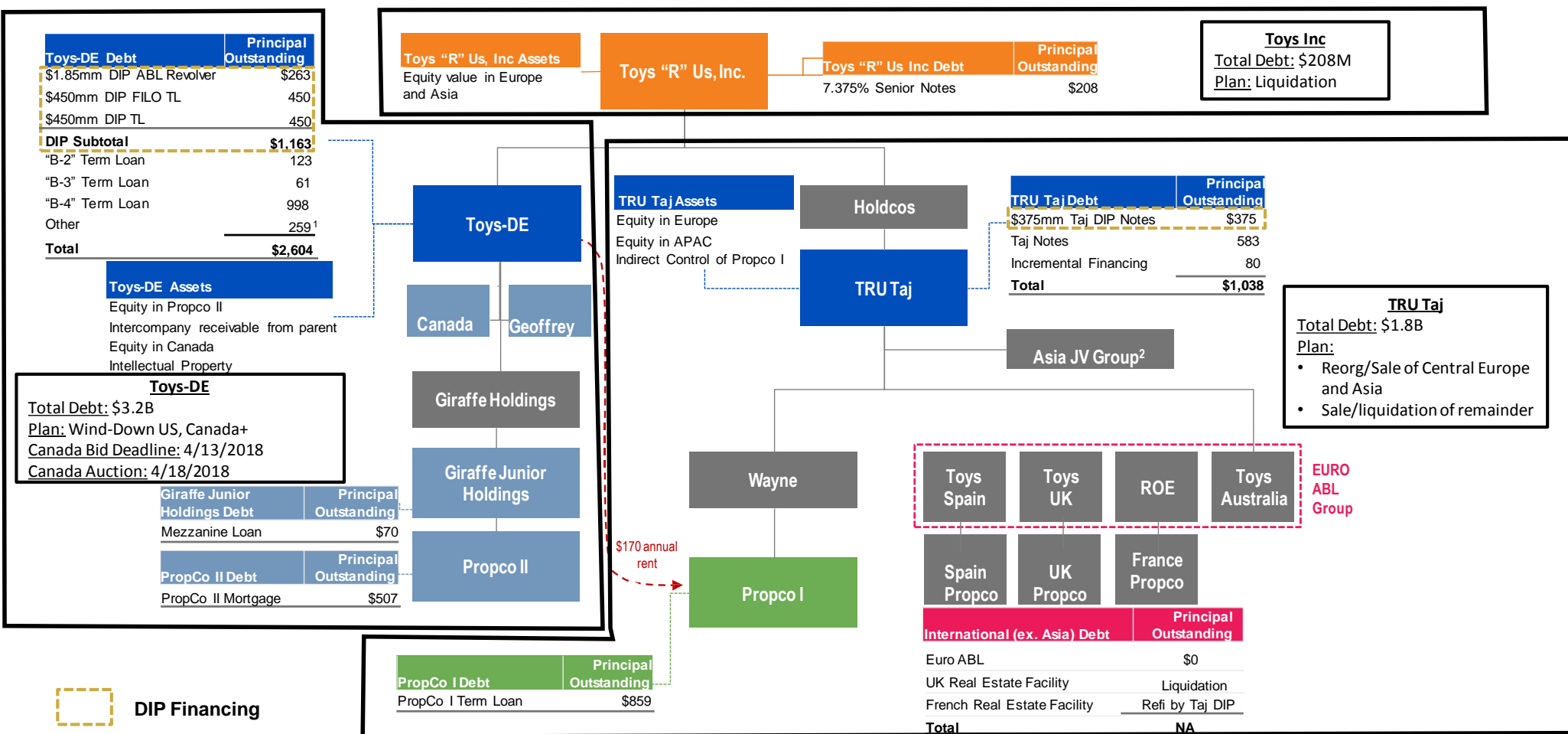
April 27, 2018

# Disclaimer

## Limitations of Report

- The information contained herein has been prepared based upon financial and other data provided to the Committee's professionals from the management and staff of Toys "R" Us, Inc. and its subsidiaries (collectively, the "Debtors", or the "Company"), its staff and advisors and from public sources the Committee's professionals deemed to be reliable.
- The Committee's professionals further relied on the assurance of management and staff of the Company and its advisors that they were unaware of any facts that would make the information provided to the Committee's professionals by them incomplete or misleading. The Committee's professionals have not subjected the information contained herein to an audit in accordance with generally accepted auditing or attestation standards or the Statement on Standards for Prospective Financial Information issued by the AICPA.
- Further, the work involved did not include a detailed review of any transactions, and cannot be expected to identify errors, irregularities or illegal acts, including fraud or defalcations that may exist. Accordingly, the Committee's professionals cannot express an opinion or any other form of assurance on, and assumes no responsibility for, the accuracy or correctness of the historical information or the completeness and achievability of the projected financial data, information and assessments upon which the enclosed report (the "Presentation") is presented.
- The information contained herein is as of the date of this presentation. The Committee professionals and their personnel have no responsibility to update the Presentation for events or circumstances occurring after the date of the Presentation.

