

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) WEDNESDAY, THE 1ST
)
JUSTICE J. DIETRICH) DAY OF APRIL, 2026

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TOYS "R" US (CANADA) LTD. /
TOYS "R" US (CANADA) LTEE (the "Applicant")**

SALE AND INVESTMENT SOLICITATION PROCESS APPROVAL ORDER

THIS MOTION, made by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an order, among other things, approving the Sale and Investment Solicitation Process in respect of the Applicant attached hereto as Schedule "A" (the "SISP"), was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the affidavit of Neil Taylor sworn March 23, 2026 and the exhibits thereto (the "**Taylor Affidavit**"), and the Second Report and the appendices thereto (the "**Second Report**") of Alvarez & Marsal Canada Inc., in its capacity as monitor of the Applicant (in such capacity, the "**Monitor**"), and on hearing the submissions of counsel to the Applicant, the Monitor, and 2625229 Ontario Inc. (the "**DIP Lender**") and such other counsel present, no one appearing

for any other person although duly served as appears from the affidavit of service of Matilda Lici sworn March 23, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SISP or the Amended and Restated Initial Order granted by Justice Dietrich dated February 13, 2026 (the “**ARIO**”).

APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with the terms of this Order) be and is hereby approved, and the Applicant and the Monitor are hereby authorized and directed to implement the SISP pursuant to the terms thereof. The Applicant and the Monitor are hereby authorized and directed to perform their respective obligations thereunder and to do all things reasonably necessary to perform their respective obligations thereunder, subject to prior approval of the Court being obtained before completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that the Applicant, the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities of

any nature or kind to any person in connection with or as a result of the SISP, except to the extent of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the SISP, as determined by this Court in a final Order that is not subject to appeal or other review.

5. **THIS COURT ORDERS** that in implementing the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO, and any other order of the Court in the within proceedings.

6. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor, the Applicant and their respective counsel are hereby authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors (each a “**SISP Participant**”) and to their advisors, or any interested party that the Monitor or the Applicant consider appropriate, but only to the extent required to provide information with respect to the SISP in these proceedings.

7. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of any Property (as defined in the ARIO) or be deemed to take possession of any Property.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicant and their respective advisors are hereby authorized and permitted to disclose personal information of

identifiable individuals (“**Personal Information**”) to a SISP Participant and to its advisors, including human resources and payroll information, records pertaining to the Applicant’s past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction in the SISP. Each SISP Participant to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each SISP Participant to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

INCREASE IN INTERIM BORROWINGS

9. **THIS COURT ORDERS** that the maximum principal amount of Interim Borrowings under the Commitment Letter is hereby increased from \$13,000,000 to \$15,000,000, provided that: (a) the Interim Borrowings continue to be made in accordance with paragraphs 38(a) and 38(b) of the ARIO; (b) such Interim Borrowings continue to be secured by the DIP Lender's Charge with the priority set out in paragraphs 44 and 46 of the ARIO; and (c) for greater certainty, paragraph 38(c) of the ARIO is hereby amended to replace the reference to “\$13,000,000” with “\$15,000,000”.

EXTENSION OF STAY

10. **THIS COURT ORDERS** that the Stay Period (as defined in the ARIO) is hereby extended until and including July 13, 2026.

GENERAL

11. **THIS COURT ORDERS** that the Applicant or the Monitor may, from time to time, apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the SISP.

12. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

14. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

15. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.

A handwritten signature in black ink is positioned above a solid horizontal line. The signature consists of a large, stylized initial 'J' followed by a series of connected, wavy lines that extend to the right.

SCHEDULE "A"
SISP

Sale and Investment Solicitation Process

Introduction

On February 3, 2026, Toys “R” Us (Canada) Ltd. / Toys “R” Us (Canada) Ltee (the “**Company**”) obtained an initial order (as subsequently amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”) and an interim financing facility (the “**DIP Agreement**”) put forward by 2625229 Ontario Inc. (in such capacity, the “**DIP Lender**”) was approved.

