

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*,  
R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

**APPLICATION RECORD**

February 27, 2025

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors

1 First Canadian Place

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Lawyers for the Applicant

**TO: THE SERVICE LIST**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*,  
R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

<b>SERVICE LIST (as at February 27, 2025)</b>	
<b>Amscan Canada Inc.</b> c/o Gowling WLG (Canada) LLP 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, ON M5X 1G5	<b>John Capela</b> Vice President
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<b>Albert Gelman Inc.</b> 250 Ferrand Dr., Suite 403, Toronto, Ontario M3C 3G8  Proposed Liquidator	<b>Adam Zeldin</b> Tel: 416-504-1650 Email: azeldin@albertgelman.com
<b>GOVERNMENT</b>	
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## **E-Service List**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*,  
R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

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Court File. No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

**NOTICE OF APPLICATION**

AMSCAN CANADA INC (the “**Applicant**”) will make an application to a judge presiding over the Commercial List on March 10, 2025, or as soon as after that time as the application can be heard at 330 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario.

**THIS APPLICATION IS FOR:**

1. An order substantially in the form of the draft order attached hereto as Schedule “**A**” (the “**Appointment Order**”) for various relief, including:
  - a. if necessary, abridging the time for service and validating service of this Notice of Application and Application Record;
  - b. winding up the Applicant;
  - c. appointing Albert Gelman Inc. (“**AGI**”) as liquidator (in such capacities, the “**Liquidator**”), without security, for the purpose of winding up Amscan Canada;

- d. an order substantially in the form of the draft order attached hereto as Schedule “B” (the “**Claims Solicitation and Bar Order**”) setting out a claims process and claims bar date, including:
- e. authorizing and directing the Proposed Liquidator to implement a claims solicitation and claims bar procedure; and,
- f. such further and other relief as to this Court may seem just.

**THE GROUNDS FOR THE APPLICATION ARE:**

1. The Applicant is a private company duly incorporated pursuant to the laws of the Province of Ontario. The Applicant’s registered head office is located at 100 King Street West, 1 First Canadian Place Suite 1600, Toronto, Ontario.
2. The Applicant is part of the Party City group of companies (the “**PC Group**”) and operated in the party goods industry.
3. Party City Holdings Inc. (“**PC Holdings**”), another company in the PC Group, is Amscan Canada’s sole shareholder.
4. On December 21, 2024, PC Holdings and other companies in the PC Group filed for bankruptcy in the United States under Chapter 11, Title 11 of the United States Code (“**Chapter 11 Bankruptcy**”). The Applicant did not file for Chapter 11 Bankruptcy with the other PC Group companies.

5. On or about December 2, 2024, the Applicant terminated all of its employees and ceased all operations.
6. PC Holdings, as the Applicant's sole shareholder, has passed a special resolution requiring the winding up of the Applicant.
7. The Board of Directors of the Applicant have indicated their intention to resign and do not wish to undertake the winding up of the Applicant.
8. The Applicant seeks the appointment of AGI as court-appointed Liquidator to, among other things:
  - a. implement a claims solicitation process to determine and resolve any outstanding liabilities of the Company to third parties;
  - b. liquidate any assets of the Company; and,
  - c. complete the wind-up and dissolution of the Company, or if appropriate, determine if the Company should be assigned into bankruptcy;
9. AGI has consented to act as liquidator if appointed by this Court;
10. It is just and equitable that the Company should be wound up;
11. Sections 207(b)(iv), 207(c), 208(1), 209, and 210 of the *Business Corporations Act*;
12. Section 108(2)(1)(xi) of the *Court of Justices Act*;

13. Rules 2.03, 3.02, 14.05(2) 16.08 and 38 of the *Rules of Civil Procedure*; and

14. Such further and other grounds as the lawyers may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Application:

1. The Affidavit of Kevin Trolaro, to be affirmed; and
2. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

February 25, 2025

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**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

Court File No. \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF APPLICATION**

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Lawyers for the Applicant Creditor

Court File. No. CV-25-00737796-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	MONDAY, THE 10 <sup>th</sup>
	)	
JUSTICE _____	)	DAY OF MARCH, 2025

**IN THE MATTER OF AN APPLICATION UNDER SECTION 207 OF THE  
*BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED;***

**ORDER  
(appointing Liquidator)**

**THIS APPLICATION** made by the Applicant for an Order pursuant to section 207 of the *Business Corporations Act*, R.S.O., 1990, c. B-16, as amended (the "**BCA**"), appointing Albert Gelman Inc. ("**AGI**") as liquidator (in such capacity, the "**Liquidator**") without security, of all of the assets, undertakings and properties (the "**Property**") of Amscan Canada Inc. (collectively, the "**Company**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Application, the Affidavit of Kevin Trolaro and the exhibits thereto, and on hearing the submissions of counsel for the Applicant, and on reading the consent of AGI to act as the Liquidator, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NTD] sworn [NTD], filed.

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

## WINDING UP AND APPOINTMENT OF LIQUIDATOR

2. **THIS COURT ORDERS** that the Company shall be wound up pursuant to sections 207(1)(c) of the BCA.

3. **THIS COURT ORDERS** that pursuant to sections 207 and 210 of the BCA, AGI is hereby appointed Liquidator, without security, of all the Property with the powers set forth herein and those set forth in Part XVI of the BCA.

## LIQUIDATOR'S POWERS

4. **THIS COURT ORDERS** that in addition to all the powers provided in Part XVI of the BCA, the Liquidator is empowered and authorized, but not obligated, to act at once in respect of the Property and, without limiting the generality of the foregoing, empowered and authorized to do any of the following where the Liquidator considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Company;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise

of the Liquidator's powers and duties, including without limitation those conferred by this Order;

- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- (f) to settle, extend or compromise any indebtedness owing to the Company;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Liquidator's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Liquidator, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Liquidator in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$5,000.00, provided that the aggregate consideration for all such transactions does not exceed \$50,000.00; and

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- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Liquidator deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Liquidator deems advisable;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Liquidator, in the name of the Company;
- (o) to exercise any shareholder, partnership, joint venture or other rights which the Company may have;
- (p) to apply to the Court for an order dissolving the Company; and
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Liquidator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Company, and without interference from any other Person.

**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE LIQUIDATOR**

5. **THIS COURT ORDERS** that (i) the Company, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Liquidator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Liquidator, and shall deliver all such Property to the Liquidator upon the Liquidator's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Liquidator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Liquidator due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Liquidator for the purpose of allowing the Liquidator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Liquidator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Liquidator. Further, for the purposes of this paragraph, all Persons shall provide the Liquidator with all such assistance in

gaining immediate access to the information in the Records as the Liquidator may in its discretion require including providing the Liquidator with instructions on the use of any computer or other system and providing the Liquidator with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE LIQUIDATOR**

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Liquidator except with the written consent of the Liquidator or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE COMPANIES OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Company or the Property shall be commenced or continued except with the written consent of the Liquidator or with leave of this Court and any Proceedings currently under way against or in respect of the Company or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO INTERFERENCE WITH THE LIQUIDATOR**

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Company, without written consent of the Liquidator or leave of this Court.

#### **CONTINUATION OF SERVICES**

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Company or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Company are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Liquidator, and that the Liquidator shall be entitled to the continued use of the Company's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in

each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Liquidator in accordance with normal payment practices of the Company or such other practices as may be agreed upon by the supplier or service provider and the Liquidator, or as may be ordered by this Court.

#### **LIMITATION ON THE LIQUIDATOR'S LIABILITY**

12. **THIS COURT ORDERS** that the Liquidator shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Liquidator by Part XVI of the BCA or by any other applicable legislation.

#### **LIQUIDATOR'S ACCOUNTS**

13. **THIS COURT ORDERS** that the Liquidator and counsel to the Liquidator shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Liquidator and counsel to the Liquidator shall be entitled to and are hereby granted a charge (the "**Liquidator's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Liquidator's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

14. **THIS COURT ORDERS** that the Liquidator and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Liquidator and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

15. **THIS COURT ORDERS** that prior to the passing of its accounts, the Liquidator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Liquidator or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## SERVICE AND NOTICE

16. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<http://www.albertgelman.com/corporate-solutions/other-engagements/>’.

17. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Liquidator is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Companies creditors or other interested parties at their respective addresses as last shown on the records of the Companies and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## GENERAL PROVISIONS

18. **THIS COURT ORDERS** that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder or for such further order or orders as it considers necessary or desirable to amend, supplement or replace this Order.

19. **THIS COURT ORDERS** that nothing in this Order shall prevent the Liquidator from acting as a trustee in bankruptcy of the Companies.

20. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give

effect to this Order and to assist the Liquidator and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order.

21. **THIS COURT ORDERS** that the Liquidator be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Liquidator is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

22. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Liquidator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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Court File No. CV-25-00737796-00CL

Amscan Canada Inc.  
Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT  
TORONTO

**ORDER  
(appointing Liquidator)**

**GOWLING WLG (CANADA) LLP**

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Lawyers for the Applicant

Court File. No. CV-25-00737796-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	MONDAY, THE 10 <sup>th</sup>
	)	
JUSTICE _____	)	DAY OF MARCH, 2025

**IN THE MATTER OF AN APPLICATION UNDER SECTION 207 OF THE  
*BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED;***

**AND IN THE MATTER OF THE LIQUIDATION OF AMSCAN CANADA INC.**

**ORDER**

**(Claims Solicitation Procedure and Bar Order)**

**THIS APPLICATION**, made by the Applicant for, among other things, an order approving and establishing a procedure for the identification, resolution and barring of certain claims against Amscan Canada Inc. (the “**Company**”), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Application, the Affidavit of Kevin Trolaro and the Factum of the Applicant, **AND ON HEARING** the submissions of the lawyers for the Applicant, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NTD] sworn [NTD], filed.