# Organizational Structure – Silo Summary



Sources: CEO Declaration (dkt. #20), NA DIP Motion (dkt. #29), CFO Declaration (dkt. #30), TRU Taj DIP Motion (dkt. #32), Procedures for sale of Canadian Assets (dkt. #2428), FY16 10K

\* Principal balances outstanding as of the filing date, except for the DIP TL and the Taj Incremental Financing

- Includes \$22M of debentures due 2021
- 85% owned joint venture. \$36M debt outstanding at Toys "R" Us – Japan, Ltd.

# Information Flow

## Reporting in Bankruptcy:

- During bankruptcy the Debtors file monthly operating reports showing:
  - Cash receipts and disbursements;
  - Bank balances;
  - Payments to insiders;
  - Payments to professionals;
  - Status of secured notes;
  - Leases payable and adequate protection payments;
  - AR aging;
  - Status of post-petition taxes;
  - Specific Debtor questions; and
  - Consolidated financials of the Debtors
- The last monthly operating report was filed on March 30, 2018 for the period of February 4, 2018 – March 3, 2018
- The next monthly operating report is due April 30, 2018
- Monthly operating reports are filed on the court docket found at <https://cases.primeclerk.com/toysrus/Home-DocketInfo>
  - Search “Monthly Report” in the “Docket Text” dialog box

# Historical Performance

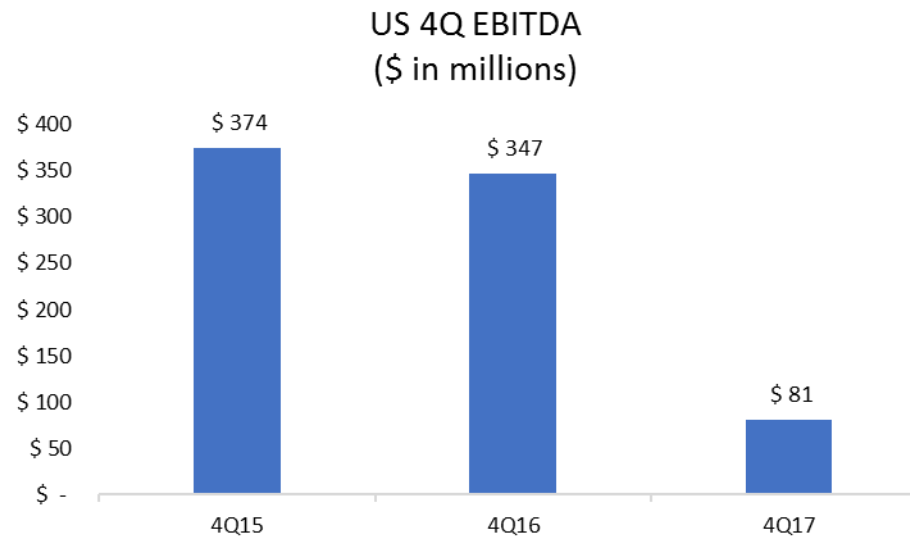
	FY17 Same Store Sales Trend											
	February	March	April	May	June	July	August	September	October	November	December	January
Domestic US	(11.4)%	(11.1)%	2.7%	(8.2)%	(6.8)%	(5.8)%	(6.0)%	(5.4)%	(9.1)%	(12.4)%	(15.4)%	(8.4)%
International	(0.1)%	(8.0)%	5.3%	(0.1)%	(1.9)%	(0.1)%	1.4%	(0.2)%	(2.9)%	(6.6)%	(10.5)%	(1.9)%