On April 1, 2026, the Court granted an order (the “**SISP Order**”) authorizing the Monitor, with the assistance of the Company, to undertake a sale and investment solicitation process (“**SISP**”). The SISP is intended to solicit offers for a sale, recapitalization, restructuring or other strategic transaction in respect of, all or part of the Company, its assets (including its intellectual property), shares and business operations (the “**Opportunity**”). The SISP will be conducted by the Monitor in the manner set forth herein and in accordance with the SISP Order.

This document sets out the procedures for the conduct of the SISP, which will include two phases for qualified interested bidders and will provide the parameters for the selection of a successful bid.

Opportunity

1. The SISP is intended to solicit interest in and opportunities for one or more transactions in respect of the Opportunity. The Opportunity may include one or more of: (i) a recapitalization, arrangement or other form of investment in or reorganization of the business and affairs of the Company as a going concern, (ii) a sale of all, substantially all or one or more components of the Company’s business operations (the “**Business**”) as a going concern, or (iii) a sale of all, substantially all or one or more components of the Company’s assets (including, without limitation, its intellectual property or the shares of the Company) (the “**Property**”) as a going concern or otherwise.
2. The procedures set out herein (the “**Bidding Procedures**”) describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company, the Property and the Business, the manner in which bidders may participate in the SISP, requirements for bids received, the ultimate selection of a Successful Bidder(s) (as defined herein) and the requisite approvals to be sought from the Court in connection therewith.
3. Subject to Section 6 herein, the Monitor shall have the right to modify, amend, vary or supplement the Bidding Procedures (including extending the deadlines set forth herein) in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Order, without the need for obtaining an order of the Court or providing notice to Participants (as defined herein).
4. The Monitor will post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.

5. In the event of a dispute as to the interpretation or application of the SISP Order or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
6. The following table sets out the key milestones under the SISP, which milestones and deadlines may be extended or amended by up to two weeks by the Monitor, in consultation with the Company, without court approval; provided that, the milestone with respect to the closing of the Successful Bid(s) can only be extended or amended, without court approval, with the prior written consent of the DIP Lender, acting reasonably:

<u>Milestone</u>	<u>Deadline</u>
Marketing and due diligence commences and access to the virtual data room is granted to Participants having executed NDAs (as defined herein) and, if requested by the Monitor, Participants who have provided evidence reasonably satisfactory to the Monitor of their financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity (the “ Commencement Date ”)	As soon as reasonably practicable but by no later than April 2, 2026
Deadline to submit a non-binding Letter of Interest (the “ Phase 1 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 1, 2026
Deadline to submit a Binding Offer (the “ Phase 2 Bid Deadline ”)	5:00 p.m. (Eastern Time) on May 29, 2026
Selection of Successful Bid(s), including the holding of an Auction, if needed (as defined herein)	No later than 5:00 p.m. (Eastern Time) on June 5, 2026
Motion for Court Approval of Successful Bid(s)	As soon as reasonably practicable following the selection of the Successful Bid, but by no later than June 26, 2026
Closing of Successful Bid(s)	No later than July 13, 2026

Solicitation of Interest and Notice of the SISP

7. As soon as reasonably practicable, but, in any event, by no later than the Commencement Date:
 - a. the Monitor, in consultation with the Company, will prepare a list of potential bidders, including (i) parties that have approached the Company or the Monitor indicating an interest in the Opportunity, (ii) local and international strategic and financial parties which the Monitor, in consultation with the Company, believes

may be interested in the Opportunity, and (iii) parties that have otherwise showed an interest in the Company, the Property and/or the Business prior to the date of the SISP Order; in each case, whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”);

- b. the Monitor will publish a notice of the SISP and any other relevant information that the Company, in consultation with the Monitor, considers appropriate, on the Monitor’s website, and in publications as may be considered appropriate by the Monitor;
 - c. the Monitor, in consultation with the Company, will prepare (i) a process summary (the “**Teaser Letter**”) outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; (ii) a non-disclosure agreement (an “**NDA**”) in form and substance satisfactory to the Monitor, the Company, and their respective counsel, each acting reasonably, which agreement shall enure to the benefit of the Successful Bidder(s); and (iii) a confidential information memorandum describing the Opportunity (the “**CIM**”); and
 - d. the Monitor, with the assistance of the Company, will prepare and maintain a virtual data room (the “**VDR**”) containing due diligence information and documentation in relation to the Opportunity. The VDR may be updated from time to time throughout the SISP. Participants (as defined below) must direct all due diligence questions in connection with the VDR, on a without liability or representation basis, to the Monitor.
8. As soon as reasonably practicable following the SISP Order, the Monitor will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Phase 1: Non-Binding Letters of Interest