**DEFINITIONS**

1. **THIS COURT ORDERS** that the following terms in this Order shall have the following meanings ascribed to them:

- (a) “**Appointment Date**” means the date of the Appointment Order;
- (b) “**Appointment Order**” means the Order of [NTD] dated [NTD];

- (c) “**Business Day**” means a day which is not: (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;
- (d) “**Claim**” means (i) any right or claim of any Person that may be asserted or made in whole or in part against the Company, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Appointment Date, together with any other rights or claims, whether or not asserted, made after the Appointment Date, in any way, directly or indirectly related to any action taken or power exercised prior to the Completion Date; and (ii) any Tax Claim, and does not include an Excluded Claim;
- (e) “**Claims Bar Date**” means 5:00 p.m. (Eastern Standard Time) on [NTD], or such later date as may be ordered by this Court;
- (f) “**Claims Procedure**” means the claims solicitation procedure and schedules set out herein, as may be amended from time to time;
- (g) “**Court**” means the Ontario Superior Court of Justice (Commercial List);

- (h) “**Creditor**” means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;
- (i) “**Designated Newspapers**” means the National Post (National Edition) and the Toronto Star;
- (j) “**Dollars**” or “**\$**” means lawful money of Canada unless otherwise indicated;
- (k) “**Excluded Claim**” means, subject to further order of this Court, (a) any claims of the Liquidator and its counsel; and (b) any claims for amounts due for goods or services actually supplied to the Company on or after the Appointment Date; and,
- (l) “**Instruction Letter**” means the instruction letter to Creditors, in substantially the form attached hereto as Schedule “A”, regarding completion of a Proof of Claim;
- (m) “**Liquidator**” means Albert Gelman Inc. in its capacity as court-appointed Liquidator of the Company and not in its personal capacity;
- (n) “**Newspaper Notice**” means the notice of this Order to be published in the Designated Newspapers in accordance with paragraph 5 of this Order in substantially the form attached hereto as Schedule “D”;
- (o) “**Notice of Revision or Disallowance**” means the notice substantially in the form attached hereto as Schedule “C”;
- (p) “**Notice of Dispute**” means a notice given by a Creditor to the Liquidator advising the Liquidator of the Creditor's objection to the Liquidator's Notice of Revision or Disallowance;
- (q) “**OBCA**” means the Business Corporations Act, R.S.O. 1990, c. B.16, as amended;
- (r) “**OBCA Proceeding**” means the within proceeding before the Court in respect of the Company commenced pursuant to the OBCA;
- (s) “**Order**” means any order of the Court in connection with the OBCA Proceeding;

- (t) **“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;
- (u) **“Proof of Claim”** means the form to be completed and filed by a Creditor setting forth its proposed Claim, substantially in the form attached hereto as Schedule “B”;
- (v) **“Proof of Claim Document Package”** means a document package which shall include a copy of the Instruction Letter, a Proof of Claim or Pre-filled Proof of Claim, and such other materials as the Liquidator may consider appropriate or desirable;
- (w) **“Tax”** or **“Taxes”** means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount;
- (x) **“Taxing Authorities”** means His Majesty the King, His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority, and **“Taxing Authority”** means any one of the Taxing Authorities; and,
- (y) **“Tax Claim”** means any Claim against the Company for any Taxes in respect of any taxation year or period ending on or prior to the Appointment Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Appointment Date, and up to and including the Appointment Date.

**SERVICE**

2. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

**NOTICE OF CLAIMS**

3. **THIS COURT ORDERS** that the Liquidator is authorized and directed to send a copy of the Proof of Claim Document Package to each Creditor that it is aware of and the Canada Revenue Agency and any similar revenue or Taxing Authority in Ontario, by ordinary mail, email or facsimile transmission, which method shall be at the sole and unfettered discretion of the Liquidator, as soon as is practicable after the date of this Order.

4. **THIS COURT ORDERS** that the Liquidator shall cause the Proof of Claim Document Package to be posted on the Liquidator's website, as soon as is practicable after the Appointment Date, until the expiry of the Claims Procedure.

5. **THIS COURT ORDERS** that the Liquidator shall dispatch by ordinary mail, courier or email, as soon as practicable, following receipt of a request therefore, a copy of the Proof of Claim Document Package to any Person claiming to be a Creditor and requesting such material.

**PUBLICATION OF NEWSPAPER NOTICE**

6. **THIS COURT ORDERS** that as soon as practicable after the date of this Order, the Liquidator shall publish the Newspaper Notice in the Designated Newspapers.

7. **THIS COURT ORDERS** that the Newspaper Notice be and is hereby approved.

**NOTICE SUFFICIENT**

8. **THIS COURT ORDERS** that the publication of the Newspaper Notice and the mailing to the Creditors of the Proof of Claim Document Package in accordance with the requirements of this Order shall constitute good and sufficient service and delivery of notice of this Order and the Claims Bar Date on all Persons who may be entitled to receive notice and who may wish to assert

Claims and that no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Order.

#### **FILING OF PROOFS OF CLAIM**

9. **THIS COURT ORDERS** that, except as otherwise provided herein, each Creditor that asserts a Claim against the Company shall file a written Proof of Claim so as to be received by the Liquidator on or before the Claims Bar Date, by registered mail, personal delivery, courier or e-mail.

10. **THIS COURT ORDERS** that a Proof of Claim shall be deemed timely filed only if mailed or delivered by registered mail, personal delivery, courier or email so as to be actually received by the Liquidator on or before the Claims Bar Date.

#### **CLAIMS BAR**

11. **THIS COURT ORDERS** that any Creditor that does not file a Proof of Claim in respect of a Claim in accordance with this Order on or before the Claims Bar Date, shall: (a) be forever barred, estopped and enjoined from asserting or enforcing any Claim (or filing a Proof of Claim with respect to such Claim) against the Company and such Claim shall be forever extinguished; (b) not be entitled to participate in or receive any distribution in the OBCA Proceeding on account of any such Claim; and (c) shall not be entitled to notice of any further matters in the OBCA Proceeding.

#### **DETERMINATION OF CLAIMS**

12. **THIS COURT ORDERS** that the Liquidator shall review each Proof of Claim received by the Claims Bar Date, and shall either accept, revise or reject the amount claimed for purposes of distribution.

13. **THIS COURT ORDERS** that if the Liquidator disputes the amount of a Claim set forth in a Proof of Claim, the Liquidator may attempt to consensually resolve the amount of the Claim with the Creditor, and/or send a Notice of Revision or Disallowance to the Creditor by no later than 21 days after the Claims Bar Date.

14. **THIS COURT ORDERS** that if the Liquidator does not deliver a Notice of Revision or Disallowance in accordance with this Order, with respect to the value of a Claim, then, subject to further order of this Court, such a Proof of Claim shall be deemed to be accepted as final and binding.

15. **THIS COURT ORDERS** that any Creditor who receives a Notice of Revision or Disallowance and who objects to same, shall deliver to the Liquidator a Notice of Dispute within 15 days of the issuance of the Notice of Revision or Disallowance, or, if the Creditor does not deliver the Notice of Dispute within such time, the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

16. **THIS COURT ORDERS** that any Creditor who delivers a Notice of Dispute to the Liquidator in accordance with this Order, shall, unless otherwise agreed by the Liquidator in writing, by no later than 5:00 p.m. on the day that is 15 days after the service of the Notice of Dispute, serve, and file with this Court, a Notice of Motion seeking to appeal the Liquidator's determination, returnable on a date to be fixed by this Court, and in any event, no later than 30 days from the date of the service of the Notice of Dispute. If an appeal is not filed within such period, then the Notice of Revision and Disallowance shall, subject to further order of this Court, be deemed to be final and binding.

17. **GENERAL PROVISIONS**

18. **THIS COURT ORDERS** that the Liquidator is authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim and Notices of Revision or Disallowance are completed and executed, and may, where the Liquidator is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure as to completion and execution of Proofs of Claim or Notices of Revision or Disallowance.

19. **THIS COURT ORDERS** that any document to be sent to any Creditor or Person pursuant to this Claims Procedure may be sent by e-mail, ordinary mail, registered mail, or courier to the address last shown on the books and records of the Company or whatever specific formal address has been provided to the Liquidator either through counsel or directly. A Creditor or Person shall

be deemed to have received any document sent pursuant to this Claims Procedure five (5) business days after such document is sent by ordinary mail or registered mail and one business day after such document is sent by e-mail, or courier.

20. **THIS COURT ORDERS** that any notice or other communication to be given under this Order by a Creditor to the Liquidator shall be in writing in substantially the form, if any, provided for in this Order, and will be sufficiently given only if delivered by registered mail, courier, personal delivery, or e-mail addressed to:

Albert Gelman Inc.  
in its capacity as court-appointed  
liquidator of Amscan Canada Inc.

250 Ferrand Dr., Suite 403,  
Toronto, ON M3C 3G8.

Attention: Adam Zeldin  
Phone: (416) 504-1650, ext 129  
Fax: (416) 504-1655  
Email: [azeldin@albertgelman.com](mailto:azeldin@albertgelman.com)

21. **THIS COURT ORDERS** that the following Schedules form part of this Order:

Schedule "A" - Instruction Letter  
Schedule "B" - Proof of Claim  
Schedule "C" - Notice of Revision or Disallowance  
Schedule "D" - Newspaper Notice

22. **THIS COURT ORDERS** that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder or for such further order or orders as it considers necessary or desirable to amend, supplement or replace this Order.

23. **THIS COURT ORDERS** that nothing in this Order shall prevent the Liquidator from acting as a trustee in bankruptcy of the Companies.

24. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Liquidator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



**SCHEDULE "A" — INSTRUCTION LETTER**

**[TBD]**

**SCHEDULE "B" - PROOF OF CLAIM**

**[TBD]**

**SCHEDULE "C" - NOTICE OF REVISION OR DISALLOWANCE**

**[TBD]**

**SCHEDULE "D" - NEWSPAPER NOTICE**

**[TBD]**

Amscan Canada Inc.  
Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT  
TORONTO

**ORDER  
(Claims Solicitation Procedure and Bar Order)**

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

Tel: 416-862-7525

Fax: 416-862-7661

**C. Haddon Murray (LSO#61640P)**

Tel: 416-862-3604

[Haddon.murray@gowlingwlg.com](mailto:Haddon.murray@gowlingwlg.com)

**James Aston (LSO#82118H)**

Tel: 416-369-6659

[james.aston@gowlingwlg.com](mailto:james.aston@gowlingwlg.com)

Lawyers for the Applicant

Court File No. CV-25-00737796-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*,  
R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

**AFFIDAVIT OF KEVIN TROLARO**

I, Kevin Trolaro, of the City of Metuchen, in the State of New Jersey, in the United States of America, MAKE OATH AND SAY:

1. I am Senior Director, Accounting and Operations Controller of Party City Corporation (“**PC Corporation**”). As such I have personal knowledge of the information set out in this Affidavit. Where I do not have personal knowledge of information in this affidavit, I have set out the source of the information and believe it to be true.
2. I swear this affidavit in connection with Amscan Canada Inc.’s (“**Amscan Canada**”) application for an order appointing Albert Gelman Inc. (“**AGI**”) as liquidator under the Ontario Business Corporations Act for the purpose of winding up Amscan Canada.

**The Party City Group of Companies**

3. Amscan Canada and PC Corporation are part of a group of companies that carry on business designing, distributing and selling party goods under the banner Party City (the “**PC Group**”).
4. The ultimate parent company of the PC Group is Party City Holdco Inc. (“**PC Holdco**”). The sole shareholder of both Amscan Canada and PC Corporation is Party City Holdings Inc. (“**PC Holdings**”). Attached as **Exhibit “A”** to this affidavit is a copy of the PC Group’s corporate organization chart.

### **Amscan Canada's Business**

5. Amscan Canada's registered head office is located at 100 King Street West, 1 First Canadian Place Suite 1600, Toronto, Ontario. Until December 1, 2024, Amscan Canada's registered head office was located at 8900 Keele Street, Unit 201, Concord, Ontario (the "**Lease Offices**"). A copy of a corporate profile search for Amscan Canada as of February 18, 2025 is attached as **Exhibit "B"** to this affidavit.
6. Amscan Canada was previously named Party City Canada Inc. ("**PCCI**"). As PCCI, it operated numerous brick and mortar retail locations in Canada for the sale of consumer party and celebration goods under the Party City brand.
7. In August 2019, the PC Group sold its Canadian retail business to Canadian Tire Corporation ("**CTC**") as part of a larger streamlining initiative. The transaction was effected through an agreement of purchase and sale dated August 8, 2019, under which PCCI sold substantially all of the Party City Canadian retail business's assets to CTC and divested all of its retail store locations. At the same time, PCCI changed its name to Amscan Canada.
8. Since August 2019, Amscan Canada has operated in Canada as a wholesale distributor with fewer than 10 employees.

