

Creditor Reporting Package

July 28, 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 July 21, 2018 (18 weeks)

	Forecast ⁽¹⁾	Actual	Variance	Comments
Receipts	\$ 1,639,004	\$ 1,683,053	\$ 44,049	
Propco I & II Rent	-	-	-	Wave 2 GOB sales higher than budgeted by \$6MM; remaining favorability primarily due to higher cash in-transit Propco rent payments being facilitated by Toys-DE, which remains net-neutral on a cash basis
Disbursements				
Payroll & Benefits	(183,281)	(182,841)	(19,579)	Forecast includes some benefits payments in Other Operating Expenses, whereas actuals reflect benefits in this payroll line
Taxes	(186,380)	(184,190)	2,170	Timing of sales & use taxes, which will be paid during the following two weeks
Rent	(144,785)	(147,280)	(2,515)	
Liquidator Fees / Expenses	(88,072)	(63,259)	24,813	Timing of liquidator fee true-up, payment expected in following weeks
Post-Petition Merchandise	-	-	-	
Professional Fees	(59,674)	(44,442)	15,232	Timing
Financing Activity	(27,982)	(29,854)	(1,891)	
Other Operating Disbursements	(145,567)	(137,183)	8,383	Offset by negative variance in Payroll above
Total Disbursements	\$ (815,663)	\$ (789,049)	\$ 26,613	
Net Cash Flow	\$ 823,341	\$ 894,004	\$ 70,663	
Cash Schedule				
Beginning Cash Balance	111,026	111,026	-	
Net Cash Flow Before Debt	823,341	894,004	70,663	
ABL Paydown	(262,119)	(262,119)	-	
FILO Paydown	(250,000)	(250,000)	-	
DIP Term Loan Paydown	(100,000)	(100,000)	-	
Ending Cash Balance	\$ 322,248	\$ 392,911	\$ 70,663	

Memo:

Delaware Unrestricted Cash Balance	368,787
Delaware Restricted Cash Balance (RE Proceeds)	2,871
Geoffrey, LLC Cash Balance	21,253
Total Cash Balance	\$ 392,911

Note: The above cash flows include all cash flow activity at Toys-Delaware and Geoffrey, LLC., including Real Estate sale proceeds that are held in a restricted account pending DIP Term Loan paydown

(1) Refers to the Wind Down Budget dated July 11th

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	<u>\$ 191.9</u>

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	<u>\$ 595.1</u>

Total Remaining 503(b)(9) and Administrative Claims Estimate **\$ 787.0**

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 #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
 - On July 17 the Debtors filed a motion to approve the settlement agreement (Dkt #3814), which outlines provisions for individual creditors who may wish to opt-out of the agreement. The Debtors will seek final approval of this motion at a hearing scheduled for August 7
- Inventory sales:
 - **Wave 1:** Completed
 - **Wave 2:** Completed
- The sale hearing for the remaining Delaware third party leases and certain ground leases took place on June 25, with 41 properties sold
- The sale hearing for Toys Delaware’s 13 owned properties, 2 ground leases, and 2 DCs took place on July 26
- Litigation assets:
 - Non-released claims are to be pursued based on the settlement agreement described above

- IP:
 - The Debtors have further altered the timeline for the sale of US IP, international IP, and private brands IP. New deadlines have not yet been established

Canada

- The sale of the Canadian operations for \$234M was approved on 4/27/2018, and all obligations of Toys Canada will remain obligations of Toys Canada
- CCAA proceedings were terminated on 5/31/2018 and the Chapter 11 cases have been dismissed

Propco II

- On July 16 the initial bids for the Propco II assets surpassed the threshold level of \$375M in non-binding indications of interest and the Debtors will be proceeding to an auction process, according to the following schedule
 - **August 7:** Final Bid Deadline
 - **August 13 (and August 14, if necessary):** Auction
 - **August 22:** Sale/Confirmation Hearing

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- Sale of Central Europe for \$97M was approved on 5/15/18
- The Debtors filed a motion seeking approval for the sale of the Iberia business to Green Swan SGPS SA for EUR 35M, which will be heard at the August 7 hearing
- The Debtors are 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