

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

RADIOSHACK CORPORATION, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 15-10197 (BLS)  
(Jointly Administered)

**Re: Docket Nos. 2296, 2446**

**OBJECTION OF CERTAIN LANDLORDS TO THE MOTION OF  
SALUS CAPITAL PARTNERS, LLC TO CONVERT DEBTORS'  
CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE  
BANKRUPTCY CODE AND JOINDER IN OBJECTIONS THERETO**

Basser-Kaufman, Blumenfeld Development Group, Ltd., DDR Corp., Equity One Inc., GGP Limited Partnership, Gregory Greenfield & Associates, Ltd., Forest City Enterprises, Jones Lang LaSalle Americas, Inc., Philips International Holding Corp., Read Investments LLC, Regency Centers LP, Rouse Properties, Rush Properties, and Weingarten Realty Investors (collectively, the “Landlords”),<sup>2</sup> by and through their counsel, Kelley Drye & Warren LLP, hereby object (the “Objection”) to the Motion of Salus Capital Partners, LLC to Convert Debtors’ Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code (D.I. 2296)(the “Conversion Motion”) and, to the extent not inconsistent herewith, join in the objections of other parties to the Conversion Motion, including the objection of the Official Committee of Unsecured Creditors to the Conversion Motion (D.I. 2446)(the “Committee Objection”). In support of the Objection, the Landlords respectfully state as follows:

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number, are: RadioShack Corporation (7710); Atlantic Retail Ventures, Inc. (6816); Ignition L.P. (3231); ITC Services, Inc. (1930); Merchandising Support Services, Inc. (4887); RadioShack Customer Service LLC (8866); RadioShack Global Sourcing Corporation (0233); RadioShack Global Sourcing Limited Partnership (8723); RadioShack Global Sourcing, Inc. (3960); RS Ig Holdings Incorporated (8924); RSIgnite, LLC (0543); SCK, Inc. (9220); Tandy Finance Corporation (5470); Tandy Holdings, Inc. (1789); Tandy International Corporation (9940); TE Electronics LP (9965); Trade and Save LLC (3850); and TRS Quality, Inc. (5417). The address of each of the Debtors is 300 RadioShack Circle, Fort Worth, Texas 76102.

<sup>2</sup> Each of the Landlords has one or more leases that have been rejected by the Debtors and unpaid claims for stub rent for use and occupancy of their leased premises from February 5 – February 28, 2015.

1. Since the first day hearing of these Cases, the Landlords have been consistently reassured that their “stub rent” – administrative claims for the Debtors’ use and occupancy of their leased premises from February 5 through February 28 for the purpose of liquidating the collateral of the Debtors’ secured lenders at rejected locations – would be timely paid in full upon the completion of the sale of the Debtors’ assets, thanks to the \$39 million carve-out (the “Salus Carve-Out”) contractually agreed to and provided by Salus Capital Partners LLC (“Salus”). As explained by Debtors’ counsel on February 9, the Salus Carve-Out was necessary to ensure the administrative solvency of these cases, and would be used to pay the Landlords’ stub rent claims.<sup>3 4</sup>

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<sup>3</sup> As discussed in the Committee Objection, the Carve-Out was reaffirmed in a Court approved stipulation extending financing and continuing the use of cash collateral entered into by the Debtors and the SCP Secured Parties (Salus and Cerberus) on June 5, 2015 (D.I. 2339).

<sup>4</sup> At the (continued) first day hearing held February 9, 2015, counsel for the Debtors, Mr. Gordon, explained the critical importance of the Salus Carve-Out and that it would be used for the payment of stub rent claims.

Mr. Gordon: “Also I wanted to address the landlords as well, because although -- well there’s some language that was added particularly for the landlords with respect to the scope of the liens granted and respect of the leases. But I also they raised a concern here in Court today about their rent. And is their rent protected under the budget. And, you know, I did, Your Honor, I thought I should make for the record some comments about the budget. I promised them I would do that and I think it’s appropriate. Anyway and there was a one page budget document attached. I imagine Your Honor saw it; maybe didn’t focus on it too much.

This budget does include a line item that basically provides for the payment of the March rent. That shows up in the other operating disbursements column for the week of March 7th, 2015. So that’s all covered. All the other administrative expenses that we anticipated or projected to occur they’re all covered in this budget through the projection period which is at the end of March. But the other point I wanted to make for Your Honor’s benefit and for the benefit of the landlords as well is that *not only did we focus on this period which we believe is the period that will get us through the sale process, but we also considered the fact that we have accrued and unpaid administrative expenses at the end of that period. And, obviously, we didn’t want to be a position where we were unable to pay those expenses at the end. And there would be some rent in that, let me back up. You have the March rent payment paid on the budget.*

*There’s been the stub rent for February. The stub rent we’ve addressed in connection with what I’m going to talk about now which is these accrued and unpaid expenses. So the negotiations prepetition with the lenders also focus on the fact that we had to get comfortable that accrued and unpaid expenses would be paid. And that was one of the primary reasons, Your Honor, we entered into that DIP support agreement with Salus.*

Pursuant to which Salus agreed to subordinate their \$150 million dollar piece of the term loan behind a projected \$39 million dollars of accrued administrative expenses. So we’d have a waterfall with the DIP lenders, the ABL lenders, Cerberus and Cerberus has a \$100 million first out piece of the term loan, then the \$39 million, then Salus. And so I just wanted the record to reflect that the Debtors, and I think all parties, have been mindful of the fact that we need to provide some assurance as to the administrative solvency of the cases. And we think *we’ve taken that into account in two respects: both in a budget which projects the payment of expenses during the period, and then with the subordination provision which we believe provides*

2. Now, with the liquidation of the Debtors' assets nearly completed, and a proposed plan of liquidation up for confirmation, Salus has moved to convert the Debtors' cases to Chapter 7. Salus ignores the elephant in the room, and provides no details as to how they will comply with their contractual obligation to fund the Salus Carve-Out and provide for the immediate payment of the Landlords' stub rent claims. Instead, Salus proposes to create an entirely new class of Chapter 7 administrative claims that would likely stand ahead of the Landlords' Chapter 11 administrative claims, and threaten both the timing and payment of those stub rent claims.

3. The Salus Conversion Motion should be denied. Having been reassured from the inception of these cases that adequate provision had been made for the payment of their stub rent claims upon the completion of the Debtors' asset sale, Salus should not now be allowed to pull the rug out from under the Landlords and convert these cases to Chapter 7 while conveniently ignoring their contractual obligations.

4. This Court should not allow these cases to be converted to Chapter 7 (if ever), until Salus has completely funded the Salus Carve-Out, and payment of the Landlords' stub rent claims has been completed.

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*good assurance that we'll be able to cover accrued administrative expenses that exist at the end of this budget period.*

Transcript of February 9, 2015 (D.I. 189) at pg. 39-42 (emphasis added).

Wherefore, the Landlords respectfully request that the Court enter an order denying the Motion, and granting such other and further relief as this Court deems just and proper.

Dated: June 18, 2015  
New York, New York

KELLEY DRYE & WARREN LLP

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Weingarten Realty Investors

**CERTIFICATE OF SERVICE**

On June 18, 2015, the *Objection Of Certain Landlords To The Motion Of Salus Capital Partners, LLC To Convert Debtors' Chapter 11 Cases To Cases Under Chapter 7 Of The Bankruptcy Code And Joinder In Objections Thereto* was filed and served via this Court's CM/ECF System.

/s/ Gilbert R. Saydah Jr.  
Gilbert R. Saydah Jr.