

Creditor Reporting Package

June 29, 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.

Updated Wind-Down Budget

Toys "R" Us

Wind Down Budget: June 14 Term Sheet

(\$ in Millions)

		Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Remaining Wind Down Period	Total
Receipts	(A)	575.2	452.6	575.2	326.6	38.8	42.2	10.7	3.8	3.4	4.0	20.9	2,053.5
Store / DC Expenses	(B)	(129.8)	(161.6)	(107.8)	(54.5)	(44.5)	-	-	-	-	-	-	(498.3)
Wind Down Expenses	(C)	(27.4)	(13.8)	(6.9)	(28.9)	(17.8)	(16.2)	(10.8)	(6.0)	(9.8)	(7.0)	(11.0)	(155.5)
Asset Sales, Net	(D)	-	2.8	11.6	51.1	18.6	-	296.2	-	-	-	-	380.2
Other Cash Flows	(E)	(80.4)	(100.0)	(50.5)	(36.1)	(25.7)	(165.9)	(2.4)	(20.0)	-	-	-	(481.1)
Net Cash Flow before Debt		\$ 337.5	\$ 179.9	\$ 421.7	\$ 258.2	\$ (30.6)	\$ (139.9)	\$ 293.6	\$ (22.1)	\$ (6.4)	\$ (3.0)	\$ 9.9	\$ 1,298.7
Cash Schedule													
Beginning Cash Balance		(21.2)	216.4	109.1	205.8	364.0	314.8	143.1	137.1	115.0	108.6	105.6	(21.2)
Net Cash Flow Before Debt		337.5	179.9	421.7	258.2	(30.6)	(139.9)	293.6	(22.1)	(6.4)	(3.0)	9.9	1,298.7
ABL Paydown		(100.0)	(162.1)	-	-	-	-	-	-	-	-	-	(262.1)
FILO Paydown		-	(125.0)	(325.0)	-	-	-	-	-	-	-	-	(450.0)
TL Paydown		-	-	-	(100.0)	(18.6)	(31.8)	(299.6)	-	-	-	-	(450.0)
Ending Cash Balance	(F)	\$ 216.4	\$ 109.1	\$ 205.8	\$ 364.0	\$ 314.8	\$ 143.1	\$ 137.1	\$ 115.0	\$ 108.6	\$ 105.6	\$ 115.4	\$ 115.4
ABL Roll-Forward													
Beginning Balance		165.0	162.1	-	-	-	-	-	-	-	-	-	165.0
LC Collateralization		97.1	-	-	-	-	-	-	-	-	-	-	97.1
Paydown		(100.0)	(162.1)	-	-	-	-	-	-	-	-	-	(262.1)
Ending Balance		162.1	-	-	-	-	-	-	-	-	-	-	-
FILO Roll-Forward													
Beginning Balance		450.0	450.0	325.0	-	-	-	-	-	-	-	-	450.0
Paydown		-	(125.0)	(325.0)	-	-	-	-	-	-	-	-	(450.0)
Ending Balance		450.0	325.0	-	-	-	-	-	-	-	-	-	-
DIP Term Loan Roll Forward													
Beginning Balance		450.0	450.0	450.0	450.0	350.0	331.4	299.6	-	-	-	-	450.0
Paydown		-	-	-	(100.0)	(18.6)	(31.8)	(299.6)	-	-	-	-	(450.0)
Ending Balance		450.0	450.0	450.0	350.0	331.4	299.6	-	-	-	-	-	-

Notes: Principal pay-downs on the DIP Term Loan will be done as soon as possible, given the timing of proceeds from real estate sales and other cash inflows.

As contemplated in the Term Sheet, the budget reflects over \$10 million of savings as compared to the Budget dated May 31, 2018. The savings result from (a) reductions in actual professional fees accrued through March 3, 2018, and reductions in projected professional fees between October and December 2018; (b) reduced projected Corporate Expenses between October and December 2018; (c) reduced projected carrying costs for Real Estate; and (d) reduced projected Wind Down Tail Expenses due to projected earlier emergence from chapter 11.

(A) Proceeds from inventory liquidations, sale of furniture and equipment, sale of the Canadian business, royalty and franchise fees, credit card reserves, LC redemptions and insurance claims.

(B) All operating expenses related to the stores and distribution centers during the GOB sales.

(C) Go-forward wind-down expenses, including corporate G&A and professional fees.