*(\$ in millions)*

	US		International		Consolidated	
	FY16	FY17	FY16	FY17	FY16	FY17
SSS%	(1.3)%	(9.4)%	0.3%	(3.4)%	(0.9)%	(7.2)%
Sales	\$ 7,132	\$ 6,527	\$ 4,409	\$ 4,194	\$ 11,541	\$ 10,722
Merch Margin	2,393	1,949	1,714	1,564	4,106	3,513
EBITDA	598	148	440	328	808	264

# US Holiday EBITDA

- 2017 holiday sales came in well below worst case projections producing EBITDA approximately \$250M below DIP budget projections and over \$260M below 2015 and 2016 holiday season EBITDA as shown in the chart below



# US ABL Wind-Down Budget

<i>(USD, Millions)</i>	3/31/18	5/5/18	6/2/18	6/30/18	8/4/18	9/1/18	9/29/18	11/3/18	12/1/18	12/29/18	Remaining	Total
Receipts	[1] \$ 416	\$ 508	\$ 367	\$ 274	\$ 329	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,932
Store / DC Expenses	[2] (149)	(144)	(107)	(60)	(36)	(1)	-	-	-	-	-	(496)
Wind Down Expenses	[3] (30)	(11)	(19)	(15)	-	-	-	-	-	-	-	(74)
Other Cash Flows	[4] (79)	(76)	(50)	(27)	(37)	4	-	-	-	-	-	(266)
<b>Net Cash Flow before Debt</b>	<b>158</b>	<b>277</b>	<b>191</b>	<b>172</b>	<b>257</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,096</b>
<b><i>Cash Schedule</i></b>												
Beginning Cash Balance	(27)	30	19	35	57	299	-	-	-	-	-	(27)
Net Cash Flow Before Debt	158	27	190	172	257	42	-	-	-	-	-	1,096
ABL Paydown	(101)	(163)	-	-	-	-	-	-	-	-	-	(263)
FILo Paydown	-	(125)	(175)	(150)	-	-	-	-	-	-	-	450
Cash Sweep to DIP Term Loan	-	-	-	-	(15)	(341)	-	-	-	-	-	356
<b>Ending Cash Balance</b>	<b>\$ 30</b>	<b>\$ 19</b>	<b>\$ 35</b>	<b>\$ 57</b>	<b>\$ 299</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><i>ABL Roll-Forward</i></b>												
Beginning Balance	165	163	-	-	-	-	-	-	-	-	-	165
LC Collateralization	98	-	-	-	-	-	-	-	-	-	-	98
Paydown	(101)	(163)	-	-	-	-	-	-	-	-	-	(263)
<b>Ending Balance</b>	<b>163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>FILo Roll-Forward</i></b>												
Beginning Balance	450	450	325	150	-	-	-	-	-	-	-	450
Paydown	-	(125)	(175)	(150)	-	-	-	-	-	-	-	(450)
<b>Ending Balance</b>	<b>450</b>	<b>325</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Wind-Down Motion (dkt. #2189)

