

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	)	
	)	Chapter 11
PARTY CITY HOLDCO INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90005 (DRJ)
Debtors.	)	(Joint Administration Requested)
	)	

**DEBTORS’ OMNIBUS MOTION SEEKING ENTRY OF AN  
ORDER AUTHORIZING THE (I) REJECTION OF CERTAIN EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES AND (II) ABANDONMENT OF CERTAIN  
PERSONAL PROPERTY, IF ANY, EACH EFFECTIVE AS OF THE PETITION DATE**

**THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEYS.**

**PARTIES RECEIVING THIS MOTION SHOULD LOCATE THEIR RESPECTIVE NAMES AND CONTRACTS OR LEASES IN THE SCHEDULES ATTACHED TO THE ORDER AS EXHIBIT A AND EXHIBIT B.**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion:

<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: Party City Holdco Inc. (9758); Amscan Custom Injection Molding, LLC (4238); Amscan Inc. (1359); Amscan Purple Sage, LLC (3514); Am-Source, LLC (8427); Anagram Eden Prairie Property Holdings LLC (8309); Party City Corporation (3692); Party City Holdings Inc. (3029); Party Horizon Inc. (5812); PC Intermediate Holdings, Inc. (1229); PC Nextco Finance, Inc. (2091); PC Nextco Holdings, LLC (7285); Print Appeal, Inc. (5932); and Trisar, Inc. (0659). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 100 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

### **Relief Requested**

1. The Debtors seek entry of an order, substantially in the form attached hereto (the “Order”), (a) authorizing the Debtors to (i) reject certain unexpired leases, including any guaranties thereof and any amendments, modifications, or subleases thereto (each, a “Lease” and, collectively, the “Leases”), for non-residential real property located at the premises (collectively, the “Premises”) set forth on Exhibit A to the Order, (ii) abandon certain equipment, fixtures, furniture, or other personal property (the “Personal Property”) that may be located at the Premises, and (iii) to the extent it is an executory contract, reject the franchise agreement (the “Franchise Agreement” and, collectively with the Leases, the “Contracts and Leases”) set forth on Exhibit B to the Order, in each case, effective as of the Petition Date (as defined herein) and (b) granting related relief.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012 (the “Amended Standing Order”). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent to the entry of a final order by the Court.

3. Venue is proper pursuant to 28 U.S.C. § 1408.

4. The statutory bases for the relief requested herein are sections 365(a) and 554(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rules 6004, 6006, and 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1(b) of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

### **Background**

5. On January 17, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) substantially contemporaneously herewith. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

6. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of David Orlofsky, Chief Restructuring Officer of Party City Holdco Inc., in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed substantially contemporaneously herewith and incorporated herein by reference.<sup>2</sup>

### **Contracts and Leases to Be Rejected**

7. *Leases*. In the ordinary course of business, the Debtors from time to time undertake reviews of their lease portfolio and the performance of each of their stores. As a result of this analysis, the Debtors determined, in their business judgment, that certain of their leases were unnecessary and burdensome to their estates. Consequently, in the lead up to these chapter 11 cases, the Debtors vacated the Premises attached to the Order as Exhibit A. Accordingly, the Debtors seek to reject 28 Leases with such Premises at this time. The Leases are identified and further described on Exhibit A attached to the Order.<sup>3</sup> The Debtors have transferred or sold

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<sup>2</sup> Capitalized terms used but not defined in this motion have the meanings ascribed to them in the First Day Declaration.

<sup>3</sup> The Debtors filed the *Debtors’ Motion for Entry of an Order (I) Authorizing and Approving Procedures to Reject, Assume, or Assume and Assign Executory Contracts and Unexpired Leases, and (II) Granting Related*

substantially all of their inventory located in these store locations, ceased operations, vacated the premises, and abandoned possession and the keys to the respective landlords.