### **Winding up of PC Group**

9. On December 21, 2024, PC Holdings and other PC Group companies, not including Amscan Canada, filed for bankruptcy in the United States of America under Chapter 11, Title 11 of the United States Code ("**Chapter 11 Bankruptcy**"). A copy of PC Holdings' petition for bankruptcy is attached as **Exhibit "C"** to this affidavit. A copy of the sworn declaration of Deborah Rieger-Paganis (PC Holdco's Chief Restructuring Officer) filed in support of the Chapter 11 Bankruptcy is attached as **Exhibit "D"** to this affidavit.
10. The PC Group of companies that are subject to the Chapter 11 Bankruptcy are in the process of having their asset liquidated and being wound up. Amscan Canada is being dissolved in connection with the PC Group wind up.

11. On December 27, 2024, Amscan Canada terminated its seven remaining employees. Since that time, Amscan Canada has entered into termination and severance agreements with each of its former employees and paid all employee liabilities in full.
12. On February 16, 2025, Amscan Canada's sole lease in respect of the Leased Offices expired in accordance with its terms. Attached as **Exhibit "E"** to this affidavit is a copy of the lease agreement between PCCI, as tenant and Roseberry Developments Inc., as landlord, dated February 12, 2020 in respect of the Leased Offices.
13. On February 24, 2025, PC Holdings, as Amscan Canada's sole shareholder, by special resolution, authorized Amscan Canada to apply to this Court for an order that it be wound up. Attached as **Exhibit "F"** to this affidavit is a copy of the signed Secretary's Certificate dated February 24, 2025.

#### **AGI can assist in winding up Amscan Canada**

14. The officers and directors of Amscan Canada have indicated their intention to resign from the company.
15. Amscan Canada has paid its all of the liabilities that it is aware of except for an (a) outstanding liability to the Ministry of Finance in connection with an Employee Health Tax which it is in the process of paying and (b) professional fees which continue to accrue.
16. Amscan Canada wishes to run a claims process to ensure there are no other liabilities which must be paid before it can be wound up.
17. In addition, Amscan Canada has outstanding accounts receivable of approximately \$1 million. The collection of accounts receivable was previously carried out centrally in the PC Group. However, in connection with the Chapter 11 Bankruptcy Proceeding the PC Group has undertaken significant employee terminations. Accordingly, it would be beneficial for the AGI to be appointed as Liquidator to collect on the outstanding accounts receivable.
18. PC Holdings believes that the appointment of a liquidator will facilitate Amscan Canada's orderly liquidation.

- 19. AGI consents to act as Liquidator in this proceeding. Attached as **Exhibit "G"** is a copy of AGI's consent to its appointment as Liquidator.

SWORN before me by videoconference )  
 this 27<sup>th</sup> day of February, 2025 in )  
 accordance with O. Reg. 421/20, )  
 Administering Oath or Declaration )  
 Remotely. )

DocuSigned by:  
*James Aston*  
 1A2AA57E782B49B...

A Commissioner for taking oaths

James Aston

LSO#82118H

Signed by:  
*Kevin Trolaro*  
 BE0D5781FCA542C...

KEVIN TROLARO

This is Exhibit "A" referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

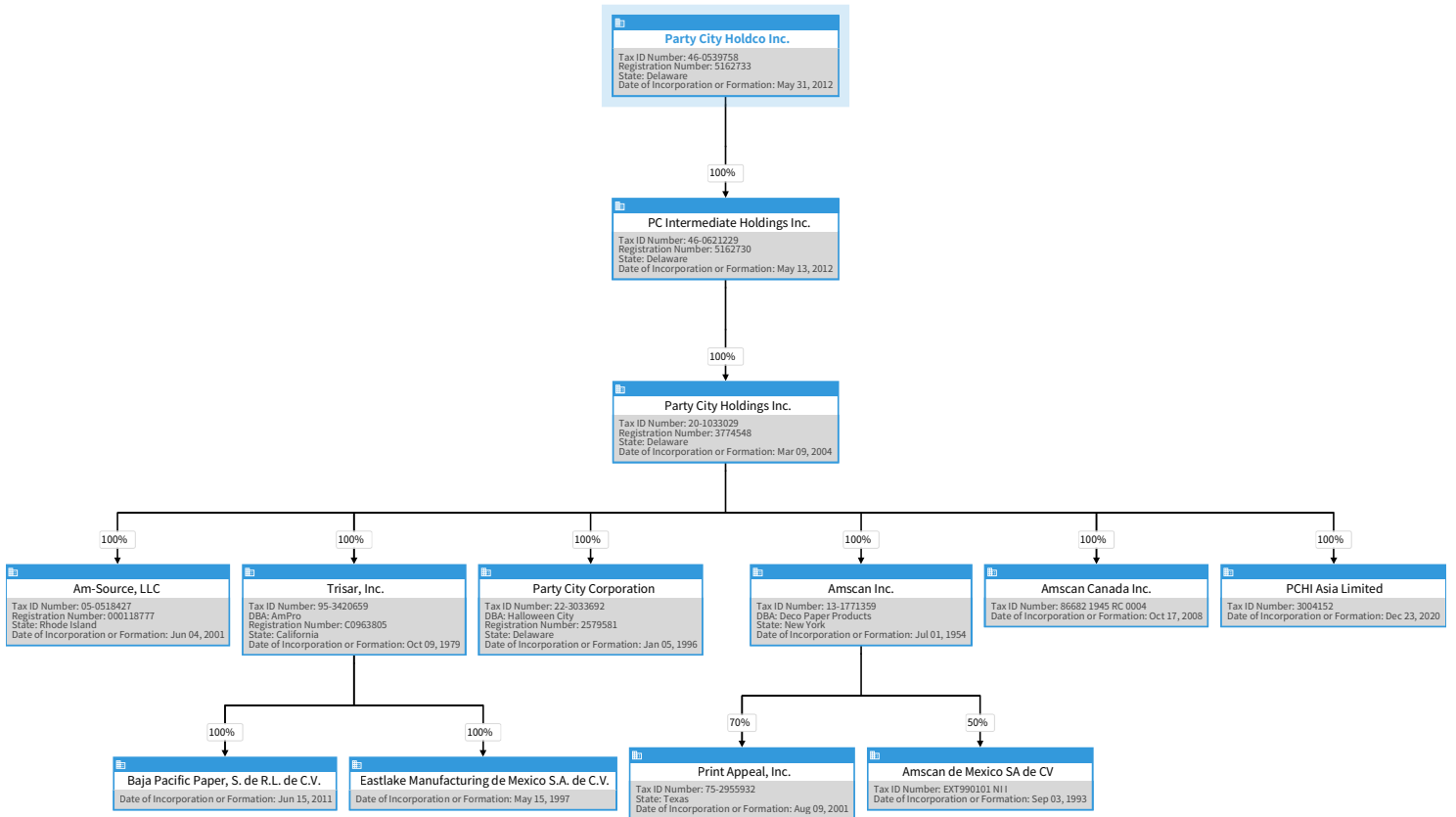
DocuSigned by:

*James Aston*

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1A2A857E782B49B...  
*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON**  
**(LSO #82118H)**



This is Exhibit “B” referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*James Aston*

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*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON  
(LSO #82118H)**



Ministry of Public and  
Business Service Delivery

## Profile Report

AMSCAN CANADA INC. as of February 18, 2025

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	AMSCAN CANADA INC.
Ontario Corporation Number (OCN)	1928901
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	January 01, 2015
Registered or Head Office Address	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto, Ontario, M5X 1G5, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.", written over a faint, illegible background.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

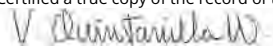
Minimum Number of Directors 1  
 Maximum Number of Directors 10

**Active Director(s)**

**Name** IAN HELLER  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Resident Canadian** No  
**Date Began** March 31, 2021

**Name** DAN LAMADRID  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Resident Canadian** No  
**Date Began** December 21, 2023

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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**Active Officer(s)**

**Name** JOHN CAPELA  
**Position** Vice-President  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Date Began** August 21, 2023

**Name** IAN HELLER  
**Position** Secretary  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Date Began** June 01, 2020

**Name** DAN LAMADRID  
**Position** President  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Date Began** December 21, 2023

**Name** DAN LAMADRID  
**Position** Treasurer  
**Address for Service** 100 Tice Blvd., Woodcliff Lake, New Jersey, 07677, United States  
**Date Began** December 21, 2023

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

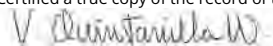
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### Corporate Name History

<b>Name</b>	AMSCAN CANADA INC.
<b>Effective Date</b>	October 03, 2019
<b>Previous Name</b>	PARTY CITY CANADA INC.
<b>Effective Date</b>	January 01, 2015

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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**Amalgamating Corporations**

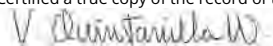
**Corporation Name**  
**Ontario Corporation Number**

AMSCAN DISTRIBUTORS (CANADA) LTD.  
1241943

**Corporation Name**  
**Ontario Corporation Number**

PARTY CITY CANADA INC.  
1781617

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



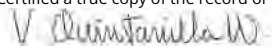
Director/Registrar

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**Active Business Names**

<b>Name</b>	AMSCAN CANADA
<b>Business Identification Number (BIN)</b>	250762994
<b>Registration Date</b>	July 31, 2015
<b>Expiry Date</b>	July 29, 2025

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

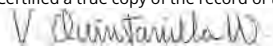
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**Expired or Cancelled Business Names**

<b>Name</b>	PARTY CITY
<b>Business Identification Number (BIN)</b>	220937080
<b>Status</b>	Inactive - Cancelled
<b>Registration Date</b>	September 10, 2012
<b>Cancelled Date</b>	October 03, 2019

<b>Name</b>	HALLOWEEN CITY
<b>Business Identification Number (BIN)</b>	220937072
<b>Status</b>	Inactive - Cancelled
<b>Registration Date</b>	September 10, 2012
<b>Cancelled Date</b>	October 03, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



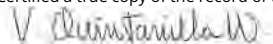
Director/Registrar

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## Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: RHENA VERAYO	December 02, 2024
Annual Return - 2023 PAF: IAN HELLER	January 24, 2024
CIA - Notice of Change PAF: IAN HELLER	December 12, 2023
Annual Return - 2022 PAF: IAN HELLER	September 13, 2023
Annual Return - 2021 PAF: IAN HELLER	September 13, 2023
Annual Return - 2020 PAF: IAN HELLER	September 13, 2023
CIA - Notice of Change PAF: Ian HELLER	August 03, 2022
CIA - Notice of Change PAF: SYLVAIN TANGUAY - OTHER	March 31, 2021
Annual Return - 2019 PAF: WILLIAM GOODWIN - OFFICER	October 04, 2020
CIA - Notice of Change PAF: SYLVAIN TANGUAY - OTHER	May 14, 2020
CIA - Notice of Change PAF: DAVID TORCHETTI - OTHER	October 15, 2019
BCA - Articles of Amendment	October 03, 2019
CIA - Notice of Change PAF: DAVID TORCHETTI - OTHER	October 01, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



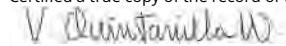
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Annual Return - 2018 PAF: REGGIE PAN - OFFICER	June 02, 2019
Annual Return - 2017 PAF: REGGIE PAN - OFFICER	June 03, 2018
CIA - Notice of Change PAF: SYLVAIN TANGUAY - OTHER	March 15, 2018
Annual Return - 2016 PAF: REGGIE PAN - OFFICER	July 09, 2017
CIA - Notice of Change PAF: SYLVAIN TANGUAY - OTHER	January 30, 2017
Annual Return - 2015 PAF: REGGIE PAN - OFFICER	July 17, 2016
CIA - Initial Return PAF: SYLVAIN TANGUAY - OTHER	February 02, 2015
BCA - Articles of Amalgamation	January 01, 2015

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit "C" referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

James Aston

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*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON**  
**(LSO #82118H)**

**Fill in this information to identify the case:**

United States Bankruptcy Court for the:

Southern District of Texas  
(State)

Case number (if known): \_\_\_\_\_ Chapter 11

Check if this is an amended filing

Official Form 201

**Voluntary Petition for Non-Individuals Filing for Bankruptcy**

06/22

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name Party City Holdings Inc.

