

## Albergotti in Law360 on Toys R Us Chapter 11 Store Closure Delay

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*Law360* quoted Haynes Boone Senior Counsel Robert Albergotti on a Toys R Us plan to evaluate potential store closures as a result of Chapter 11 bankruptcy.

*Law360* [reported](#) that in a grand bargain covering some attorney fees for its commercial landlords, Toys R Us Inc. bought more time to decide which store leases it wants to reject in bankruptcy, creating what some experts say could be a practical template for other large retailers abruptly forced into filing for Chapter 11.

During the same week that Toys R Us unveiled plans to close about 180 stores nationwide by the end of April, the bankrupt retail giant also received more leg room to evaluate shuttering hundreds of other store locations, the report said.

Under an atypical deal approved by a Virginia bankruptcy judge last week, Toys R Us will allocate \$1.3 million to pay the attorney fees and prepetition “additional rent” claims of its landlords, and will also waive any potential preference claims against those same property owners. In return, the company gets the freedom to use much of 2018 to decide the fate of several hundred U.S. store leases and shape what its physical footprint will look like post-bankruptcy. ...

It’s not unusual for insolvent retailers to negotiate with landlords in Chapter 11, but the deal Toys R Us concocted to secure more time to evaluate its extensive lease holdings provides novel consideration to store owners whose leases ultimately get rejected, some practitioners pointed out. The arrangement, which was approved over an objection raised by the U.S. Trustee’s office, could serve as a model for other retail businesses that enter bankruptcy without restructuring plans already in place, some say.

“This is a pretty facile solution to their problem, which I believe is very real,” said Haynes Boone attorney Robert Albergotti. “It’s a fresh and innovative approach to dealing with a very large number of locations.” ...

Excerpted from *Law360*. To read the full article, click [here](#). (Subscription required)