- 9. In order to participate in the SISP, and prior to the distribution of any confidential information to an interested party (including access to the VDR), such interested party must deliver to the Monitor (a) the executed NDA, and (b) if requested by the Monitor, evidence, reasonably satisfactory to the Monitor, of its financial wherewithal to complete on a timely basis a transaction in respect of the Opportunity.
- 10. Interested parties that deliver the NDA and, if applicable, the financial information referred to in Section 9 (the “**Participants**” and each a “**Participant**”), will be granted access to the VDR by the Monitor. The Company, the Monitor, and their respective advisors make no representation or warranty as to the information contained in the VDR, including, without limitation, as to its accuracy, completeness, quality or fitness for purpose.
- 11. The Monitor may limit any Participant’s access to specific confidential information and to customer and supplier names and information where, the Monitor determines, following consultation with the Company, that such access could negatively impact the SISP, the

ability to maintain the confidentiality of the confidential information, the Business, or the Property.

12. Without limiting the generality of any term or condition of any NDA, without written consent of the Monitor, (a) no Participant shall be permitted to have any discussions with any other Participant regarding the SISP or any LOI, Binding Offer or any other bid submitted or contemplated to be submitted pursuant to the Bidding Procedures; and (b) Participants shall submit all requests for information regarding the SISP, the Opportunity, or any other information in connection with the Bidding Procedures, including in connection with due diligence, to the Monitor in the first instance.
13. All Participants wishing to bid for the Business or Property are required to submit a non-binding letter of interest (“**LOI**”) in accordance with the Bidding Procedures. An LOI submitted by a Participant will only be considered a “**Phase 1 Qualified Bid**” (and the Participant who submits a Phase 1 Qualified Bid, a “**Phase 1 Qualified Bidder**”) if the LOI complies at a minimum with the following:
 - a. it has been duly executed by all required parties;
 - b. it is received by the Monitor on or before the Phase 1 Bid Deadline;
 - c. it provides written evidence, satisfactory to the Monitor, in consultation with the Company, of the Participant’s ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Participant expects to finance any portion of the purchase price, the identity of the financing source;
 - d. it identifies the terms and conditions of the proposed transaction including:
 - i. a description of the specific assets/shares that are expected to be subject to the transaction and any assets/shares expected to be excluded, including specifically, whether the proposed transaction will include the Company’s intellectual property (the “**Intellectual Property**”) and/or other assets (the “**Other Assets**”);
 - ii. a proposed preliminary allocation between the Intellectual Property and Other Assets if such transaction includes both categories of assets of the Company;
 - iii. a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Participant intends to assume and which liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
 - iv. whether the proposed transaction is to be implemented by way of a “reverse vesting order”; and

- v. any other terms or conditions of the proposed transaction that the Phase 1 Qualified Bidder believes are material to the transaction;
 - e. it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Monitor, in consultation with the Company, to determine that these conditions are reasonable in relation to the Participant;
 - f. it identifies the Participant and representatives thereof who are authorized to appear and act on behalf of the Participant for all purposes regarding the contemplated transaction;
 - g. it fully discloses the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI, and it identifies all legal, financial, accounting and other advisors that have been or that are expected to be retained by the Participant in connection with the contemplated transaction;
 - h. it identifies any additional due diligence required to be completed in order to submit a Binding Offer (as defined below);
 - i. it confirms that the Participant will bear its own costs and expenses (including legal and advisor fees) in connection with the LOI and the proposed transaction, and by submitting its LOI is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
 - j. it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder will be entitled to any such bid protections; and
 - k. it contains such other information as may be reasonably requested by the Monitor, in consultation with the Company.
14. The Monitor, in consultation with the Company, may waive compliance with any one or more of the requirements specified in Section 13, and deem any such non-compliant LOI to be a Phase 1 Qualified Bid.