8. *Franchise Agreement.* On May 24, 2010, Debtor Party City Corporation executed a Franchise Agreement with Party City of Whitestone Corporation, a former franchisee (the “Franchisee”) based in Whitestone, New York. The term of the Franchise Agreement was ten (10) years from the date of execution of the Franchise Agreement (unless shortened under the terms thereof), subject to a renewal option conditioned on certain requirements and exercisable by the Franchisee within a specified time period prior to the Franchise Agreement’s termination. The Franchisee did not comply with the conditions required to exercise the renewal option prior to termination of the Franchise Agreement. However, since that time, Party City has permitted the Franchisee to continue to operate its store under the “Party City” name as a “holdover” franchisee and the Franchisee has taken the position that the Franchise Agreement is still in effect. The Franchisee has made certain claims relating to efforts to relocate the store under the terms of the expired Franchise Agreement and amounts he claims are owed under an On-Line Addendum thereto, and demanded to mediate the same. In this context, it is prudent for the Debtors to reject the Franchise Agreement to the extent it is determined to be an executory contract to avoid meritless litigation costs and distractions going forward with respect to the Franchisee.

9. By rejecting the Contracts and Leases at the outset of their chapter 11 cases, the Debtors will shed the related financial burdens and avoid postpetition expenses that are not reasonably likely to provide a tangible benefit to their estates. Absent rejection, the Debtors would be obligated to pay rent under the Leases, even as they cease operations at, and will no longer be

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*Relief* substantially contemporaneously herewith. If granted, such motion would not apply to the Contracts and Leases being rejected under this motion.

in possession of, the stores to which Leases pertain. The Debtors likewise would be obligated to pay their proportionate share of common area expenses, real property taxes, utility costs, insurance, and other related charges associated with certain of the Leases. In addition, the Debtors have reviewed the market value of the Leases and determined, in their business judgment, that marketing the Leases for assignment or sublease to a third party would not generate any significant value for the estates, especially compared to the continued costs associated with maintaining the Premises. Similarly, if the Franchise Agreement is determined to be an executory contract and is not rejected, the Debtors may be required to devote resources such as training and rebates to the Franchisee when they do not wish to continue the franchise arrangement. Accordingly, the Debtors seek the authority to reject the Contracts and Leases effective as of the Petition Date.

**Personal Property to Be Abandoned**

10. To the extent that any Personal Property is located at the Premises, the Debtors will evaluate such remaining Personal Property at the Premises to determine whether (a) the Personal Property is of inconsequential value or (b) the cost of removing and storing the Personal Property for future use, marketing, or sale exceeds its value to the Debtors' estates. Because the Debtors plan to shutter all operations at the Premises, the Personal Property, if any, will no longer be necessary for the administration of the Debtors' estates.

11. Accordingly, to reduce postpetition administrative costs and in the exercise of the Debtors' sound business judgment, the Debtors believe that the abandonment of the Personal Property that may be located at each of the Premises, if any, is appropriate and in the best interests of the Debtors, their estates, and their creditors.

### Basis for Relief

#### **I. The Rejection of the Contracts and Leases Effective as of the Petition Date Is Appropriate and Provides the Debtors with Significant Cost Savings**

12. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the court’s approval, may . . . reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). “This provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” *Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (citing *In re Murexco Petroleum, Inc.*, 15 F.3d 60, 62 (5th Cir. 1994)); *see also Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993) (noting that the purpose of rejection of executory contracts is to permit the debtor in possession to renounce title to and abandon burdensome property). A debtor’s rejection of an executory contract or unexpired lease is ordinarily governed by the “business judgment” standard. *See Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (“It is well established that ‘the question whether a lease should be rejected . . . is one of business judgment.’”) (quoting *Grp. of Institutional Invs. v. Chi., M., St. P. & P. R. Co.*, 318 U.S. 523, 550 (1943)); *see also In re Tex. Sheet Metals, Inc.*, 90 B.R. 260, 264 (Bankr. S.D. Tex. 1988) (“The traditional business judgment standard governs the rejection of ordinary executory contracts.”). The business judgment standard requires a court to approve a debtor’s business decision unless that decision is the product of “bad faith, or whim or caprice.” *See In re Pisces Energy, LLC*, 2009 WL 7227880, at \*6 (Bankr. S.D. Tex. Dec. 21, 2009) (“In the absence of a showing of bad faith . . . the debtor’s business judgment will not be altered.”); *see also In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (quoting *Wheeling-Pittsburgh Steel Corp. v. W. Penn Power Co. (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 849–50 (Bankr. W.D. Pa. 1987)).