2. All other names debtor used in the last 8 years AAH Holding Corporation

Include any assumed names, trade names, and *doing business* as names

3. Debtor's federal Employer Identification Number (EIN) 20-1033029

4. Debtor's address	Principal place of business	Mailing address, if different from principal place of business
	<u>100 Tice Blvd.</u>	_____
	<small>Number Street</small>	<small>Number Street</small>
	_____	P.O. Box _____
	<u>Woodcliff Lake NJ 07677</u>	_____
	<small>City State ZIP Code</small>	<small>City State ZIP Code</small>
	<u>Bergen</u>	Location of principal assets, if different from principal place of business
	<small>County</small>	_____
		<small>Number Street</small>
		_____
		<small>City State ZIP Code</small>

5. Debtor's website (URL) https://www.partycity.com/

Debtor Party City Holdings Inc.

Case number (if known) \_\_\_\_\_

**6. Type of debtor**

- Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
- Partnership (excluding LLP)
- Other. Specify: \_\_\_\_\_

**7. Describe debtor's business**

A. Check one:

- Health Care Business (as defined in 11 U.S.C. § 101(27A))
- Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- Railroad (as defined in 11 U.S.C. § 101(44))
- Stockbroker (as defined in 11 U.S.C. § 101(53A))
- Commodity Broker (as defined in 11 U.S.C. § 101(6))
- Clearing Bank (as defined in 11 U.S.C. § 781(3))
- None of the above

B. Check all that apply:

- Tax-exempt entity (as described in 26 U.S.C. § 501)
- Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
- Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

4 5 3 2

**8. Under which chapter of the Bankruptcy Code is the debtor filing?**

Check one:

- Chapter 7
- Chapter 9
- Chapter 11. Check all that apply:

A debtor who is a "small business debtor" must check the first sub-box. A debtor as defined in § 1182(1) who elects to proceed under subchapter V of chapter 11 (whether or not the debtor is a "small business debtor") must check the second sub-box.

- The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$3,024,725. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- The debtor is a debtor as defined in 11 U.S.C. § 1182(1), its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$7,500,000, and it chooses to proceed under Subchapter V of Chapter 11. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return, or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- A plan is being filed with this petition.
- Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11 (Official Form 201A) with this form.
- The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

Chapter 12

Debtor Party City Holdings Inc.  
Name

Case number (if known) \_\_\_\_\_

**9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?**

No

Yes. District \_\_\_\_\_ When \_\_\_\_\_ Case number \_\_\_\_\_  
MM / DD / YYYY

If more than 2 cases, attach a separate list.

District \_\_\_\_\_ When \_\_\_\_\_ Case number \_\_\_\_\_  
MM / DD / YYYY

**10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?<sup>1</sup>**

No

Yes. Debtor See Schedule I. Relationship Affiliate

District Southern District of Texas When 01/17/2023

List all cases. If more than 1, attach a separate list.

Case number, if known \_\_\_\_\_

**11. Why is the case filed in this district?**

Check all that apply:

Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.

A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

**12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?**

No

Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

**Why does the property need immediate attention?** (Check all that apply.)

It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.

What is the hazard? \_\_\_\_\_

It needs to be physically secured or protected from the weather.

It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).

Other \_\_\_\_\_

**Where is the property?**

Number \_\_\_\_\_ Street \_\_\_\_\_

City \_\_\_\_\_ State ZIP Code \_\_\_\_\_

**Is the property insured?**

No

Yes. Insurance agency \_\_\_\_\_

Contact name \_\_\_\_\_

Phone \_\_\_\_\_

**Statistical and administrative information**

<sup>1</sup> The estimated number of creditors and estimated amounts of assets and liabilities are being listed on a consolidated basis for all Debtor affiliates listed on Schedule I, attached hereto.

Debtor Party City Holdings Inc.  
Name

Case number (if known) \_\_\_\_\_

13. Debtor's estimation of available funds

Check one:

- Funds will be available for distribution to unsecured creditors.
- After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.

14. Estimated number of creditors

- |                                  |   |  |
|----------------------------------|---|--|
| <input type="checkbox"/> 1-49    | <input type="checkbox"/> 1,000-5,000              | <input type="checkbox"/> 25,001-50,000     |
| <input type="checkbox"/> 50-99   | <input type="checkbox"/> 5,001-10,000             | <input type="checkbox"/> 50,001-100,000    |
| <input type="checkbox"/> 100-199 | <input checked="" type="checkbox"/> 10,001-25,000 | <input type="checkbox"/> More than 100,000 |
| <input type="checkbox"/> 200-999 |   |  |

15. Estimated assets

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> \$0-\$50,000          | <input type="checkbox"/> \$1,000,001-\$10 million    | <input type="checkbox"/> \$500,000,001-\$1 billion               |
| <input type="checkbox"/> \$50,001-\$100,000    | <input type="checkbox"/> \$10,000,001-\$50 million   | <input checked="" type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000   | <input type="checkbox"/> \$50,000,001-\$100 million  | <input type="checkbox"/> \$10,000,000,001-\$50 billion           |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion                  |

16. Estimated liabilities

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> \$0-\$50,000          | <input type="checkbox"/> \$1,000,001-\$10 million    | <input type="checkbox"/> \$500,000,001-\$1 billion               |
| <input type="checkbox"/> \$50,001-\$100,000    | <input type="checkbox"/> \$10,000,001-\$50 million   | <input checked="" type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000   | <input type="checkbox"/> \$50,000,001-\$100 million  | <input type="checkbox"/> \$10,000,000,001-\$50 billion           |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion                  |

**Request for Relief, Declaration, and Signatures**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

17. Declaration and signature of authorized representative of debtor

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 01/17/2023  
MM / DD / YYYY

/s/ David Orlofsky  
Signature of authorized representative of debtor

David Orlofsky  
Printed name

Title Chief Restructuring Officer

Debtor Party City Holdings Inc.  
Name

Case number (if known) \_\_\_\_\_

18. Signature of attorney

**X** /s/ John F. Higgins  
Signature of attorney for debtor

Date 01/17/2023  
MM / DD / YYYY

John F. Higgins  
Printed name

Porter Hedges LLP  
Firm name

1000 Main St., 36th Floor  
Number Street

Houston  
City

TX 77002  
State ZIP Code

(713) 226-6648  
Contact phone

jhiggins@porterhedges.com  
Email address

09597500  
Bar number

TX  
State

## **Schedule I**

### **Affiliated Entities**

On the date hereof, each of the affiliated entities listed below (including the debtor in this chapter 11 case) filed in this Court a petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* Contemporaneously with the filings of these petitions, such entities filed a motion requesting joint administration of their chapter 11 cases.

Party City Holdco Inc.  
Amscan Custom Injection Molding, LLC  
Amscan Inc.  
Amscan Purple Sage, LLC  
Am-Source, LLC  
Anagram Eden Prairie Property Holdings LLC  
Party City Corporation  
Party City Holdings Inc.  
Party Horizon Inc.  
PC Intermediate Holdings, Inc.  
PC Nextco Finance, Inc.  
PC Nextco Holdings, LLC  
Print Appeal, Inc.  
Trisar, Inc.

**Omnibus Resolutions  
of the Respective Governing Bodies  
of the Party City Group Companies**

**January 16, 2023**

**WHEREAS**, (i) each of Party City Holdco Inc., Party City Corporation, Party City Holdings Inc., Party Horizon Inc., PC Intermediate Holdings, Inc., and PC Nextco Finance, Inc. (collectively, the “Delaware Corporations”) is a Delaware corporation managed by a board of directors (collectively, the “Delaware Boards”), (ii) each of Amscan Custom Injection Molding, LLC, Amscan Purple Sage, LLC, Anagram Eden Prairie Property Holdings LLC, and PC Nextco Holdings, LLC (collectively, the “Delaware LLCs”) is a Delaware limited liability company managed by its sole member (collectively, the “Delaware Members”), (iii) Amscan Inc. (“Amscan”) is a New York corporation managed by a board of directors (the “Amscan Board”), (iv) Am-Source, LLC (“Am-Source”) is a Rhode Island limited liability company managed by its sole member (the “Am-Source Member”), (v) Print Appeal, Inc. (“Print Appeal”) is a Texas corporation managed by a board of directors (the “Print Appeal Board”), and (vi) Trisar, Inc. (“Trisar”) is a California corporation managed by a board of directors (the “Trisar Board”);

**WHEREAS**, the Delaware Corporations, Delaware LLCs, Amscan, Am-Source, Print Appeal, and Trisar are referred to herein collectively as the “Party City Group Companies” and each individually as a “Group Company”, and the Delaware Boards, Delaware Members, Amscan Board, Am-Source Member, Print Appeal Board, and Trisar Board are referred to herein collectively as the “Governing Bodies” and each individually as the “Governing Body” in respect of its applicable Group Company;

**WHEREAS**, each Governing Body has reviewed and considered the financial and operational condition of their respective Party City Group Company and of the Party City Group Companies as a whole, including (which word, for all purposes of these resolutions, shall be interpreted to be followed by the words, “without limitation”) the historical performance of the Party City Group Companies, the assets of the Party City Group Companies, the current and long-term liabilities of the Party City Group Companies, and relevant industry and credit market conditions, and have considered various alternatives in respect of such matters;

**WHEREAS**, each Governing Body has received, reviewed, and considered the recommendations of, and the materials presented by, the senior management of its applicable Group Company and such Group Company’s legal, financial, and other outside professional advisors as to the financial condition of the Party City Group Companies and the relative risks and benefits of pursuing a case under the provisions of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”);

**WHEREAS**, each Governing Body reasonably believes that its applicable Group Company’s pursuing a case under the Bankruptcy Code on a coordinated basis with the other Party City Group Companies is expected to preserve more value for such Group Company and its stakeholders than any other available alternative;

**WHEREAS**, the intention of each Governing Body with respect to its applicable Group Company is to use the Bankruptcy Code to implement a plan of reorganization and to emerge with an improved financial position and more sustainable capital structure;

**WHEREAS**, the Governing Bodies have reviewed and considered the Party City Group Companies' need to undertake the restructuring transactions set forth in that certain Restructuring Support Agreement (the "RSA") and have determined that it is in the best interests of each Party City Group Company, its equity holders, its creditors as a whole, and other parties in interest for the Party City Group Companies to enter into the RSA;