1. Proceeds from inventory liquidations, sale of furniture and equipment, and going concern sale of the Canadian business
2. All operating expenses related to the stores and distribution centers during the GOB sales
3. Go-forward wind-down expenses, including corporate G&A and professional fees
4. Including accrued expenses and fees, WARN payments, statutory PTO payments, interest on DIP ABL and FILo loans and the return of cash collateral for Canadian LCs

# US Term DIP Wind-Down Budget

<i>(USD, Millions)</i>	3/31/18	5/5/18	6/2/18	6/30/18	8/4/18	9/1/18	9/29/18	11/3/18	12/1/18	12/29/18	Remaining	Total
Receipts [1]	\$ 6	\$ 4	\$ 5	\$ 5	\$ 5	\$ 4	\$ 5	\$ 5	\$ 322	\$ 30	\$ 15	\$ 406
Wind Down Expenses [2]	(0)	(0)	(3)	(3)	(15)	(16)	(13)	(9)	(11)	(10)	(16)	(96)
Other Cash Flows [3]	(5)	(4)	(4)	(4)	(4)	(107)	(6)	(4)	(4)	(4)	-	(146)
<b>Net Cash Flow before Debt</b>	<b>1</b>	<b>0</b>	<b>(2)</b>	<b>(2)</b>	<b>(14)</b>	<b>(119)</b>	<b>(13)</b>	<b>(9)</b>	<b>307</b>	<b>16</b>	<b>(1)</b>	<b>164</b>
<b><i>Cash Schedule</i></b>												
Beginning Cash Balance	6	7	7	4	2	3	225	212	203	511	526	6
Net Cash Flow before Debt	1	0	(2)	(2)	(14)	(119)	(13)	(9)	307	16	(1)	164
Cash from ABL Collateral	-	-	-	-	15	341	-	-	-	-	-	356
<b>Ending Cash Balance</b>	<b>\$ 7</b>	<b>\$ 7</b>	<b>\$ 4</b>	<b>\$ 2</b>	<b>\$ 3</b>	<b>\$ 225</b>	<b>\$ 212</b>	<b>\$ 203</b>	<b>\$ 511</b>	<b>\$ 526</b>	<b>\$ 525</b>	<b>\$ 525</b>

Source: Wind-Down Motion (dkt. #2189)

- Includes (i) royalty and franchise fee collections; (ii) sale of property and leasehold improvements (dark value of Toys Delaware real estate calculated as follows: (a) 4 distribution centers of \$204.6M as appraised by Cushman & Wakefield in 2017 on an "as dark" basis, plus (b) 11 fee-owned retail properties of \$60.4M as appraised by Cushman & Wakefield in 2017 on an "as dark" basis, plus (c) 87 ground leased retail properties of \$119.7M as estimated – in 2016 Cushman & Wakefield appraised these 87 locations on an "as lit" basis at \$230.2M, consistent with previous appraisals a 52% haircut was assumed to arrive at a dark value estimate of \$119.7M); (iii) LC redemption
- Go-forward wind-down expenses, including corporate G&A and professional fees
- Interest on term loan, carrying cost for all assets until sold, and post-petition merchandise carve-out payment in August



# US Wind-Down Budget Reporting

Toys "R" Us  
Weekly Report  
(\$ in 000s)