13. Rejection of an unexpired lease is appropriate where such rejection would benefit the estate. *See In re Pisces Energy, LLC*, 2009 WL 7227880, at \*6 (“Courts apply the ‘business judgment test,’ which requires a showing that the proposed course of action will be advantageous to the estate and the decision be based on sound business judgment.”); *see also Orion Pictures*, 4 F.3d at 1098–99 (stating that section 365 of the Bankruptcy Code permits a debtor in possession, subject to court approval, to decide which executory contracts would be beneficial to reject). Upon finding that a debtor exercised its sound business judgment in determining that rejection of certain contracts or leases is in the best interests of its creditors and all parties in interest, a court should approve the rejection under section 365(a) of the Bankruptcy Code. *See Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (holding that absent extraordinary circumstances, court approval of a debtor’s decision to assume or reject an executory contract “should be granted as a matter of course”).

14. Rejection of the Contracts and Leases is well within the Debtors’ business judgment and is in the best interest of their estates. The Debtors seek to reject the Contracts and Leases, which they believe are unlikely to provide a net benefit to their estates, in order to avoid the incurrence of any additional, unnecessary expenses related to the Contracts and Leases, the maintenance of the facilities to which the Leases pertain, and litigation related to the Franchise Agreement. Absent rejection, the Leases and, to the extent it is an executory contract, the Franchise Agreement will continue to burden the Debtors’ estates with significant administrative expenses, without sufficient marginal revenue to justify the incurrence of such costs. Rejecting the Contracts and Leases will help increase the Debtors’ liquidity and otherwise facilitate the efficient administration of the Debtors’ estates. The Debtors have also determined that there is no net benefit likely to be realized from efforts to market the Leases for potential assignment or

sublease. Accordingly, to relieve the Debtors of burdensome obligations that would drain resources from their estates, the Debtors seek to reject the Contracts and Leases effective as of the Petition Date.

## **II. The Abandonment of Personal Property Is Appropriate**

15. The abandonment of the Personal Property is appropriate and authorized by the Bankruptcy Code. *See* 11 U.S.C. § 554(a). Section 554(a) provides that “[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a). Courts generally give great deference to a debtor in possession’s decision to abandon property. *See, e.g., In re Vel Rey Props., Inc.*, 174 B.R. 859, 867 (Bankr. D.D.C. 1994) (“Clearly, the court should give deference to the trustee’s judgment in such matters.”). Unless certain property is harmful to the public, once a debtor has shown that it is burdensome or of inconsequential value to the estate, a court should approve the abandonment. *See id.*

16. Before deciding to abandon the Personal Property, if any, the Debtors will determine whether the costs of moving and storing such Personal Property outweigh any benefit of doing so to the Debtors’ estates. Further, any efforts by the Debtors to move or market the Personal Property could unnecessarily delay the Debtors’ surrender of the Premises and the rejection of the Leases. Accordingly, it is in the best interests of the Debtors and their estates for the Debtors to abandon Personal Property located on the Premises.

## **III. The Court Should Deem the Contracts and Leases Rejected as of the Petition Date**

17. Section 365 of the Bankruptcy Code does not restrict a bankruptcy court from applying rejection retroactively. *See, e.g., In re Amber’s Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (finding that “nothing precludes a bankruptcy court, based on the equities of the

case, from approving” retroactive rejection); *In re Romacorp, Inc.*, 2006 WL 6544088, at \*4 (Bankr. N.D. Tex. Feb. 2, 2006) (“This court is not alone in allowing retroactive rejection of unexpired leases; in fact, a number of other courts around the country have recognized this equitable practice.”) (collecting cases); *Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.)*, 392 F.3d 1064, 1065–71 (9th Cir. 2004) (affirming bankruptcy court’s approval of retroactive rejection), *cert. denied*, 546 U.S. 814 (2005).

18. Here, the balance of equities favors rejection of the Contracts and Leases effective as of the Petition Date. Without such relief, the Debtors will potentially incur unnecessary administrative expenses related to the Contracts and Leases—agreements that provide no benefit to the Debtors’ estates in light of the rent and related charges the Debtors are obligated to pay thereunder. *See* 11 U.S.C. § 365(d)(3). The landlords of the Leases and the Franchisee will not be unduly prejudiced if the rejection is deemed effective as of the Petition Date. Further, the landlords, the Franchisee, and, where applicable, their respective counsel are receiving notice of the Debtors’ intention to reject the Contracts and Leases by service of this motion. The Debtors have sought the relief requested at the earliest possible moment in these chapter 11 cases and do not seek to reject the Contracts and Leases effective as of the Petition Date due to any undue delay on their own part. Based on this factual record, no party can assert that the Debtors seek to write any “revisionist history.” *Roman Cath. Archdiocese of San Juan, P.R. v. Acevedo Feliciano*, 140 S. Ct. 696, 701 (2020) (“Federal courts may issue *nunc pro tunc* orders, or ‘now for then’ orders, . . . to ‘reflect the reality’ of what has already occurred” but not as a “vehicle for . . . creating ‘facts’ that never occurred”) (internal citations omitted). Accordingly, the Debtors respectfully request that the Court deem the Contracts and Leases identified on Exhibit A and Exhibit B attached to the Order rejected effective as of the Petition Date.

