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11 **UNITED STATES BANKRUPTCY COURT**
12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
13 **LOS ANGELES DIVISION**

14 In re) Case No. 2:08-bk-13518-SB
15)
16 ESTYLE, INC.,) Chapter 11
17 a Delaware corporation, dba babystyle, Cadeau)
18 and Cadeau Designs,) **REPLY BRIEF OF THE MACERICH**
19 Debtor.) **COMPANY TO PURCHASER’S**
20) **MEMORANDUM IN SUPPORT OF**
21) **FINDING OF ADEQUATE ASSURANCE**
22) **OF FUTURE PERFORMANCE**
23)
24) Date: July 15, 2008
25) Time: 2:00 p.m.
26) Place: Courtroom 1575
27) 255 East Temple Street
28) Los Angeles, CA 90012

19
20 The Macerich Company (“Macerich”) submits this reply brief in response to the
21 Purchaser’s Memorandum in Support of Finding of Adequate Assurance of Future Performance
22 as it relates to Macerich’s two shopping center leases with the Debtor. In support of its Reply,
23 Macerich respectfully represents as follows:

24 1. eStyle, Inc. (the “Debtor”) filed its voluntary petition for relief under Chapter 11
25 of Title 11 of the United States Code on March 19, 2008. The Debtor has continued to operate
26 its business and manage its properties as debtor-in-possession pursuant to 11 U.S.C. §§ 1107(a)
27 and 1108.¹

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¹ Unless otherwise noted, all references to “Section” are to 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”).

1 2. The Debtor leases retail space from Macerich where it continues to operate retail
2 stores as a tenant pursuant to unexpired leases of nonresidential real property (the “Leases”) at
3 Kierland Commons and Scottsdale Fashion Square shopping centers, both of which are located
4 in Scottsdale, Arizona.

5 3. Each of the leases is a “lease of real property in a shopping center” as that term is
6 used in Section 365(b)(3). *See In re Joshua Slocum, Ltd.*, 922 F.2d 1081, 1086-1087 (3rd Cir.
7 1990).

8 4. On or about June 18, 2008, the Debtor filed the Sale Motion.² On July 2, 2008,
9 Macerich filed an objection to the Sale Motion on July 2, 2008 on the basis that the evidence of
10 adequate assurance of future performance by the proposed assignee of the Leases (*i.e.*, the TRS
11 Acquisition Subsidiary, Inc.; “TRS”) did not meet the heightened standards of Sections
12 365(b)(3)(A) – (D). *See* Docket No. 230. Macerich incorporates by this reference its July 2,
13 2008 objection in its entirety.

14 5. TRS was the only bidder for the Debtor’s assets. As such, no auction was
15 conducted on July 8, 2008. Although TRS initially indicated at the July 8, 2008 hearing it would
16 only file its financial information demonstrating adequate assurance of future performance under
17 seal, TRS later agreed to publicly file such information. While Macerich’s counsel received a
18 copy of TRS’s revised financial information on July 10, 2008, it is not clear from the Court’s
19 docket (as of 10:00 a.m. on July 11, 2008) that the TRS’s financial information has been filed.

20 6. The revised financial information provided by TRS does not meet the standard
21 required by Sections 365(b)(3)(A) – (D). Financial information obtained by Macerich at the time
22 the Leases were executed (*see* Exhibit 1 hereto) discloses a financial condition *superior* to that
23 which TRS presents now.

24 7. Macerich reserves the right to present additional evidence and witness testimony
25 in support of its objections, as well as for rebuttal and impeachment of any witness and evidence
26 offered by the Debtor and/or TRS.

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28 ² All terms not otherwise defined herein shall have the meanings ascribed to them in the Sale Motion or Purchase Agreement or the Procedures Order (as defined below).

1 **DECLARATION OF SERVICE**

2 STATE OF CALIFORNIA)
3 COUNTY OF LOS ANGELES) ss

4
5 I am a resident of the State of California, over the age of eighteen years, and not a party
6 to the within action. My business address is Katten Muchin Rosenman LLP, 2029 Century Park
East, Suite 2600, Los Angeles, CA 90067-3012.

7 On July 11, 2008, I served the within document(s): **REPLY BRIEF OF THE**
8 **MACERICH COMPANY TO PURCHASER’S MEMORANDUM IN SUPPORT OF**
9 **FINDING OF ADEQUATE ASSURANCE OF FUTURE PERFORMANCE**

	MAIL: by placing the document listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, addressed as set forth below.
X	BY E-MAIL: I hereby certify that this document was served by e-mail delivery on the parties listed below at their most recent e-mail of record

13 **SEE SERVICE LIST ATTACHED**

14 I am readily familiar with the firm’s practice of collection and processing correspondence
15 for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same
16 day with postage thereon fully prepaid in the ordinary course of business. I am aware that on
17 motion of the party served, service is presumed invalid if postal cancellation date or postage
meter date is more than one day after the date of deposit for mailing in affidavit.

18 (X) (STATE) I declare under penalty of perjury under the laws of the State of California
19 that the foregoing is true and correct.

20 () (FEDERAL) I declare that I am employed in the office of a member of the bar of this
21 court at whose direction the service was made.

22 Executed on July 11, 2008, at Los Angeles, California.

23 /s/ Donna Carolo
24 _____
25 Donna Carolo
26
27
28

1 **SERVICE LIST**

2 **In re eStyle, Inc.**

3 *U.S.B.C., Central District of California, Case No. 2:08-bk-13518-SB*

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19 Office of the United States Trustee 20 Attn: Bruce Schildkraut, Esq. 21 Ernst & Young Plaza 22 725 South Figueroa Street, 26 th Floor 23 Los Angeles, CA 90017 24 E-mail: Bruce.Schildkraut@usdoj.gov 25 26 <i>Office of the United States Trustee</i>	27 Craig G. Margulies, Esq. 28 Ian S. Landsberg, Esq. 29 LANDSBERG MARGULIES LLP 30 16030 Ventura Blvd., Suite 470 31 Encino, CA 91436-2731 32 E-mail: cmargulies@lm-lawyers.com 33 E-mail: ilandsberg@lm-lawyers.com 34 35 <i>Attorneys for Committee of Unsecured 36 Creditors</i>
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EXHIBIT 1

eStyle, Inc. Consolidated Balance Sheet

(Unaudited)

	May-04
Assets	
Current Assets:	
Cash	\$14,096,454
Accounts Receivable	86,232
Inventory, Net	3,504,439
Prepaid	775,356
Total Current Assets	\$18,462,481
Property, Plant & Equipment, Net	1,989,542
Other Assets	169,447
Total Assets	\$20,621,471
 Liabilities And Shareholders' Equity	
Current Liabilities:	
Accounts Payable	1,530,677
Other Current Liabilities	2,419,028
Total Current Liabilities	\$3,949,705
Non-Current Liabilities	123,544
Total Liabilities	\$4,073,249
 Shareholders' Equity:	 \$16,548,222
 Total Liabilities And Shareholders' Equity	 \$20,621,471

Company Confidential