**WHEREAS**, each Governing Body has reviewed and considered the Party City Group Companies' collective need for financing in connection with the chapter 11 cases under the Bankruptcy Code, and has determined that it is in the best interests of each Party City Group Company, its equity holders, its creditors as a whole, and other parties in interest, for the Party City Group Companies other than Print Appeal (collectively, the "DIP Company Parties") to enter into the DIP Credit Agreement (as defined below) and one or more related agreements and amendments thereto with the financial institutions from time to time party thereto, pursuant to which the DIP Company Parties will obtain postpetition debtor in possession financing to fund their chapter 11 cases and grant the liens, including the priming liens, required thereby;

**WHEREAS**, each Governing Body has reviewed and considered the Party City Group Companies' collective need under the DIP Documents (as defined below) to provide adequate protection to the Secured Parties (as defined below) in exchange for the ability for the Party City Group Companies to use certain cash collateral that is security for the Secured Parties party to certain of the Party City Group Companies' prepetition debt agreements;

**WHEREAS**, each Governing Body has reviewed and considered the need for the Party City Group Companies to take certain actions in order to perfect any lien or security interest granted under the Interim DIP Order (as defined below) or any of the Credit and Security Documents (as defined below);

**WHEREAS**, each Governing Body has determined that it is desirable and in the best interests of the applicable Party City Group Company and its stakeholders to authorize Party City Holdco Inc. to enter into an agreement (the "CRO Agreement"), on behalf of itself and certain of its subsidiaries, with AlixPartners LLP ("Alix") in order for Alix to make its personnel available to provide certain management services to the Party City Group Companies;

**WHEREAS**, the Governing Bodies have reviewed and considered the need for Authorized Persons (as defined below) to take further actions to carry out the intent and purpose of the following resolutions, perform the obligations of each Party City Group Company under the Bankruptcy Code, and pay fees and expenses in connection with the transactions contemplated by the below resolutions; and

**WHEREAS**, the Governing Bodies have reviewed and considered certain actions that may have previously been taken by any director, officer, employee, manager, member, stockholder, general partner, or agent of any Party City Group Company in connection with or related to the matter set forth in the below resolutions;

**NOW, THEREFORE, BE IT:**

**1. Entry into Restructuring Support Agreement**

**RESOLVED**, that in the judgment of the Governing Body of each Party City Group Company, it is desirable and in the best interest of each such Party City Group Company, its creditors, and other parties in interest, that each Party City Group Company shall be, and hereby is, authorized to enter into the RSA, by and among each Party City Group Company and certain consenting creditors substantially in the form presented to the applicable Governing Body on or in advance of the date hereof, with such changes, additions, and modifications thereto as an Authorized Person (as defined herein) of each Party City Group Company executing the same shall approve, such approval conclusively evidenced by such Authorized Person's execution and delivery thereof; and be it further

**RESOLVED**, that the Authorized Person be, and hereby is, authorized and empowered to enter into, on behalf of each Party City Group Company, the RSA, and to take any and all actions necessary or advisable to advance such Company's rights and obligations therein, and in connection therewith, the Authorized Person, with power of delegation, is hereby authorized and directed to execute the RSA on behalf of such Party City Group Company and to take all necessary actions in furtherance of consummation of such agreement's terms; and be it further

**2. Appointment of CRO**

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby creates the office of Chief Restructuring Officer; and be it further

**RESOLVED**, that the Governing Body of Party City Holdco Inc. is authorized and directed to enter into the CRO Agreement and to take any and all actions to advance the Party City Group Companies' rights and obligations in connection therewith, and any such prior actions are hereby ratified in their entirety; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes the retention of Alix, consistent with the terms of the CRO Agreement, to provide each of the Party City Group Companies with a Chief Restructuring Officer (the "CRO") who shall be Mr. David Orlofsky; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company hereby authorizes Alix to assign additional personnel to support the CRO and the Party City Group Companies, to serve in various capacities with the Party City Group Companies and to perform other services required of Alix pursuant to the CRO Agreement; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby appoints Mr. Orlofsky as CRO at such Party City Group Company; and be it further

### **3. Bankruptcy Resolutions**

#### ***a. Chapter 11 Filings***

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby determines that it is desirable and in the best interests of such Party City Group Company, its equity holders, its creditors as a whole, and other parties in interest that such Party City Group Company file a voluntary petition for relief (the "Petition" and, together with the similar petitions by all other Party City Group Companies, the "Petitions") and commence a case (collectively, the "Bankruptcy Cases") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"); and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes, directs, and empowers any officer or other authorized person of any of the Party City Group Companies, including the CRO (each, an "Authorized Person"), acting in the name and on behalf of such Party City Group Company, to (i) execute and verify the Petition as well as all other ancillary documents, and to cause the Petition to be filed with the Bankruptcy Court, and to make or cause to be made prior to the execution thereof, any modifications to the Petition or ancillary documents, and to (ii) execute, verify, and file or cause to be filed all of the petitions, schedules, lists, and other motions, objections, replies, applications, and other papers or documents advisable, appropriate, convenient, desirable, or necessary in connection with the foregoing; and be it further

**RESOLVED**, that in connection with the filing of the Petitions, each Governing Body, acting with respect to its applicable Party City Group Company, hereby (i) authorizes and directs the Authorized Persons, in the name and on behalf of such Party City Group Company, to engage in discussions and negotiations with all stakeholders in order to prosecute the Bankruptcy Cases, (ii) authorizes, adopts, and approves the form, terms, and provisions of, and is hereby authorized and empowered to file with the Bankruptcy Court any motions, pleadings, and any other documents to be performed or agreed to by such Party City Group Company that are reasonably necessary for prosecution of and in connection with the proceedings of the Bankruptcy Cases (collectively, the "Ancillary Documents"), and (iii) authorizes and directs the Authorized Persons, in the name and on behalf of such Party City Group Company, to execute and deliver (with such changes, additions, and modifications thereto as the Authorized Persons executing the same shall approve, such approval to be conclusively evidenced by such Authorized Persons' execution and delivery thereof) each of the Ancillary Documents to which such Party City Group Company is a party and, upon the execution and delivery thereof by each of the other parties thereto, cause such Party City Group Company to perform its obligations thereunder; and be it further

#### ***b. Retention of Professionals***

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on behalf of such Party City Group Company, to employ certain individuals and/or firms as counsel, professionals, consultants, accountants, restructuring advisors, or financial advisors to such Party

City Group Company as such Authorized Person, or any one of them, may deem advisable, appropriate, convenient, desirable, or necessary to represent and assist such Party City Group Company in carrying out its duties under the Bankruptcy Code, and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to the filing of the Petition, and to cause to be filed appropriate applications for authority to retain the services of such individuals and firms; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on behalf of such Party City Group Company, to employ the law firms of Paul, Weiss, Rifkind, Wharton & Garrison LLP (“Paul, Weiss”) and Porter Hedges LLP (“Porter Hedges”) to represent such Party City Group Company as chapter 11 counsel and to represent and assist such Party City Group Company in carrying out its duties under the Bankruptcy Code, and to take any and all actions to advance such Party City Group Company’s rights, including the preparation of pleadings and filings in the Bankruptcy Cases; and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to and immediately upon the filing of the Petition, and to cause to be filed an appropriate application for authority to retain the services of Paul, Weiss and Porter Hedges; provided, that any prior actions taken in connection therewith are hereby ratified in their entirety; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on behalf of such Party City Group Company, to employ Moelis & Company LLC (the “Investment Banker”) to represent such Party City Group Company and provide certain financial advisory and investment banking services to such Party City Group Company with regard to the Bankruptcy Cases; and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to and immediately upon the filing of the Petition, and to cause to be filed an appropriate application for authority to retain the services of the Investment Banker; provided, that any prior actions taken in connection therewith are hereby ratified in their entirety; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on behalf of such Party City Group Company, to employ AlixPartners, LLP (the “Consultant”) to represent such Party City Group Company and provide consulting services to such Party City Group Company with regard to the Bankruptcy Cases; and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to and immediately upon the filing of the Petition, and to cause to be filed an appropriate application for authority to retain the services of the Consultant; provided, that any prior actions taken in connection therewith are hereby ratified in their entirety; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on

behalf of such Party City Group Company, to employ Kroll Restructuring Administration LLC (the “Claims Agent”) to represent such Party City Group Company and provide notice and claims agent services to such Party City Group Company with regard to the Bankruptcy Cases; and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to and immediately upon the filing of the Petition, and to cause to be filed an appropriate application for authority to retain the services of the Claims Agent; provided, that any prior actions taken in connection therewith are hereby ratified in their entirety; and be it further

**RESOLVED**, that each Governing Body, acting with respect to its applicable Party City Group Company, hereby authorizes and directs each Authorized Person, in the name and on behalf of such Party City Group Company, to employ A&G Realty Partners, LLC (the “Real Estate Advisor”) to represent such Party City Group Company and provide real estate advisory services to such Party City Group Company with regard to the Bankruptcy Cases; and in connection therewith, the Authorized Persons be, and each of them hereby is, authorized and directed, in the name and on behalf of such Party City Group Company, to execute appropriate retention agreements, pay appropriate retainers prior to and immediately upon the filing of the Petition, and to cause to be filed an appropriate application for authority to retain the services of the Real Estate Advisor; provided, that any prior actions taken in connection therewith are hereby ratified in their entirety; and be it further

*c. Postpetition Financing*

**RESOLVED**, that each applicable Governing Body acting with respect to its applicable DIP Company Party hereby determines that it is desirable and in the best interests of such DIP Company Party, its equity holders, its creditors as a whole, and other parties in interest, that such DIP Company Party shall be, and hereby is, authorized to obtain and/or provide senior secured superpriority postpetition financing (the “DIP Financing”) on the terms and conditions of the proposed debtor in possession credit agreement (the “DIP Credit Agreement”) among the DIP Company Parties, each in their respective capacities thereunder, financial institutions from time to time party thereto as lenders (the “DIP Lenders”), the administrative agent and collateral agent (in such capacities, the “DIP Agent”), and other agents and entities from time to time party thereto substantially in the form presented to such Governing Body on or prior to the adoption of this resolution, with such changes, additions, and modifications thereto as any Authorized Person executing the same shall approve, such approval to be conclusively evidenced by an Authorized Person’s execution and delivery thereof; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby authorizes and directs each of the Authorized Persons to enter into, execute, deliver, and perform the transactions, and any and all other agreements, instruments, and documents deemed necessary or desirable to evidence and secure the obligations under the DIP Financing on the terms set forth in the Credit and Security Documents (as defined herein), including, without limitation, the DIP Credit Agreement, any promissory notes, deeds of trust, mortgages, deeds to secure debt, security agreements, pledge agreements, assignments of leases and rents, assignments, guaranties, subordination agreements, intercreditor agreements, agreements with third parties (including, without limitation, lockbox agreements, cash