**Waiver of Bankruptcy Rules 6004(a) and 6004(h)**

19. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

20. Nothing contained herein is intended to be or should be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

**Notice**

21. The Debtors will provide notice of this motion to the following parties or their respective counsel: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) JPMorgan Chase Bank, N.A., as Prepetition ABL Agent, and counsel thereto, Simpson Thacher & Bartlett LLP, 425 Lexington Ave., New York, NY 10017; (d) counsel to the Ad Hoc Noteholder Group, Davis Polk & Wardwell LLP, 450 Lexington Ave., New York, NY 10017; (e) Ankura Trust Company, LLC, as First Lien Notes Trustee, 140 Sherman St., 4th Fl., Fairfield, CT 06824; (f) Wilmington Trust, National Association, as Unsecured Notes Trustee, 246 Goose Ln., Ste. 105, Guilford, CT 06437; (g) counsel to the Ad Hoc Group of Anagram Noteholders, Milbank LLP, 55 Hudson Yards, New York, NY 10001; (h) Ankura Trust Company, LLC, as agent under the DIP Facility, 140 Sherman St., 4th Fl., Fairfield, CT 06824, and counsel thereto, Chapman and Cutler LLP, 1270 Avenue of the Americas, New York, NY 10020; (i) the United States Attorney's Office for the Southern District of Texas; (j) the Internal Revenue Service; (k) the United States Securities and Exchange Commission; (l) the state attorneys general for states in which the Debtors conduct business; (m) other regulatory agencies having a regulatory or statutory interest in these cases; (n) counterparties to the Contracts and Leases; and (o) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of page intentionally left blank]*

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

January 18, 2023

Respectfully submitted,

By: /s/ John F. Higgins

**PORTER HEDGES LLP**

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*Proposed Counsel to the Debtors and  
the Debtors in Possession*

**Certificate of Service**

I certify that on January 18, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

*/s/ John F. Higgins*

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John F. Higgins

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

	)	
In re:	)	Chapter 11
	)	
PARTY CITY HOLDCO INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90005 (DRJ)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	<b>Re: Docket No. ___</b>

**ORDER AUTHORIZING THE (I) REJECTION OF CERTAIN EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES AND (II) ABANDONMENT OF CERTAIN  
PERSONAL PROPERTY, IF ANY, EACH EFFECTIVE AS OF THE PETITION DATE**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) (a) authorizing the Debtors to (i) reject the Leases set forth on Exhibit A attached to the Order, (ii) abandon the Personal Property that may be located at each of the Premises, if any, and (iii) reject the Franchise Agreement set forth on Exhibit B attached to the Order, each effective *nunc pro tunc* to the Petition Date, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended Standing Order; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this

<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: Party City Holdco Inc. (9758); Amscan Custom Injection Molding, LLC (4238); Amscan Inc. (1359); Amscan Purple Sage, LLC (3514); Am-Source, LLC (8427); Anagram Eden Prairie Property Holdings LLC (8309); Party City Corporation (3692); Party City Holdings Inc. (3029); Party Horizon Inc. (5812); PC Intermediate Holdings, Inc. (1229); PC Nextco Finance, Inc. (2091); PC Nextco Holdings, LLC (7285); Print Appeal, Inc. (5932); and Trisar, Inc. (0659). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 100 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. Each of the Leases set forth on Exhibit A attached to the Order is rejected pursuant to section 365 of the Bankruptcy Code effective as of the Petition Date.

2. The Franchise Agreement set forth on Exhibit B attached to the Order, to the extent not already terminated in accordance with its applicable terms, is rejected pursuant to section 365 of the Bankruptcy Code effective as of the Petition Date.