(D) Sale of owned Real Estate, leases, ground leases, furniture and equipment, and JV interest in Saltru; amounts net of closing fees and expenses.

(E) Includes payment of Accrued Expenses/Fees, WARN and Statutory PTO payments, interest on DIP Loans, carrying costs on real estate assets, payment of S&U Taxes held in trust, and funding of the Merchandise Reserve / Admin Claims Settlement amounts in August (\$160MM) and October (\$20MM).

(F) Includes all DIP ABL/FILO and Term Loan cash collateral (including restricted cash from real estate sales) held by Toys "R" Us Delaware, Inc. and Geoffrey, LLC.

US Wind-Down Budget Reporting

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

Cumulative Cash Flow for Period ended June 16, 2018 (13 weeks)

	Forecast ⁽¹⁾	Actual	Variance	Comments
Receipts	\$ 1,238,470	\$ 1,431,103	\$ 192,633	Combination of higher margin and sell-through
Disbursements				
Payroll & Benefits	(131,711)	(137,063)	(5,352)	
Taxes	(122,014)	(136,366)	(14,351)	Passthrough of higher S&U Tax collections
Rent	(143,517)	(146,350)	(2,832)	
Liquidator Fees / Expenses	(57,829)	(54,169)	3,661	
Post-Petition Merchandise	-	-	-	
Professional Fees	(42,378)	(29,783)	12,595	Timing
Financing Activity	(5,007)	(14,135)	(9,128)	Conversion of DIP ABL/FILO/TL to Prime rate; May TL interest was paid by Toys-DE, whereas it was budgeted in Geoffrey
Other Operating Disbursements	(114,868)	(116,476)	(1,608)	
Total Disbursements	\$ (617,126)	\$ (634,342)	\$ (17,216)	
Net Cash Flow	\$ 621,345	\$ 796,762	\$ 175,417	
Cash Schedule				
Beginning Cash Balance	105,402	105,402	-	
Net Cash Flow Before Debt	621,345	796,762	175,417	
ABL Paydown	(283,179)	(262,119)	1,060	Canada LCs cancelled
FILO Paydown	(350,000)	(250,000)	100,000	\$200MM FILO paid down directly by Canada
Ending Cash Balance	\$ 113,568	\$ 390,045	\$ 276,477	

Note: The above cash flows include Toys-Delaware only; excludes cash flows relating to Canada, as well as Geoffrey, LLC.

(1) Refers to the original Wind Down Budget filed on March 21st

COVENANT TEST

Net Cash Flow before Debt	\$ 796,762
Covenant Compliance Threshold	559,210
Cushion to Covenant	\$ 237,551

503(b)(9) and Administrative Claims Estimate

(\$ in millions)

Remaining 503(b)(9) and Administrative Claims Estimate (1)

503(b)(9) Claims Estimate:

Beginning Total 503(b)(9) Claims	\$ 271.1
Less: Paid 503(b)(9) Claims	
Critical Vendors (2)	(56.5)
Foreign Vendors	(21.1)
Wells Fargo Vendors	(1.5)
Subtotal - Outstanding 503(b)(9) Claims Estimate	\$ 191.9

Administrative Claims Estimate:

Prepetition Merchandise Vendor Remaining Critical Vendor Payments (2)	\$ 26.3
Postpetition Merchandise Vendor Payables (at 5/7/18) (3)	479.9
Postpetition Non-Merchandise Vendor Payables (at 6/13/18)	56.9
Postpetition Private Label Vendor Damage Claims Estimate (4)	20.0
Postpetition Endless Earnings Claims Estimate	12.0
Subtotal - Administrative Claims Estimate	\$ 595.1

Total Remaining 503(b)(9) and Administrative Claims Estimate	\$ 787.0
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1. The information presented herein is based on current estimates and the Debtors' books and records and is subject to change and revision.
2. Remaining Critical Vendor payments total \$124.0M which includes \$97.7M related to 503(b)(9) amounts and \$26.3M related to prepetition/non-503(b)(9) amounts.
3. Pursuant to the Term Sheet, the Debtors reserve the right to reconcile the claims asserted by merchandise vendors based on trade allowances, credits or other trade agreements, and all merchandise vendors reserve and retain the right to challenge any such claim by the Debtors. The Debtors have included a conservative assessment of such reconciliation for purposes of this estimate.
4. Estimates derived from estimated unshipped private label orders on 3/10/18.