management agreements, deposit account control agreements, and blocked account control agreements) relating to the collateral, indemnity agreements, certificates, affidavits, financing statements, applications, notices, and other agreements of any kind or nature whatsoever substantially in the form presented to such Governing Body on or in advance of the date hereof, with such changes, additions, and modifications thereto as any Authorized Person executing the same shall approve, such approval to be conclusively evidenced by an Authorized Person's execution and delivery thereof (collectively, with the DIP Credit Agreement, the "Credit and Security Documents"); and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby determines that the form, terms, and provisions of, the execution and delivery of, and the performance of the transactions and obligations contemplated by the Credit and Security Documents to which such DIP Company Party is a party, are hereby authorized, approved, and adopted in all respects and each DIP Company Party is hereby authorized to (i) execute and deliver the Credit and Security Documents to which such DIP Company Party is a party, (ii) perform its obligations thereunder, including to borrow or lend, as applicable, under the DIP Credit Agreement, mortgage, charge, assign, pledge, and otherwise transfer and encumber and grant security interests in its present and future real and leasehold property, equipment, inventory, intangibles, undertakings, and other property and assets as security for its present and future obligations under or in connection with the DIP Financing and the Credit and Security Documents to which the DIP Company Party is a party, and (iii) take all actions contemplated thereby; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby determines that such DIP Company Party will obtain benefits from the use of collateral, including cash collateral, as that term is defined in section 363(a) of the Bankruptcy Code (the "Cash Collateral"), which is security for certain prepetition secured lenders and noteholders (collectively, the "Secured Parties") party to (i) the ABL Credit Agreement, dated as of August 19, 2015 (as amended, restated, waived, supplemented, or otherwise modified prior to the date hereof), by and among PC Intermediate Holdings, Inc., Party City Holdings Inc., Party City Corporation, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as the administrative agent and collateral agent, and the guarantors from time to time party thereto, (ii) the Senior Secured First Lien Floating Rate Notes due 2025 Indenture, dated as of July 30, 2020 (as amended, restated, waived, supplemented, or otherwise modified prior to the date hereof), among Party City Holdings Inc., as issuer, Ankura Trust Company, LLC, as trustee and collateral trustee, and the guarantors party thereto from time to time, and (iii) the 8.750% Senior Secured First Lien Notes due 2026 Indenture, dated as of February 19, 2021 (as amended, restated, waived, supplemented, or otherwise modified prior to the date hereof), among Party City Holdings Inc., as issuer, PC Intermediate Holdings, Inc., Ankura Trust Company, LLC, as trustee and collateral trustee, and the guarantors party thereto from time to time; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby determines that, to incur the DIP Financing and to use and obtain the benefits of the Cash Collateral, and in accordance with sections 363 and 364 of the Bankruptcy Code, such DIP Company Party will provide certain adequate protection to the Secured Lenders (the "Adequate Protection Obligations"), and authorizes and directs such DIP

Company Party, as debtor and debtor in possession under the Bankruptcy Code, and each of the Authorized Persons, to negotiate and incur the Adequate Protection Obligations and to undertake any and all related transactions as in his or her reasonable discretion is determined to be necessary, desirable, or appropriate in connection with providing such adequate protection; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby authorizes, adopts, and approves the form, terms, and provisions of the proposed order authorizing, among other things, the DIP Company Parties' entry into the DIP Credit Agreement on an interim basis (the "Interim DIP Order") to which such DIP Company Party is or will be subject and the actions and transactions contemplated thereby, and each Authorized Person be, and hereby is, authorized and empowered, in the name of and on behalf of such DIP Company Party, to take such actions and negotiate or cause to be prepared and negotiated and to execute, deliver, perform, and cause the performance of, the Interim DIP Order, and such other agreements, certificates, instruments, receipts, petitions, motions, or other papers or documents to which such DIP Company Party is or will be a party, including any security and pledge agreement or guaranty agreement (collectively with the Interim DIP Order and the Credit and Security Documents, the "DIP Documents"), incur and pay or cause to be paid all fees and expenses and engage such persons, in each case, in the form or substantially in the form thereof presented to such Governing Body on prior to the adoption of this resolution, with such changes, additions, and modifications thereto as an Authorized Person executing the same shall approve, such approval to be conclusively evidenced by an Authorized Person's execution and delivery thereof; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby authorizes and directs each of the Authorized Persons, in the name and on behalf of such DIP Company Party, to file or to authorize the DIP Agent to file any Uniform Commercial Code (the "UCC") financing statements, any other equivalent filings, any intellectual property filings and recordation, and any necessary assignments for security or other documents in the name of such DIP Company Party that the DIP Agent deems necessary, desirable, or appropriate to perfect any lien or security interest granted under the Interim DIP Order or any of the Credit and Security Documents, including any such UCC financing statement containing a generic description of collateral, such as "all assets," "all property now or hereafter acquired," and other similar descriptions of like import, and to execute and deliver, and to record or authorize the recording of, such mortgages and deeds of trust in respect of real property of such DIP Company Party and such other filings in respect of intellectual and other property of such DIP Company Party, in each case as the DIP Agent may reasonably request to perfect the security interests of the DIP Agent under the Interim DIP Order; and be it further

**RESOLVED**, that each applicable Governing Body, acting with respect to its applicable DIP Company Party, hereby authorizes and directs each of the Authorized Persons, in the name and on behalf of such DIP Company Party, to take all such further actions, including to pay or approve the payment of appropriate fees and expenses payable in connection with the Adequate Protection Obligations and appropriate fees and expenses incurred by or on behalf of such DIP Company Party, which shall be in his or her sole judgment necessary, proper, or advisable to perform any of such DIP Company Party's obligations under or in connection with the Interim DIP Order, the Credit and Security Documents, any other documents related to the

provision of adequate protection, or any of the other ancillary documents and the transactions contemplated therein and to carry out fully the intent of the foregoing resolutions; and be it further

#### **4. General**

**RESOLVED**, that each of the Authorized Persons be, and each of them individually hereby is, authorized, directed, and empowered from time to time in the name and on behalf of each Party City Group Company, to (i) take such further actions and execute and deliver such certificates, instruments, guaranties, notices, and documents as may be required or as such Authorized Person or any one of them may deem advisable, appropriate, convenient, desirable, or necessary to carry out the intent and purpose of the foregoing resolutions, including the execution and delivery of any security agreements, pledges, financing statements, and the like, (ii) perform the obligations of each Party City Group Company under the Bankruptcy Code, with all such actions to be performed in such manner, and all such certificates, instruments, guaranties, notices, and documents to be executed and delivered in such form, as the Authorized Person performing or executing the same shall approve, and the performance or execution thereof by such Authorized Person shall be conclusive evidence of the approval thereof by such Authorized Person and by such Party City Group Company, and (iii) pay fees and expenses in connection with the transactions contemplated by the foregoing resolutions; and be it further

**RESOLVED**, that all actions previously taken by any director, officer, employee, manager, member, stockholder, general partner, or agent of any Party City Group Company in connection with or related to the matters set forth in or reasonably contemplated or implied by the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed, and approved in all respects as the acts and deeds of such Party City Group Company.

*[Remainder of Page Intentionally Blank]*

**Fill in this information to identify the case:**

Debtor Name: Party City Holdco Inc., et al.

United States Bankruptcy Court for the: Southern District of Texas

Case number (if known):

Check if this is an amended filing

Official Form 204

**Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders**

12/15

**A list of creditors holding the 30 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 30 largest unsecured claims.**

	Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim		
					Total claim, if partially secured <sup>1</sup>	Deduction for value of collateral or setoff	Unsecured claim
1	Ankura Trust Company, LLC as Trustee to 6.625% Senior Notes - due 2026 Ankura Trust Company, LLC, as Trustee and Collateral Trustee, 140 Sherman Street, Fourth Floor, Fairfield, CT 06824	Krista Gulalo Phone: 475-282-1580 Krista.Gulalo@ankura.com	6.625% Senior Notes due 2026				\$92,254,000
2	Wilmington Trust, National Association as Trustee to 6.125% Senior Notes - due 2023 Wilmington Trust, National Association 246 Goose Lane, Suite 105 Guilford CT 06437	Emilia Gazzuolo Phone: 612-217-5640 Fax: 612-217-5651 EGAZZUOLO@WilmingtonTrust.com	6.125% Senior Notes due 2023				\$22,924,000
3	DAH LOONG DEVELOPMENT 8F NO.217 SEC 3 NANJING E RD, TAIPEI 104	JOSEPHINE CHEN Phone: 886-2206-7155 jochen@dahloong.com.tw	Trade Debt				\$7,398,182
4	DENTSU X LLC 32 AVENUE OF THE AMERICAS 16TH FLOOR NEW YORK, NY 10013	Jordan Barker, Boris Litvinov, Jasmin Allen Phone: 630-881-5034, 646-970-0911 Jordan.barker@dentsu.com Boris.litvinov@dentsu.com jasmin.allen@dentsu.com	Trade Debt				\$5,591,937
5	CAC SPECIALTY 115 OFFICE PARK DR. STE. 200, BIRMINGHAM, AL 35223	Brad Kotlewski Phone: 201-658-9959 Brad.Kotlewski@cacspecialty.com	Trade Debt				\$3,425,550

<sup>1</sup> Trade Vendor amounts are based on adjusted 12/31/2022 AP reports from Retail and Wholesale segments

Debtor Party City Holdco Inc., et al.  
Name \_\_\_\_\_

Case number (if known) \_\_\_\_\_

	Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim		
					Total claim, if partially secured <sup>1</sup>	Deduction for value of collateral or setoff	Unsecured claim
6	MARYLAND PLASTICS INC 251 EAST CENTRAL AVE, FEDERALSBURG, MD, 21632	DAN PENROD Phone: 410-754-5566 DANP@MDPLASTICSINC.COM	Trade Debt				\$3,228,204
7	EVERTS (MALAYSIA) SDN.BHD. 103-107 JALAN USAHA 6 KAWASAN, MELAKA, MY 75450	NURUL IZZAH ALIAS 606-2513800 IZZAH@EVERTS.COM.MY	Trade Debt				\$3,189,338
8	TRICK OR TREAT STUDIOS 3170 MAR VISTA DRIVE APTOS, CA 95003	NIGEL FEBLAND, CHRIS ZEPHRO Phone: 917-864-1685, 831-234-2762 THEFEBLANDGROUP@GMAIL.COM chris@trickortreatstudios.com	Trade Debt				\$2,982,717
9	SALSON LOGISTICS INC 888 DOREMUS AVENUE NEWARK, NJ 07114	Dawn Castronova Phone: 973-986-0211 Dcastronova@salson.com	Trade Debt				\$2,787,363
10	MISSION PETS INC 986 MISSION ST, FL 5 SAN FRANCISCO, CA 94103	ALICE TSE Phone: 415-904-1106 ALICE@MISSION-PETS.COM	Trade Debt				\$1,801,000
11	JOHN TYLER ENTERPRISES INC 550 CRESCENT BLVD GLOUCESTER CITY, NJ 8030	Jason Bishop, Jillian Scafide Phone: 856-456-5668 Jason.Bishop@enternest.com, Jillian.Scafide@enternest.com	Trade Debt				\$1,766,726
12	MCLANE COMPANY LLC 6201 HK DODSEN LOOP NW TEMPLE, TX 76502	CARLY BRIDGERS Phone: 479-295-2788 CARLY.BRIDGERS@MCLANECO.COM	Trade Debt				\$1,741,583
13	SINOMAC INTERNATIONAL LIMITED- UNIT 2501, GLOBAL GATEWAY TOWER 63 WING HONG STREET, CHEUNG SHA WAN, KOWLOON	FIONA NGAO Phone: 852-242-61621 FIONA@SUNWING.COM.HK	Trade Debt				\$1,719,011
14	WORTHINGTON CYLINDER PA 27406 NETWORK PLACE CHICAGO, IL 60673-1274	BRAD KUSHINSKI Phone: 614-840-3953 BRAD.KUSHINSKI@WORTHINGTONINDUSTRIES.COM	Trade Debt				\$1,668,437
15	KING ZAK INDUSTRIES, INC. 3 POLICE DRIVE GOSHEN, NY 10924	SAADIA ZAKARIN Phone: 845-291-1200 SZAKARIN@KINGZAK.COM	Trade Debt				\$1,662,712