Assessment of Phase 1 Qualified Bids and Subsequent Process

15. Following the receipt of any LOI, the Monitor may, in consultation with the Company, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.
16. Following the Phase 1 Bid Deadline, the Monitor shall assess the LOIs. If the Monitor determines that a LOI constitutes a Phase 1 Qualified Bid, then such Participant who submitted the LOI will be deemed to be qualified to participate in Phase 2 of the SISF (in

that capacity a “**Phase 2 Qualified Bidder**”) and the Monitor will notify in writing each Phase 2 Qualified Bidder that it has been selected as a Phase 2 Qualified Bidder, as soon as reasonably practicable following the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate, in consultation with the Company.

17. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. However, the DIP Lender and 1001 Ontario shall each be deemed to be a Phase 2 Qualified Bidder even if they do not submit an LOI or a Phase 1 Qualified Bid and shall be permitted to submit a Binding Offer by way of credit bid for an amount up to its secured claim amount then outstanding under the DIP Agreement on or prior to the Phase 2 Bid Deadline, in accordance with Section 36.
18. In the event that no Phase 1 Qualified Bid is received, or the Monitor has determined in its reasonable business judgment that it would not be appropriate to select any Phase 2 Qualified Bidders, the Monitor will, as soon as reasonably possible, declare the SISP concluded or take such other steps as the Monitor considers appropriate, in consultation with the Company and the DIP Lender, which may include pursuing a transaction with the DIP Lender in accordance with this SISP or seeking further directions from the Court, and the Monitor shall post a notice on its website reflecting such determination.

Phase 2: Binding Offers and Selection of Successful Bidder

19. Any Phase 2 Qualified Bidder that wishes to make a formal offer in the SISP shall submit a binding offer (“**Binding Offer**” and such offer which complies with Section 20 below, a “**Phase 2 Qualified Bid**”) prior to the Phase 2 Bid Deadline.
20. A Binding Offer will only be considered as a Phase 2 Qualified Bid if the Binding Offer complies with the following terms:
 - a. the Binding Offer shall be submitted to the Monitor on or before the Phase 2 Bid Deadline;
 - b. it identifies all contracts of the Company that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
 - c. if the bid is structured as a “reverse vesting transaction”, it includes a duly authorized and executed binding transaction agreement, including all exhibits and schedules contemplated thereby describing the terms and conditions of the proposed transaction, including any liabilities and obligations proposed to be assumed, the purchase price, the structure and financing of the proposed transaction, and any regulatory or other third-party approvals required;
 - d. if the bid is structured in a form other than a “reverse vesting transaction”, it includes a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the final purchase price or investment amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable

ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;

- e. a proposed allocation between the Intellectual Property and Other Assets (if applicable);
- f. written evidence of a firm, irrevocable commitment for financing or other evidence of the Phase 2 Qualified Bidder's ability to consummate the proposed transaction that will allow the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial capability to consummate the proposed transaction;
- g. it is unconditional on any further due diligence, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- h. it contains or identifies the key terms and provisions to be included in any Approval Order;
- i. among other representations and acknowledgments that may be requested by the Monitor or the Company, it includes acknowledgments and representations of the Phase 2 Qualified Bidder that it,
 - i. has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer;
 - ii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer;
 - iii. did not rely upon any written or oral statements, covenants, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Company, the business, the Property, the Opportunity, the SISP, or any information provided in connection with the SISP, including, without limitation, any information disclosed in the Teaser Letter, the CIM and the VDR, or the accuracy, completeness, quality or fitness for purpose of any information provided in connection therewith, other than as expressly set forth in the Binding Offer; and
 - iv. promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities, including those regulating in the cannabis sector;
- j. it is accompanied by a letter that confirms that:

- i. the Binding Offer may be accepted by the Company by countersigning the Binding Offer;
 - ii. the Binding Offer is irrevocable and capable of acceptance until the earlier of (A) four business days after the date of closing of the Successful Bid(s); and (B) July 13, 2026 (the “**Outside Date**”); and
 - iii. the Phase 2 Qualified Bidder will bear its own costs and expenses (including legal and advisor fees) in connection with the Binding Offer and the proposed transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis;
- k. it does not provide for any break or termination fee, expense reimbursement or similar type of payment;
 - l. it is accompanied by a cash deposit in the amount of not less than 10% of the cash purchase price payable on closing or total cash investment contemplated, as the case may be (the “**Deposit**”), along with an acknowledgement that if the Phase 2 Qualified Bidder is selected as the Successful Bidder, the Deposit will be nonrefundable, subject to (i) approval of the Successful Bid by the Court and (ii) the terms described in Section 30 below; and
 - m. it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before July 13, 2026, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than the Outside Date.
21. The Monitor may waive compliance with any one or more of the requirements specified above and may deem any non-compliant Binding Offer to be a Phase 2 Qualified Bid.
22. In the event that no Phase 2 Qualified Bidder submits a Phase 2 Qualified Bid, the Company and the DIP Lender, acting reasonably, will advise the Monitor whether to terminate the SISP.

Selection of Successful Bid(s)

23. The Monitor, in consultation with the Company, may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Successful Bid.
24. If more than one Binding Offer is received, which the Monitor determines constitutes Phase 2 Qualified Bids, the Monitor may, in its sole discretion:
- a. select one or more Phase 2 Qualified Bids as the Successful Bid(s) (as defined below) in accordance with Section 25;

- b. continue negotiations with Phase 2 Qualified Bidders with a view to finalizing an agreement with respect to one or more of the Phase 2 Qualified Bids and declaring such bids the Successful Bid(s); or
 - c. conduct an auction (the “**Auction**”) in respect of some or all of the Property or Business which Auction shall be governed by an auction procedures letter (“**Auction Procedures Letter**”) to be prepared by the Monitor and sent to all applicable Phase 2 Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.
25. If any Binding Offers are received, the Monitor will, in consultation with the Company:
- a. review and evaluate each Binding Offer based on various factors in addition to those set out at Section 20 of the SISF, as the Monitor deems appropriate in its reasonable business judgment including, without limitation,
 - i. the purchase price and the net value provided by such bid including the proposed form, composition, and allocation of such consideration;
 - ii. the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction;
 - iii. the proposed transaction documents;
 - iv. the effects of the bid on the stakeholders of the Company;
 - v. factors affecting the speed, certainty, and value of the transaction (including any regulatory or licensing approvals or third-party contractual arrangements required to close the transactions);
 - vi. the assets and/or liabilities included or excluded from the bid;
 - vii. any related restructuring costs, and the likelihood and timing of consummating such transaction; and
 - viii. the likelihood of the Court to approve such Successful Bid; and
 - b. if the consideration payable under the Binding Offers received is not sufficient to fully repay all amounts outstanding to the DIP Lender in cash:
 - i. consult with the DIP Lender regarding the shortfall aspects of a Binding Offer as same may relate to the assumption of the unpaid portion of the DIP Lender’s indebtedness pursuant to the DIP Facility Loan Agreement; and
 - ii. in the scenario where the DIP Lender has submitted a Binding Offer, the DIP Lender may elect (even if the DIP Lender’s Binding Offer

is superior) to designate its Binding Offer as a back-up bid prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid;

- c. if the Binding Offers in respect of the Intellectual Property (x) do not contemplate consideration payable that is not sufficient to fully repay in cash the secured obligations owing pursuant to the Share Purchase Agreement dated as of August 19, 2021 and IP Security Purchase Agreement dated August 19, 2021, as assigned to 1001485743 Ontario Inc. (“**1001 Ontario**”); (y) contemplate a partial assumption of such secured obligations, in combination with consideration sufficient to pay the unassumed portion of the secured obligations in cash; or (z) contemplate an assumption in full of such secured obligations:
 - i. consult with 1001 Ontario regarding the proposed assumption of secured obligations and the shortfall aspects of a Binding Offer; and
 - ii. in the scenario where 1001 Ontario has submitted a Binding Offer in respect of the Intellectual Property, 1001 Ontario may elect (even if 1001 Ontario’s Binding Offer is superior) to designate its Binding Offer as a back-up bid prior to the filing of the Approval Motion (as defined below) for the purpose of enabling the acceptance and approval of another Binding Offer as the Successful Bid in respect of the Intellectual Property;
- d. select the best bid(s) (the “**Successful Bid(s)**”) within five (5) business days of the Phase 2 Bid Deadline and following such selection will promptly notify the Binding Bidder making such Successful Bid that it has been selected as a successful bidder (the “**Successful Bidder**”).

