

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

IN RE:) **Chapter 11**
)
URBAN BRANDS, INC., et al.,) **Case No. 10-13005 (KJC)**
)
Debtors.) **Jointly Administered**
)
) **Related Docket No. 34, 104**

**OBJECTION OF EGI PROPERTIES, L.L.C. TO
DEBTORS' PROPOSED CURE AMOUNT**

EGI Properties, L.L.C. f/k/a Equity Properties and Development, L.L.C., a Delaware limited liability company ("Landlord"), hereby files this Objection (the "Objection") to the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 363, and 365, and Bankruptcy Rule 2002, 6004, and 6006 for (I) Entry of an Order (A) (A) Establishing Bidding and Auction Procedures Related to the Sale of Substantially all of the Debtors' Assets; (B) Approving Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Certain Notice Procedures for Determining Cure Amounts for Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief; and (II) Entry of an Order (A) Approving the Sale of Substantially all of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (C) Establishing Assumption and Rejection Procedures for Certain Additional Executory Contracts and Unexpired Leases; (D) Approving Guidelines for Conducting Store Closing Sales; (E) Approving Agency Agreement; and (F) Extending the Deadline to Assume or Reject Unexpired Leases of Nonresidential Real Property Pursuant to 11 U.S.C. §365(d)(4)*

(the "Debtors' Notice") [Docket No. 34] and, in support thereof, respectfully states as follows:

I. BACKGROUND

1. On September 21, 2010 (the "Petition Date"), Urban Brands, Inc. and certain of its affiliates (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court"). The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. Prior to the Petition Date, Landlord and Large Apparel of Illinois, Inc. ("Tenant"), one of the Debtors and successor in interest to Stewart River Oaks, Inc., a New York Corporation, D/B/A Ashley Stewart Woman Sizes 14-28 / 100% Girls / Kidspot, entered into that certain Lease Agreement dated February 1, 2000 (the "Lease Agreement"), pursuant to which Landlord leased to Tenant certain property containing a total floor space of approximately 7,238 square feet and located at the property commonly known as Ford City Shopping Center in Chicago, Illinois (the "Premises"). The Premises are managed by CBL & Associates Management, Inc.

3. Urban Brands, Inc. guaranteed the Tenant's obligations under the Lease Agreement pursuant to a Guaranty.

4. On September 22, 2010, the Debtors filed the Debtors' Notice.

5. On September 30, 2010, the Debtors filed their Notice of Intent (*Corrected Notice of Executory Contracts and Unexpired Leases Which May Be Assumed and Assigned, Pursuant to Section 365 of the Bankruptcy Code, in Connection with the Sale*

of Substantially All of the Debtors' Assets and the Proposed Cure Amounts with Respect Thereto) (the "Amended Notice") [Docket No. 104].

6. On October 4, 2010, the Court entered its *Order (A) Establishing Bidding and Auction Procedures Related to the Sale of Substantially All of the Debtors' Assets; (B) Approving Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Certain Notice Procedures for Determining Cure Amounts For Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief* (the "Order") [Docket No. 143], providing, among other things, a procedure by which to object to proposed cure amounts.

7. The Debtors' proposed cure amount identified on the schedule to the Amended Notice is \$183,925.86. Although the Debtors' schedule does not allocate or provide any substantiation for the allocation between base rent and percentage rent, the Debtors' counsel has informed Landlord's counsel that all base rent, percentage rent, and taxes up until October, 2010 will be included in the cure amount. Debtors have not provided percentage rent books and records to Landlord in order to enable Landlord to reconcile the alleged cure amount. Moreover, Landlord objects to the extent that the cure amount excludes percentage rent accruing after the period for which the cure amount was calculated and before the Designation Date, as defined in the Stalking Horse Asset Purchase Agreement.

8. The Order does not specify that any Non-Debtor counterparty to a Real Property Lease may claim, and the Successful Bidder will assume, any Liabilities that arise under any Real Property Lease that do not constitute defaults prior to the Designation Deadline, including without limitation amounts billed in the ordinary course of business under the terms of the Respective Real Property Lease.

9. As of the date of the Objection, the cure amount is not less than \$81,857.86 for base rent for the period prior to the filing date. As of the month end, October 31, 2010, the cure amount is not less than \$40,885.80 for unpaid post-petition base rent. Landlord further objects to the proposed cure amount to the extent that cure amount does not include additional percentage rent payable under the Lease Agreement.

II. OBJECTION

10. Landlord objects to the Debtors' Notice on the basis that (i) the cure amount is incorrect, (ii) Landlord has not had a chance to reconcile percentage rent and taxes included in the proposed cure amount; and (iii) the Order does not specify that any Non-Debtor counterparty to a Real Property Lease may claim, and the Successful Bidder will assume, any Liabilities that arise under any Real Property Lease that do not constitute defaults prior to the Designation Deadline. Moreover, Landlord objects to the extent that the cure amount excludes percentage rent accruing after the period for which the cure amount was calculated and before the Designation Date.

11. Notwithstanding the foregoing, Landlord does not, by filing this Objection, waive any other claim it has, or any claim that may hereafter arise, by operation of the Lease Agreement or applicable law, whether for monetary cure amounts or otherwise. Landlord reserves the right to amend, modify or supplement this Objection, including, without limitation, with additional amounts due under the Lease Agreement and to require adequate assurance of future performance.

WHEREFORE, Landlord requests that the Court: (1) sustain this Objection; (2) amend the Order to specify that any Non-Debtor counterparty to a Real Property Lease may claim, and the Successful Bidder will assume, any amounts due as year-end adjustment and/or reconciliation charges without regard to whether those amounts accrued prior to or after the effective date of the assignment, including without limitation all Landlord percentage rents; (3) amend the Order to specify that any Non-Debtor counterparty to a Real Property Lease may claim, and the Successful Bidder will assume, any Liabilities that arise under any Real Property Lease that do not constitute defaults prior to the Designation Deadline, including without limitation any amounts billed in the ordinary course of business under the terms of the respective Real Property Lease; and (4) grant such other relief as this Court deems just and proper.

Dated: October 19, 2010

Respectfully submitted,

Edwards Angell Palmer & Dodge LLP

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