3. Nothing herein shall prejudice any party's rights to assert that the Franchise Agreement is not, in fact, executory within the meaning of section 365 of the Bankruptcy Code.

4. The Debtors are authorized to abandon any Personal Property located on the Premises free and clear of all liens, claims, encumbrances, interests, and rights of third parties, and all such property is deemed abandoned as of the Petition Date. The applicable counterparty to each Lease may utilize or dispose of such Personal Property in its sole and absolute discretion without further notice or liability to any party claiming an interest in such abandoned property. The automatic stay, to the extent applicable, is modified to allow for such utilization or disposition.

5. The counterparty to each Lease and the Franchise Agreement must file a proof of claim, if at all, on or before the later of (a) the deadline for filing proofs of claim established in these chapter 11 cases and (b) thirty (30) days after the entry of this Order, or else be forever barred.

6. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in the Motion or this Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

7. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

8. Notice of the Motion as provided therein is hereby deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

11. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Houston, Texas

Dated: \_\_\_\_\_, 2023

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UNITED STATES BANKRUPTCY JUDGE

**Exhibit A**

**Leases**

Store ID	Description of Original Lease <sup>1</sup>	Current Debtor Counterparty	Current Lessor Counterparty	Lessor Counterparty Address	Property Address	Effective Date of Rejection
1128	Lease, dated as of November 13, 2009, between Rex Radio and Television, Inc. and Erwin Distributing Company Inc.	Party City Corporation	4151 Sunset San Angelo Ltd	Endeavor Real Estate Group 500 W 5 <sup>th</sup> St. Austin, TX 78701 Attn: Buck Cody	4151 Sunset Dr. San Angelo, TX 76904	01/17/2023
966	Lease Agreement by and between Federal Construction, Inc. and Party City Corporation	Party City Corporation	Brixmor Elmhurst Crossing LLC	c/o Brixmor Property Group Inc. 450 Lexington Ave., 13 <sup>th</sup> Fl. New York, NY 10017 Attn: Legal Dept.	Elmhurst Crossing Shopping Center 209 S Rte. 83 Elmhurst, IL 60126	01/17/2023
5137	Lease, dated December 22, 1997, by and between Bradley Financing Partnership and Factory Card Outlet of America, Ltd.	Party City Corporation	Brixmor Heritage Square	c/o Brixmor Property Group 450 Lexington Ave., 13 <sup>th</sup> Fl. New York, NY 10017 Attn: Legal Dept.	Heritage Square 428 S Rte. 59 Naperville, IL 60540	01/17/2023
960	Lease Agreement by and between Coliseum Crossing Associates, L.L.C. and Party City Corporation	Party City Corporation	Coliseum Crossing Associates, L.L.C.	41 Old Oyster Point Road, Ste. A Newport News, VA 23602 Attn: Bradford Brown	Coliseum Crossing Shopping Center 17 Coliseum Crossing Hampton, VA 23666	01/17/2023
1055	Lease to P.M. Parties, Inc. dated August 19, 1997	Party City Corporation	Columbia Place Mall SC LLC	c/o Moonbeam Leasing & Management LLC 9101 Alta Dr., Ste. 1801 Las Vegas, NV 89145 Attn: Shawl Pryor	Columbia Place Mall 7045 Parklane Rd., Ste. A Columbia, SC 29223	01/17/2023
5290	Lease between Developers Diversified Realty Corporation and Factory Card	Party City Corporation	Del Prado Retail Partners, LLC	1502 B Del Prado Blvd. S. Cape Coral, FL 33990	Del Prado Shopping Center 1420 Del Prado Blvd. Cape Coral, FL 33990	01/17/2023

<sup>1</sup> For the avoidance of doubt, the Leases referenced herein include any guaranties thereof and any amendments, modifications, or subleases thereto.