Cumulative Cash Flow for Period ended April 21, 2018 (5 weeks)				
	Forecast	Actual	Variance	Comments
Receipts	\$ 489,669	\$ 652,867	\$ 163,198	Combination of higher margin and sell-through
<b>Disbursements</b>				
Payroll & Benefits	(56,486)	(55,928)	558	
Taxes	(55,003)	(53,631)	1,372	
Rent	(59,205)	(63,976)	(4,771)	Timing of CAM and other related payments
Liquidator Fees / Expenses	(23,369)	(21,557)	1,812	
Post-Petition Merchandise	-	-	-	
Professional Fees	(15,916)	(3,661)	12,255	Only paid ABL and B4 professionals subject to Conditions Precedent
Financing Activity	(2,770)	(3,848)	(1,079)	
Other Operating Disbursements	(86,255)	(80,497)	5,758	Timing of accrued and other payments
<b>Total Disbursements</b>	<b>\$ (299,003)</b>	<b>\$ (283,098)</b>	<b>\$ 15,905</b>	
<b>Net Cash Flow</b>	<b>\$ 190,666</b>	<b>\$ 369,769</b>	<b>\$ 179,103</b>	
<b>Cash Schedule</b>				
Beginning Cash Balance	105,402	105,402	-	
Net Cash Flow Before Debt	190,666	369,769	179,103	
ABL Paydown	(263,179)	(262,119)	1,060	Canada LCs cancelled
FIL0 Paydown	-	(125,000)	(125,000)	\$125MM paid earlier than forecasted
<b>Ending Cash Balance</b>	<b>\$ 32,890</b>	<b>\$ 88,053</b>	<b>\$ 55,163</b>	

Note: The above cash flows include activity from the wind down of U.S. operations only. It excludes cash flows relating to Canada, as well as DIP Term Loan collateral, such as Royalty income and DIP Term Loan interest.

## COVENANT TEST

Net Cash Flow before Debt	\$ 369,769
Covenant Compliance Threshold	171,600
<b>Cushion to Covenant</b>	<b>\$ 198,170</b>

# 503(b)(9) and Administrative Claims Estimate

*(\$ in millions)*

## Remaining 503(b)(9) and Administrative Claims Estimate

**Remaining 503(b)(9) Claims Estimate:** \$ 192

**Administrative Claims Estimate:**

Vendor Remaining Critical Vendor Payments	26
Postpetition Merchandise Vendor Payables (at 3/3/18)	393
Postpetition Non-Merchandise Vendor Payables (at 3/3/18)	33
Estimated Inventory In-Transit Not Included In Accounts Payable	106

**Total Remaining 503(b)(9) and Administrative Claims Estimate** \$ 750

# Regional Status Update

The following is an update on the go-forward plan in each region:

## Delaware

- Inventory Sales:
  - **Wave 1:** February through mid-May
  - **Wave 2:** March through the end of June
- Real Estate Monetization for remaining Real Estate:
  - Assumed to be sold in December 2018 per the Term DIP Budget
- IP: TBD
- Litigation Assets: TBD

## Canada

- The Canadian operations are to be sold to Fairfax Financial Holdings, Ltd for CAD 300M (USD 234M)

## Taj

- Taj Sale Timeline
  - Sale process underway
- Central Europe / Asia
  - Smyths Toys Superstores has offered to acquire Central Europe for EUR 79M (USD 97M)
  - Received Interim approval of additional \$80M in liquidity for Central Europe and Asia. Final approval pending April 27<sup>th</sup> hearing
    - Central Europe, Poland, Asia, and the GSO are able to borrow under the new facility
    - Other European/Australian operations will not receive incremental access to financing other than current cash on hand and cash generated from operations