Regional Status Update

Delaware

- Toys “R” Us Inc, Toys-Delaware, Wayne Real Estate Parent Company, the Geoffrey Debtors, an Ad Hoc group of B-4 Lenders, the Committee, and the Ad Hoc Vendor Group entered into a settlement term sheet on 6/14/18 (Dkt. No. 3431), which provides for, among other things, the following economic relief for administrative creditors of Toys-Delaware:
 - \$180M cash consideration (\$160M in settlement of the Merchandise Reserve, payable prior to repayment of the DIP TL and \$20M to be paid after the repayment of the DIP TL)
 - 50% sharing of recovery from Toys-Delaware and Wayne Real Estate Parent Company, once the B-4 Lenders achieve 50% recovery from these sources (excludes IP)
 - 80% sharing in recovery from any non-released chapter 5 avoidance claims held by Toys-Delaware and Toys “R” Us Inc
- Inventory sales:
 - **Wave 1:** Completed
 - **Wave 2:** March through the end of June
- The auction for the remaining Delaware third party leases and certain ground leases was held on June 11, with 53 properties sold
- Toys Delaware’s 4 owned DCs, 11 owned stores, and 2 ground leases are to be included in a separate auction, according to the following schedule:
 - **July 10:** Owned/Ground Lease Store Bid Deadline
 - **July 12:** Owned/Ground Lease Store Auction
 - **July 16:** DC Bid Deadline
 - **July 18:** DC Auction
 - **July 25:** Combined Sale Hearing
- Litigation assets: TBD

- IP:
 - The Debtors altered the timeline for the sale of US IP to include the international and private brands IP
 - **July 30:** Bid Deadline
 - **August 6:** Auction
 - **August 8:** Sale Hearing

Canada

- The sale of the Canadian operations was approved on 4/27/2018, and all obligations of Toys Canada shall be unimpaired and remain obligations of Toys Canada
- CCAA proceedings were terminated on 5/31/2018 and the Chapter 11 cases have been dismissed

Propco II

- The Debtors contemplate consummating the sale of the Propco II assets through a section 363 sale or a Plan
- The assets are to be sold pursuant to the timeline below, with a threshold level of \$375M in non-binding indications of interest by the Initial Bid Deadline needed to proceed to an auction. Certain of the dates below will be adjourned if there is an auction.
 - **July 2:** Disclosure Statement Hearing (seeking conditional approval)
 - **July 9:** Disclosure Statement Objection Deadline
 - **July 16:** Initial Bid Deadline
 - **July 25:** Plan Objection Deadline
 - **July 30:** Sale/Confirmation Hearing
 - **No later than August 16:** Auction if initial bids exceed \$375M

Taj

- Sale of Central Europe was approved on 5/15/18
- The Debtors are currently in the final round of the bidding process for the Asia JV, with multiple bidders still involved in the process
- The Debtors are currently reviewing bids for France and Spain

International Same Store Sales

	International								
	Note A	Note B	Note C	Note D			Note E		
	Canada	UK	Australia	CE	Poland	Japan	SE Asia	France	Iberia
FY2017									
Quarter 1					4.1%	1.3%	(1.4%)	(3.7%)	(6.5%)
Quarter 2					1.0%	2.4%	3.4%	(0.3%)	(4.4%)
Quarter 3					(0.4%)	3.1%	6.1%	(5.1%)	(5.6%)
Quarter 4 (incl. Wk 53)					(0.9%)	(2.6%)	(11.0%)	(6.9%)	(13.4%)
FY2017 (incl. Wk 53)					0.5%	0.4%	(2.7%)	(5.0%)	(9.5%)
FY2018									
February (2/4 - 3/3)					(5.2%)	(10.4%)	69.5%	(8.1%)	(16.5%)
March (3/4 - 3/31)					32.6%	(11.1%)	7.7%	4.8%	(5.4%)
April (4/1 - 5/5)					(35.9%)	(8.8%)	(3.1%)	(18.5%)	(28.4%)
May (5/12 - 6/2)					(17.2%)	(5.9%)	(2.0%)	(9.0%)	(27.0%)
YTD FY2018					(12.1%)	(9.4%)	14.3%	(8.6%)	(20.6%)

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

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

Note C: Australia entered into Administration on May 21, 2018.

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