Store ID	Description of Original Lease <sup>1</sup>	Current Debtor Counterparty	Current Lessor Counterparty	Lessor Counterparty Address	Property Address	Effective Date of Rejection
	Outlet of America, Ltd.					
6047	Lease between The Big Party Corporation and T. A. Demoulas, Trustee of Delta & Delta Realty Trust	Party City Corporation	Delta MB LLC	875 East St. Tewksbury, MA 01876 Attn: Charbel Dahbour	South Gate Plaza 261 Daniel Webster Hwy. Nashua, NH 03060	01/17/2023
1094	Lease and Agreement between Commercial Net Lease Realty, Inc. and Dick's Clothing & Sporting Goods, Inc.	Party City Corporation	Dick's Sporting Goods, Inc.	345 Court St. Coraopolis, PA 15108 Attn: Kristen Boscarin	5216 Campbell Blvd. Nottingham, MD 21236	01/17/2023
920	Lease Agreement by and between MGP XI Properties, LLC and Party City Corporation	Party City Corporation	Dollinger Golden Valley LLC	555 Twin Dolphin Dr., Ste. 600 Redwood City, CA 94065 Attn: Lease Administrator	The Plaza at Golden Valley 19037 Golden Valley Rd. Santa Clarita, CA 91387	01/17/2023
933	Lease Agreement by and between DSM MC II LLC and Party City Corporation	Party City Corporation	DSM MB II LLC	875 East St. Tewksbury, MA 01876 Attn: Leasing	The Point 350 Constitution Ave. Littleton, MA 01460	01/17/2023
1113	Lease Agreement between Ford Madison and Barbara Madison, d/b/a The Village on Bell and Erwin Distributing Co., Inc. d/b/a Card & Party Factory	Party City Corporation	E Scott Family	7420 Golden Pond Pl., Ste. 100 Amarillo, TX 79121 Attn: Madison Scott	The Village on Bell Shopping Center 3339 Bell St. Amarillo, TX 79106	01/17/2023
570	Lease Agreement by and between Front Range Retail Company,	Party City Corporation	Front Range Retail Company, L.L.C.	c/o RPT Properties 19 W 44 <sup>th</sup> St., Ste. 1002 New York, NY 10036 Attn: Tim Collier	Front Range Village 2924 Council Tree, Ste. 106 Fort Collins, CO 80525	01/17/2023

Store ID	Description of Original Lease <sup>1</sup>	Current Debtor Counterparty	Current Lessor Counterparty	Lessor Counterparty Address	Property Address	Effective Date of Rejection
	L.L.C. and Party City Corporation					
918	Lease Agreement by and between Hemet Valley Center, LP and Party City Corporation	Party City Corporation	Hemet Valley Center, LP	c/o 3d Investment 468 N. Camden Dr., Ste. 300 Beverly Hills, CA 90210	Hemet Valley Center 3629 W Florida Ave. Hemet, CA 92545	01/17/2023
459	Lease Agreement by and between Huntington Oaks Associates and Party City Corporation	Party City Corporation	Huntington Oaks Delaware Partners, LLC	c/o Festival Management Corporation 5901 W. Century Blvd., Ste. 700 Los Angeles, CA 90045 Attn: Robin Bhalla	Huntington Oaks Shopping Center 622 West Huntington Dr. Monrovia, CA 91016	01/17/2023
449	Lease Agreement by and between Investment Bankers, Ltd. and Party City Corporation	Party City Corporation	Investment Bankers, Ltd.	P.O. Box 49995 Los Angeles, CA 90049 Attn: Karin Knorr	Tower Plaza 1692 Arden Way Sacramento, CA 95815	01/17/2023
1098	Shopping Center Lease by and between I-81 Hollycock, LLC and Party City of Hagerstown, Inc.	Party City Corporation	KRG Hagerstown, L.L.C.	c/o Kite Realty Group 30 S Meridian St., St. 1100 Indianapolis, IN 46204 Attn: Ann Smith	The Shoppes at Hagerstown 18061 Garland Groh Blvd. Hagerstown, MD 21740	01/17/2023
96861	Lease between RA 80 Grasslands Road LLC and Amscan Inc.	Amscan Inc.	Lewiston Realty Holdings, LLC	c/o Lewiston Development, LLC 886 Belmont Ave., Ste. B North Haledon, NJ 07058	80 Grasslands Rd. Elmsford, NY 10523	01/17/2023
921	Lease Agreement by and between M & H Realty Partners VI L.P. and Party City Corporation	Party City Corporation	M & H Realty Partners VI L.P.	425 California St., Fl. 10 San Francisco, CA 94104 Attn: Lease Administration, Delta Shores, Unit #302-10	Delta Shores Regional Shopping Center 8222 Delta Shores Cir. S Sacramento, CA 95832	01/17/2023