26. Any Successful Bid will be subject to approval by the Court.

Approval of Successful Bid(s)

- 27. The Company will make a motion to the Court (the “**Approval Motion**”) for one or more orders:
 - a. approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and
 - b. granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets in the name of the Successful Bidder(s) and/or vest unwanted liabilities out of the Company (collectively, the “**Approval Order(s)**”).
- 28. The Approval Motion will be held on the earliest possible date after the selection of the Successful Bid, taking into account Court availability. With the consent of the Monitor and the Successful Bidder(s), and in consultation with the DIP Lender, the Approval Motion may be adjourned or rescheduled by the Company without further notice, by an

announcement of the adjourned date at the Approval Motion or with notice to the service list of the CCAA proceedings prior to the Approval Motion. The Company will consult with the Monitor, and the Successful Bidder(s) regarding the motion material to be filed by the Company for the Approval Motion.

29. All Binding Offers (other than the Successful Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Company to any unsuccessful Phase 2 Qualified Bidders.

Deposits

30. The Deposit(s):
- a. will, upon receipt from the Phase 2 Qualified Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account;
 - b. received from the Successful Bidder(s) will:
 - i. be applied to the purchase price to be paid by the applicable Successful Bidder(s) whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - ii. otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid provided that all such documentation will provide that the Deposit will be retained by the Company and forfeited by the Successful Bidder if the Successful Bid fails to close by the Outside Date, and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;
 - c. received from the Phase 2 Qualified Bidder(s) that are not the Successful Bidder will be fully refunded to the Phase 2 Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the selection of the Successful Bid(s).

“As is, where is”

31. Any sale (or sales) of the Property or the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company or any of their respective agents, advisors or estates, except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings, and that may be expressly provided in the final documentation and Approval Order(s). Any such representations and warranties provided for in the definitive documents will not survive closing.

Insider Bids

32. In order to protect the integrity of the SISF, any direct or indirect shareholder, affiliate, director, officer or senior management (including the Chief Restructuring Officer) of the Company, including the DIP Lender, 1001 Ontario or their respective representatives

(each, an “**Insider**”) may, subject to compliance with the Bidding Procedures (including being designated as a Phase 2 Qualified Bidder) make a bid pursuant to the SISP. For the avoidance of doubt, all bids submitted by Insiders shall be submitted in accordance with the SISP.

33. For the purposes of the safeguards set out in Section 12, Insiders shall be deemed to be a Participant and shall be subject to Section 12. Any and all other communications (including, among other things, emails, letters, meetings and conversations) between any Insider and any other Participant shall be subject to the Monitor’s direct supervision and the Monitor will use commercially reasonable efforts to protect the integrity of the SISP during such discussions.
34. Notwithstanding any other term of these Bidding Procedures, until such time as an Insider irrevocably confirms in writing to the Monitor that it will not submit a bid in the SISP, the Monitor shall not share any information with respect to the SISP with an Insider (including, without limitation, any LOIs, Binding Offers, and/or other bids submitted therein), except for the consultation with the Company contemplated by Section 25.a and the consultation with the DIP Lender and 1001 Ontario, as applicable, contemplated by Section 25.b and 25.c following submission of all bids.
35. The Monitor may implement other information and/or consultation restrictions with the Company and/or the DIP Lender that the Monitor determines are appropriate to protect the integrity of the SISP.

Credit Bidding

36. The DIP Lender (including any successor or assign or any of the foregoing) shall have the right (subject to compliance with the terms of this SISP) to credit bid all amounts outstanding under the DIP Facility Loan Agreement, including principal, interest and any other obligations owing to the DIP Lender; provided that the DIP Lender shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Company in priority to its secured debt; and (b) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to such secured lender’s security.
37. 1001 Ontario (including any successor or assign or any of the foregoing) shall have the right (subject to compliance with the terms of this SISP) to credit bid any amount up to 1001 Ontario’s secured claims, including principal, interest and any other obligations owing to such secured lender; provided that any such lender shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Company in priority to its secured debt; and (b) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to such secured lender’s security.