Debtor Party City Holdco Inc., et al.  
Name \_\_\_\_\_

Case number (if known) \_\_\_\_\_

	Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim		
					Total claim, if partially secured <sup>1</sup>	Deduction for value of collateral or setoff	Unsecured claim
16	KAY GLOBAL GROUP INC 1 MIDDLETON ST#3R BROOKLYN, NY 11206	IZZY KRAUS Phone: 718-306-9773 izzy@kaygrp.com	Trade Debt				\$1,661,545
17	ITS NATIONAL LLC 555 VISTA BLVD SPARKS, NV 89434	JEFF JANZA Phone: 775-501-3200 jjanza@its4logistics.com	Trade Debt				\$1,638,633
18	NINGBO JINGCHENG PLASTIC PRDTS- MARKET UNION CO., LTD, 8F, NO1 BLDG HIGH TECH AND SCIENCE, NO 1498 SQUARE, JINGNAN ROAD NINGBO, ZHEJIANG, 315300	JANE WANG Phone: 86-574-8622-1063 JANE@CHINASINCERE.COM	Trade Debt				\$1,554,884
19	PRAXAIR DISTRIBUTION INC 5860 CHEDWORTH WAY MISSISSAUGA, ON L5R 0A2, Canada	Theresa Allen, Abhijeet Parmar Phone: 1-515-963-3887 Theresa.Allen@linde.com Abhijeet.Parmar@linde.com	Trade Debt				\$1,336,958
20	SHIPT INC 420 20TH ST NORTH SUITE 1000 BIRMINGHAM, AL 35203	Lindsay Miller Guy Phone: 205-305-9766 lguy@shipt.com	Trade Debt				\$1,304,960
21	XINLE HUABAO PLASTIC PRDTS CO NO 210 NANHUAN ROAD, XINLE, HEB 050700	TRACY ZHU Phone: 86-311-8859-5779 ZHIPIN@HUABAO SULIAO.COM	Trade Debt				\$1,277,665
22	NINGBO LILART IMP&EXP CO LTD NO 35 HUACHENG GARDEN NO 611, NINGBO, ZJ 315100	CATHERINE WANG Phone: 0574-5571-2783 SALES01@LILART.CN	Trade Debt				\$1,253,566
23	DANCKER LLC 291 EVANS WAY SOMERVILLE, NJ 8876	Steven Lang, Ted Grillo Phone: 908-231-1600, 908-252-6102 info@dancker.com TGrillo@dancker.com	Trade Debt				\$1,214,951
24	FUNWORLD 80 VOICE ROAD CARLE PLACE, NY 11514	ALAN GELLER Phone: 516-873-9000 x222 ALANG@FUN-WORLD.NET	Trade Debt				\$1,198,038
25	ZHEJIANG XIELI(CN) S- NO. 19-133 CENDONG ROAD, WENZHO, ZJ 325802	GEORGINA WANG Phone: 86-18868159263 GEORGINA@XIELICN.COM	Trade Debt				\$2,163,710

Debtor Party City Holdco Inc., et al.  
Name \_\_\_\_\_

Case number (if known) \_\_\_\_\_

	Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim		
					If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured <sup>1</sup>	Deduction for value of collateral or setoff	Unsecured claim
26	WUXI RAYCHINA INTL CORP 28F MINGZHU MANSION NO 88-1, WUXI, JS 214001	Chenye Yin Phone: 0086-510-82739499 chenye@RAYCHINA-CN.COM	Trade Debt				\$1,086,056
27	WING HING PLASTIC BAGS IND. CO FLAT A1,10F/L,KIN HING IND BLD, KWAI CHUNG, N.T., HK 0	NGO KING HOK Phone: 852-9098-8618 CDNGO@NETVIGATOR.COM	Trade Debt				\$1,076,178
28	NASSAU CANDY DISTRIBUTORS, INC. 530 WEST JOHN ST. HICKSVILLE, NY 11801	CAROL BACA Phone: 516-433-7100 CAROL.BACA@NASSAUCANDY.CO M	Trade Debt				\$1,075,507
29	ZEPHYR SOLUTIONS 1050 LEAR INDUSTRIAL PKWY AVON, OH 44011	HEATHER KEHL Phone: 440-937-9993 HEATHER@ASKZEPHYR.COM	Trade Debt				\$1,054,836
30	TERRA WORLDWIDE LOGISTICS, LLC 309E PACES FERRY RD NE,STE 600 ATLANTA, GA 30305	DAVID TROHA Phone: 630-327-8094 dtroha@shipterra.com	Trade Debt				\$940,971

Fill in this information to identify the case and this filing:

Debtor Name Party City Holdings Inc.
United States Bankruptcy Court for the: Southern District of Texas
Case number (If known):

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- Schedule A/B: Assets-Real and Personal Property (Official Form 206A/B)
Schedule D: Creditors Who Have Claims Secured by Property (Official Form 206D)
Schedule E/F: Creditors Who Have Unsecured Claims (Official Form 206E/F)
Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G)
Schedule H: Codebtors (Official Form 206H)
Summary of Assets and Liabilities for Non-Individuals (Official Form 206Sum)
Amended Schedule
Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders (Official Form 204)1
Other document that requires a declaration Consolidated Corporate Ownership Statement and List of Equity Interest Holders

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 01/17/2023
MM / DD / YYYY

/s/ David Orlofsky
Signature of individual signing on behalf of debtor

David Orlofsky
Printed name

Chief Restructuring Officer
Position or relationship to debtor

1 The Debtors intend to file a single consolidated list of the Debtors' 30 largest unsecured creditors pursuant to Section F.14(a) of the Procedures for Complex Chapter 11 Cases in the Southern District of Texas.

**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- ( )
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**CONSOLIDATED CORPORATE OWNERSHIP  
STATEMENT AND LIST OF EQUITY INTEREST HOLDERS  
PURSUANT TO FED. BANKR. P. 1007(a)(1), 1007(a)(3), AND 7007.1**

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Pursuant to rules 1007(a)(1), 1007(a)(3), and 7007.1 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), attached hereto as Exhibit A is an organizational list reflecting all of the ownership interests in Party City Holdco Inc. (“PCHI”) and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”). The Debtors respectfully represent as follows:

1. Each of the Debtors identified on Exhibit A, other than Print Appeal, Inc., is 100% owned by its direct parent.
2. Print Appeal, Inc. is 70% owned by its direct parent, 15% owned by Jon Hendricks (an individual), and 15% owned by Nicole Hendricks (an individual).

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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: 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.

3. PCHI is the ultimate parent of each of the Debtors and its equity securities are publicly held. The following chart identifies all holders having an equity ownership interest in PCHI.<sup>2</sup>

<b>Name</b>	<b>Kind/Class of Interest</b>	<b>Number of Interests Held</b>
BlackRock Inc	Common Stock	6.37%
The Vanguard Group Inc	Common Stock	5.32%

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<sup>2</sup> This list reflects holders of five percent or more of Party City’s common stock and serves as the disclosure required to be made by the Debtors pursuant to Bankruptcy Rule 1007. Party City does not and cannot know the precise holdings or identity of the holders of its publicly held common stock. Thus, by separate motion filed contemporaneously herewith, the Debtors are requesting a waiver of the requirement under Rule 1007 to file a list of all its equity security holders.

**Exhibit A**

<b>Debtor</b>	<b>Equity Holder(s)</b>	<b>Percentage of Ownership</b>	<b>Last Known Address of Equity Holder</b>
PC Nextco Holdings, LLC	Party City Holdeco Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
PC Intermediate Holdings, Inc.	PC Nextco Holdings, LLC	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
PC Nextco Finance, Inc.	PC Nextco Holdings, LLC	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Party City Holdings Inc.	PC Intermediate Holdings, Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Party City Corporation	Party City Holdings Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Amscan Inc.	Party City Holdings Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Anagram Eden Prairie Property Holdings LLC	Party City Holdings Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Am-Source, LLC	Party City Holdings Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Trisar, Inc.	Party City Holdings Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Amscan Custom Injection Molding, LLC	Amscan Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Amscan Purple Sage, LLC	Amscan Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
Party Horizon Inc.	Amscan Inc.	100%	100 Tice Blvd. Woodcliff Lake, NJ 07677
	Amscan Inc.	70%	100 Tice Blvd. Woodcliff Lake, NJ 07677
	Jon Hendricks	15%	11220 Pagemill Rd. Dallas, TX 75243
	Nicole Hendricks	15%	11220 Pagemill Rd. Dallas, TX 75243

This is Exhibit “D” referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*James Aston*

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*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON  
(LSO #82118H)**

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

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In re:	)	
	)	Chapter 11
	)	
PARTY CITY HOLDCO INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 24-90621 (ARP)
	)	
Debtors.	)	(Jointly Administered)
	)	

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**DECLARATION OF DEBORAH RIEGER-PAGANIS,  
CHIEF RESTRUCTURING OFFICER OF PARTY CITY HOLDCO INC.,  
IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Deborah Rieger-Paganis, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Partner and Managing Director of AlixPartners, LLP ("AlixPartners"), an internationally recognized restructuring and turnaround firm. AlixPartners was retained by each of the above-captioned debtors and debtors in possession (collectively, the "Debtors" and, together with their non-Debtor affiliates, "PCHI" or the "Company") in December 2024.<sup>2</sup> In addition, I have been employed and retained to serve as the Chief Restructuring Officer of Party City Holdco Inc. ("PC Holdco"), a Delaware corporation, since December 20, 2024. PC Holdco is the ultimate parent company of the Debtors, as well as certain other indirect subsidiaries which are not debtors

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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: Party City Holdco Inc. (9758); Amscan Inc. (1359); Am-Source, LLC (8427); Party City Corporation (3692); Party City Holdings Inc. (3029); PC Intermediate Holdings, Inc. (1229); 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> In addition to the current engagement, the Company has previously retained AlixPartners in connection with (a) prior strategic transactions dating back to 2020 and (b) the Prior Cases (as defined herein).

in these chapter 11 cases. The Company's complete corporate organization chart is attached hereto as Exhibit A.

2. As the Chief Restructuring Officer of PC Holdco, I am currently responsible for, and/or materially engaged with, operating and financial management on, among other things, (a) all restructuring activities and initiatives of the Company, (b) cash management and liquidity forecasting, (c) the development of, or revisions to, the Company's wind down plan, and (d) engagement with creditors and other stakeholders, in each case, subject to the direction and oversight of the board of directors of PC Holdco in all respects. I have more than 22 years of restructuring experience in providing both interim management and advisory services to clients, serving in a variety of roles, including as interim Chief Financial Officer, Chief Restructuring Officer, and deputy Chief Restructuring Officer, as applicable, for various chapter 11 and/or wind down debtors. I hold a Bachelor of Science in accounting from the State University of New York at Albany and am a certified public accountant in the State of New York.

3. I submit this declaration in support of the Debtors' petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), filed on December 21, 2024 (the "Petition Date") in the United States Bankruptcy Court for the Southern District of Texas (the "Court"), and the Debtors' related requests for initial relief in the form of motions and applications (the "First Day Motions"), as well as to assist the Court and parties in interest in understanding the circumstances leading up to these chapter 11 cases. To that end, this declaration provides background information about the Debtors' corporate history, business operations, capital structure, and recent challenges, and supports the Debtors' petitions and the relief requested in the First Day Motions.