# International Same Store Sales – Wk 11 FY2018

	International									
	Note A	Note B	Note C				Note D			Total
	Canada	UK	CE	Poland	Japan	SE Asia	France	Iberia	Australia	
<b>FY2017</b>										
Quarter 1	(0.3%)	(3.8%)	0.5%	4.1%	1.3%	(1.4%)	(3.7%)	(6.5%)	1.5%	(0.6%)
Quarter 2	(3.3%)	(6.8%)	(1.3%)	1.0%	2.4%	3.4%	(0.3%)	(4.4%)	1.6%	(0.7%)
Quarter 3	(5.6%)	(6.1%)	1.2%	(0.4%)	3.1%	6.1%	(5.1%)	(5.6%)	(0.3%)	(0.7%)
Quarter 4 (incl. Wk 53)	(12.6%)	(17.0%)	(3.6%)	(0.9%)	(2.6%)	(11.0%)	(6.9%)	(13.4%)	(5.8%)	(8.3%)
<b>FY2017 (incl. Wk 53)</b>	<b>(7.0%)</b>	<b>(10.4%)</b>	<b>(1.3%)</b>	<b>0.5%</b>	<b>0.4%</b>	<b>(2.7%)</b>	<b>(5.0%)</b>	<b>(9.5%)</b>	<b>(1.8%)</b>	<b>(3.9%)</b>
<b>FY2018</b>										
Wk 1 (Ending 2/10)	(24.1%)	(28.5%)	16.1%	(7.4%)	(8.7%)	33.7%	(11.2%)	(14.7%)	(13.6%)	(5.5%)
Wk 2 (Ending 2/17)	(17.9%)	(25.2%)	(0.0%)	(0.3%)	7.1%	137.8%	(2.9%)	(15.0%)	(15.9%)	8.9%
Wk 3 (Ending 2/24)	(16.4%)	(33.2%)	(9.8%)	(5.8%)	(10.1%)	101.4%	(10.5%)	(17.2%)	(15.2%)	(2.8%)
Wk 4 (Ending 3/3)	(20.6%)	59.9%	1.1%	(7.0%)	(25.5%)	13.4%	8.0%	(18.8%)	(26.0%)	(9.4%)
February (Wks 1 - 4)	(19.4%)	(5.2%)	1.7%	(5.2%)	(10.4%)	69.5%	(8.1%)	(16.5%)	(17.7%)	(2.5%)
Wk 5 (Ending 3/10)	(13.4%)	124.8%	3.0%	4.9%	(8.9%)	5.1%	10.7%	(13.2%)	(9.1%)	4.6%
Wk 6 (Ending 3/17)	(12.9%)	77.1%	12.0%	(12.0%)	(11.4%)	3.6%	(3.4%)	(7.9%)	9.6%	1.1%
Wk 7 (Ending 3/24)	2.9%	50.7%	62.2%	11.8%	(11.8%)	4.2%	2.4%	1.8%	11.1%	7.7%
Wk 8 (Ending 3/31)	1.6%	53.9%	83.7%	159.8%	(12.3%)	18.5%	11.7%	0.1%	(9.0%)	11.5%
March (Wks 5-8)	(5.2%)	77.7%	37.2%	32.6%	(11.1%)	7.7%	4.8%	(5.4%)	0.8%	6.6%
Wk 9 (Ending 4/7)	(35.2%)	10.1%	(42.2%)	(27.0%)	(3.2%)	(1.8%)	(27.3%)	(20.6%)	(8.7%)	(16.7%)
Wk 10 (Ending 4/14)	(35.4%)	13.2%	(56.2%)	(63.5%)	(10.8%)	(14.6%)	(27.7%)	(25.7%)	(7.3%)	(25.5%)
Wk 11 (Ending 4/21)	(15.2%)	(51.4%)	(15.2%)	(13.6%)	(1.2%)	1.6%	(16.7%)	(36.4%)	(1.6%)	(12.3%)
<b>YTD FY2018</b>	<b>(17.3%)</b>	<b>24.3%</b>	<b>(4.1%)</b>	<b>(7.6%)</b>	<b>(9.6%)</b>	<b>25.6%</b>	<b>(7.9%)</b>	<b>(15.9%)</b>	<b>(8.3%)</b>	<b>(4.4%)</b>

**Note A:** Fairfax has purchased the Canadian operations for CAD 300M.

**Note B:** The UK entered into Administration on February 28, 2018.

**Note C:** The proposed additional \$80M in financing issued by TRU Taj, LLC and TRU Taj Finance, Inc will be available for general corporate purposes and working capital needs. Smyths Toys Superstores has offered to acquire Central Europe for EUR 79M (USD 97M).

**Note D:** Currently, there is no additional financing proposed for these regions.