Free of Claims and Interests

38. Pursuant to the applicable Approval Order and to the extent permitted by law, all of the rights, title and interests of the Company in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests,

encumbrances, claims, charges, options, and interests therein (collectively, the “**Claims and Interests**”) pursuant to the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property or Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder and the applicable Approval Order.

Confidentiality

39. For greater certainty, other than in accordance with this SISP or as required in connection with any Approval Motion, neither the Company nor the Monitor will disclose: (i) the identity of any Participant; or (ii) the terms of any bid, LOI, Phase 1 Qualified Bid, Phase 2 Qualified Bid, or Binding Offer, with any other bidder without the consent of such party (including by way of email), subject to applicable law.

Further Orders

40. At any time during the SISP, the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of their powers and duties hereunder.

Stakeholder Consultation

41. Subject to receipt of a commercially reasonable NDA in form and substance satisfactory to the Monitor, acting reasonably, and the irrevocable confirmation in writing from Allied World Specialty Insurance Company (“**Allied World**”) that Allied World will not submit any LOI or bid in the SISP:
 - a. as soon as practicable after the Phase 1 Bid Deadline:
 - i. the Monitor shall provide Allied World with a summary of the material terms and conditions of any LOIs received by the Monitor, and advise whether any Participants will be Phase 2 Qualified Bidder (in all cases, on a no-name basis);
 - b. as soon as practicable after the Phase 2 Bid Deadline:
 - i. the Monitor shall provide Allied World with a summary of the material terms and conditions of Binding Offers, if any, received by the Monitor (in all cases, on a no-name basis); and
 - ii. the Monitor shall advise Allied World with respect to the selection of a Successful Bidder, if any, or whether the Monitor intends to conduct an Auction.
42. The Monitor shall advise Allied World as soon as practicable if it decides to terminate the SISP in accordance with the SISP.

Additional Terms

43. In addition to any other requirement of the SISP:
- a. The Monitor will at all times prior to the selection of a Successful Bid(s) use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high-potential bidders in a process of this kind or who may be reasonably proposed by any of the Company's stakeholders as a high-potential bidder.
 - b. Prior to seeking Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.
 - c. Subject to Section 34, the DIP Lender shall be granted access to all material information and documents in connection with the SISP, including copies of all LOIs, Phase 1 Qualified Bids and all Binding Offers, as the case may be.
44. Any requirement to deliver notices, bids, consents, or any other information, documentation, or other material to the Monitor or the Company pursuant to this SISP shall be satisfied by delivery via courier or electronic transmission to the Monitor at the following addresses:

To the Monitor:

ALVAREZ & MARSAL CANADA INC.

200 Bay Street
Toronto, ON M5J 2J1

Attention:

Josh Nevsky – jnevsky@alvarezandmarsal.com

With a copy to counsel to the Monitor

STIKEMAN ELLIOTT LLP

5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention:

Lee Nicholson – leenicholson@stikeman.com

To the Company:

TOYS “R” US (CANADA) LTD. / TOYS “R” US (CANADA) LTEE

2777 Langstaff Road
Concord, ON L4K 4M5

Attention: Neil Taylor
Email: neil.taylor@toysrus.ca

and to:

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Ian Aversa / Matilda Lici
Email: iaversa@airdberlis.com / mlici@airdberlis.com

45. Other than as specifically set forth in a definitive agreement between the Company and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual, fiduciary, or other legal relationship between the Monitor, the Company, and any other person.
46. The Monitor, the Company, and their advisors shall not be liable for any claim for commission, finder's fee or like payment in respect of the completion of any of the transactions completed under the SISP. Any such claim shall be the sole liability of the bidder who completes a transaction under the SISP pursuant to which the claim is being made.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TOYS "R" US (CANADA) LTD. / TOYS "R" US (CANADA) LTEE (the "Applicant")

Court File No. CL-26-00000042-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

SALE AND INVESTMENT SOLICITATION PROCESS
APPROVAL ORDER

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