Store ID	Description of Original Lease <sup>1</sup>	Current Debtor Counterparty	Current Lessor Counterparty	Lessor Counterparty Address	Property Address	Effective Date of Rejection
934	Lease Agreement by and between Marinita-Sage Rancho, LLC and Party City Corporation	Party City Corporation	Marinita-Sage Rancho, LLC	c/o Marinita Development Company 3835 Birch St. Newport Beach, CA 92660	300 S. Highland Springs Ave. Banning, CA 92220	01/17/2023
5507	Lease Agreement by and between Ordnance Associates, LLC and Party City Corporation	Party City Corporation	Ordnance Associates LL	c/o Edward N. Eden 314 Fifth Ave. New York, NY 10001	Ordnance Plaza 585 E. Ordnance Rd. Glen Burnie, MD 21060	01/17/2023
437	Lease Agreement by and between Trabuco Hills Center Ltd. and Party City Corporation	Party City Corporation	Pacific Castle Properties II, LLC and Pacific Trabuco Power Center II, LLC	2601 Main St., Ste. 900 Irvine, CA 92614 Attn: Legal Dept.	Trabuco Hills Center 27835 Santa Margarita Pkwy. Mission Viejo, CA 92691	01/17/2023
90060	Lease by and between Plymouth 848 LLC and Party City Corporation	Party City Corporation	Plymouth 848 LLC	38099 Schoolcraft, Ste. 101 Livonia, MI 48150	41100 Plymouth Rd. Plymouth, MI 48170	01/17/2023
668	Lease Agreement by and between Jenasaqua Realty Holding Corp. and Party City Corporation	Party City Corporation	POM Melville LLC	c/o Pomegranate RE 123 Coulter Ave., Ste. 100 Ardmore, PA 19003 Attn: Michael Willner	Melville Plaza 610 Rte. 110 Broadhollow Rd. Melville, NY 11747	01/17/2023
5226	Lease dated January 2, 1997 between Richmond Enterprises, LLC and Factory Card Outlet of America, Ltd.	Party City Corporation	Richmond Enterprises, LLC	803 Commonwealth Dr. Warrendale, PA 15086 Attn: James Libby	East Gateway Center 4615 E Main St. Richmond, IN 57374	01/17/2023
822	Lease between Porter's Vale Partners, LLC and Office Depot, Inc.	Party City Corporation	SP Porters Vale LLC	c/o Berengaria Development LLC 301 N Broadway, Ste. 300 Milwaukee, WI 53202 Attn: Lease Administration	Porter's Vale Shopping Center 6101 Porters Vale Blvd. Valparaiso, IN 46383	01/17/2023

Store ID	Description of Original Lease <sup>1</sup>	Current Debtor Counterparty	Current Lessor Counterparty	Lessor Counterparty Address	Property Address	Effective Date of Rejection
685	Lease Agreement by and between University Outparcel, LLC and Party City Corporation	Party City Corporation	University Place Improvements Owner LLC	c/o DLC Management Corp. 565 Taxter Rd. Elmsford, NY 10523 Attn: Christopher Ressa	University Place Shopping Center 1300 E Main St. Carbondale, IL 62901	01/17/2023
592	Rancho San Diego Towne Center Lease Agreement between Vestar California XVII, L.L.C. and Party City Corporation	Party City Corporation	Vestar California XVII, L.L.C.	c/o Vestar Development Co. 2425 E Camelback Rd., Ste. 750 Phoenix, AZ 85016 Attn: President	2883 Jamacha Rd., Ste. 12-E El Cajon, CA 92019	01/17/2023
6073	Indenture of Lease dated July 5, 2012, by and between Waltham Ventures, LLC and iParty Retail Stores Corp.	Party City Corporation	Waltham Ventures, LLC	P.O. Box 337 Topsfield, MA 01983	1036 Main Street Waltham, MA 02451	01/17/2023

**Exhibit B**

**Franchise Agreement**

Description of Franchise Agreement <sup>1</sup>	Debtor Counterparty	Non-Debtor Counterparty	Non-Debtor Counterparty Address	Property Address	Effective Date of Rejection
Party City Franchise Agreement by and between Party City Corporation and Party City of Whitestone Corporation	Party City Corporation	Party City of Whitestone Corporation	7 Kenmore Rd. Douglaston, NY 11363 Attn: Richard Tinari	30-10 Whitestone Expy. Whitestone, NY 11345	01/17/2023

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<sup>1</sup> For the avoidance of doubt, the Franchise Agreement referenced herein includes any amendments or modifications thereto.