4. I am familiar with the Debtors' day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, information supplied to me by other members of the AlixPartners team, the Company's management, and other professionals and advisors, or my review of relevant documents or my opinion, which is in turn based upon my experience and knowledge of the Debtors' industry, operations, and financial conditions. If called to testify, I could and would testify competently as to the facts set forth herein.

#### **Overview**

5. PCHI has been a global leader in the celebrations industry, with its offerings being sold in more than 70 countries around the world at its peak. The Company's retail and consumer products operations have made it easy for customers to create unforgettable memories through one-stop-shopping for all things celebration, including Halloween, Christmas, New Year's, graduations, and birthdays.

6. Since emerging from a chapter 11 reorganization in October 2023 (the "Prior Cases"), PCHI focused its efforts on implementing initiatives intended to make the Company a more modern, efficient, and profitable retail enterprise positioned for long-term growth. Those efforts included inventory optimization, right-sizing its workforce, updating its retail pricing methodology, and exiting its historical manufacturing business to focus on retail and wholesale operations. During the 14 months between the Debtors' emergence from chapter 11 and the filing of these cases, however, PCHI continued to experience the challenges affecting all major retailers, including, among other things, inflationary pressures, macroeconomic factors affecting consumer discretionary spending, contracting margins, and shifting customer preferences.

7. These factors placed significant pressure on the Company's business and liquidity position. As a result, in September 2024, PCHI launched an effort to raise incremental capital to fund the Company's business plan and navigate through a projected liquidity trough. A confluence of factors—all further described below—frustrated those efforts, leaving the Company with insufficient runway to effectuate its long-term growth strategy while maintaining the liquidity necessary to operate its business. Among other things, the Company's efforts to obtain additional capital from either the ABL/FILO Lenders (as defined herein), the holders of the Company's Second Lien Notes (who are also PCHI's majority owners), and third-party strategic investors and lenders were unavailing. After the ABL Agent (as defined herein) instituted a \$50 million discretionary reserve under the ABL/FILO Facilities (as defined herein), on December 10, 2024, PCHI found itself in default thereunder. Without any prospect for incremental capital or a liquidity infusion from the Company's existing lenders or investors, PCHI was compelled to pivot to a liquidation strategy, to be effected through chapter 11. Negotiations with the ABL/FILO Lenders culminated in the execution of the Forbearance Agreement (as defined herein), which required that PCHI file these cases by December 22, 2024 to effectuate an efficient and value-maximizing sale of the Company's assets and orderly wind down of its business.

8. As set forth herein and in the related First Day Motions, the main components of these cases are as follows:

- **Store Closing Sales:** shortly before the Petition Date, PCHI retained Gordon Brothers (as defined below) to assist the Company in liquidating substantially all of its inventory, merchandise, and furniture, fixtures, and equipment located in its stores and distribution center via retail and wholesale channels;
- **Other Asset Sales:** PCHI has filed a motion seeking approval of bidding and sale procedures to sell substantially all of its assets that will not be subject to the store closing sales—including its intellectual property and lease portfolio—pursuant to court-approved

(a) bidding procedures, (b) de minimis asset sale procedures, and (c) assumption and assignment procedures;

- **Cash Collateral:** PCHI has reached an agreement with the ABL Agent, the ABL/FILO Lenders, the Second Lien Notes Trustee, and the holders of Second Lien Notes permitting the consensual use of such lenders' cash collateral to fund these cases and the orderly wind down of its business; and
- **Plan Confirmation:** in parallel with these efforts, PCHI will seek confirmation of a chapter 11 plan of liquidation on an expedited timeline to bring these chapter 11 cases to an orderly and equitable conclusion.

9. Given the nature of PCHI's celebrations-focused business, the holiday season is one of the Company's busiest. Although this timing is unfortunate, it is essential that the Company commence its store closing sales and other asset-monetization efforts now—ahead of the holidays—to capture the benefit for all stakeholders of the Christmas and New Year's selling seasons.

10. The remainder of this declaration proceeds as follows:

- **Section I** provides background information on the Company's business and organizational and capital structure since emerging from the Prior Cases;
- **Section II** describes in further detail the events leading up to these chapter 11 cases;
- **Section III** sets forth the relevant facts in support of the First Day Motions and summarizes the relief requested therein; and
- **Section IV** summarizes the relief requested in additional motions the Debtors filed substantially contemporaneously with the First Day Motions.

## **I. The Debtors' Businesses and Capital Structure**

### **A. Business Overview**

11. As of the Petition Date, PCHI's business is comprised of two primary business lines: (a) retail operations, including owned and franchised stores and e-commerce sales, and (b) consumer products, which involves the design, sourcing, and distribution operations that

ultimately result in sales to third-party wholesale customers and retailers, including the PCHI retail business. The Company's retail stores are located in the United States and its consumer products operations are located in the United States and Asia, supplying goods throughout the world in more than 70 countries.

**B. Retail and Consumer Products Operations**

12. PCHI operates in the party goods industry. The Company's enterprise-wide product lines span a wide variety of ways to celebrate everyday events from birthdays to theme parties to sporting events, as well as seasonal events like holidays, graduations, and other special occasions. Its product lines include tableware, costumes and accessories, decorations, balloons, and favors. The Company generated total consolidated operating revenues of approximately \$1.8 billion for the fiscal year ending December 31, 2023, with the retail segment accounting for approximately 85% of total revenues and the consumer products segment generating the balance.

**1. Retail Operations**

13. PCHI's retail operations generate revenue primarily through the sale of party supplies, which are sold under the Amscan and Brava brand names through its PCHI stores and online. On average, PCHI offers 15,000 stock-keeping units ("SKUs") at any one time through its retail stores and 40,000 SKUs online through its e-commerce platform; products are frequently updated to remain current and meet customers' evolving needs. The Company designs and sources approximately 80% of the products offered through its retail operations and relies on third-party suppliers for the remaining 20%.

14. PCHI operates approximately 692 retail stores. The Company organizes its stores by events and themes to make it easy for customers to shop. As of the Petition Date, PCHI franchised an additional 29 stores throughout the United States, including Puerto Rico. The

franchised stores utilize PCHI's format, design specifications, methods, standards, operating procedures, systems, and trademarks. The Company receives initial one-time franchise fees and ongoing royalty fees generally ranging from 4-6% of net sales. In exchange for the franchise fees, franchisees receive brand value, marketing, and merchandising support with respect to planograms (*i.e.*, schematic drawings or plans for displaying merchandise so as to maximize sales) from the Company. In addition to its owned and franchised stores, PCHI operates through various websites, including PartyCity.com, to offer convenient, user-friendly, and secure online shopping options for its customers.

## **2. Consumer Products Operations**

15. The Company's other primary business segment, consumer products, generates revenues from the design, sourcing, distribution, and sale, of decorative party goods for all occasions. Its customers are party superstores (including its owned retail stores and franchised stores operating principally as PCHI) and unaffiliated specialty retailers, mass merchants, and independent party goods suppliers. Through its consumer products operations, the Company offers nearly 400 ensembles, which range from approximately five to 40 design-coordinated items spanning tableware, accessories, novelties, balloons, and decorations.

16. ***Manufacturing.*** Through Trisar, Inc., one of PC Holdco's indirect subsidiaries, PCHI owns and operates AmPro, a piñata manufacturing business based in Mexico. The Company intends to market its equity interests in AmPro to potential third-party purchasers through these chapter 11 cases. As described herein, PCHI sold or divested the remainder of its manufacturing businesses in 2023-2024.

17. ***Sourcing.*** PCHI also maintained a diverse network of third-party vendors that produce items designed by and created for the Company. These vendors are generally located in

Asia and the business' relationship with them is managed by the Company's non-Debtor subsidiary, PCHI Asia Limited, based in Hong Kong. When it became apparent that PCHI would seek to wind down its business through these chapter 11 cases, PCHI made the determination to shut down these sourcing operations, and expects PCHI Asia Limited to commence liquidation proceedings in Hong Kong.

18. ***Distribution.*** PCHI ships products directly to retailers and distributors throughout the world from its distribution facility located in Chester, New York, as well as directly through an electronic order entry and information systems platform. Piñatas are shipped directly to customers.

**C. The Prior Cases**

19. On January 17, 2023, the Company filed for bankruptcy protection in the Court to implement a holistic, pre-negotiated restructuring designed to deleverage its balance sheet and afford it access to significant new capital, to enable it to focus on long-term growth and, in turn, strengthen its competitive position in the market. In particular, the Company sought to leverage the tools provided under chapter 11 to right-size its lease portfolio and renegotiate approximately 450 above-market leases.

20. The Prior Cases were the result of the cumulative effect of the COVID-19 pandemic and its aftermath (including unprecedented supply chain disruptions, global helium shortages, inflationary pressures, and rising interest rates), which eroded the Company's liquidity and necessitated a restructuring through an in-court process. In particular, the pandemic-related store closures that rattled the retail industry robbed the Company of significant liquidity, and the lingering effects of COVID-19 in the years following 2020, resulting in changes in consumer purchasing behavior, were uniquely devastating to PCHI: consumers' decisions to host smaller

gatherings led them to purchase fewer party products, directly and adversely impacting the Company's bottom line. As a result of these factors, PCHI was restricted in its ability to adequately fund, and thus realize the full potential of, critical growth initiatives.

21. On October 12, 2023, the Company emerged from chapter 11.<sup>3</sup> The Prior Cases ultimately resulted in the Company equitizing approximately \$1 billion in funded debt, closing 48 underperforming stores, and renegotiating approximately 461 store leases. Further details regarding the Prior Cases can be located in the *Fourth Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 1672]), the *Disclosure Statement for First Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 858]), and the *Supplement to Disclosure Statement for the Third Amended Joint Chapter 11 Plan of Reorganization of Party City Holdco Inc. and Its Debtor Affiliates* (Case No. 23-90005 [Docket No. 1462]). PCHI also maintains a website, <https://cases.ra.kroll.com/PCHI/>, at which general information regarding the Prior Cases can be obtained free of charge.

**D. Corporate Governance and Capital Structure**

22. As set forth on the organizational chart attached hereto as Exhibit A, PCHI currently owns, directly or indirectly, each of its subsidiaries. As of the Petition Date, the Debtors have approximately \$400 million in total debt obligations.<sup>4</sup>

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<sup>3</sup> One of the Prior Cases, that of PC Holdco (case no. 23-90005), remains open in this Court for the purposes of claims administration, which process is ongoing.

<sup>4</sup> PCHI's foreign subsidiaries—Amscan Canada Inc., Eastlake Manufacturing de Mexico S.A. de C.V., Baja Pacific Paper, S. de R.L. de C.V., and PCHI Asia Limited—are not Debtors in these cases and are not obligors on the Debtors' funded debt.

23. The following table depicts the Debtors’ prepetition capital structure:

<b>Debt Obligations</b>	<b>Maturity</b>	<b>Approximate Outstanding Principal Amount as of the Petition Date</b>
<b>Secured Debt</b>		
ABL Facility	October 2028	\$149,165,942
FILO Facility	October 2028	\$13,311,969
Second Lien Notes	January 2029	\$267,527,394
<b>Total Secured Debt</b>		<b>\$399,005,305</b>

**1. Secured Debt Obligations**

**a. The ABL/FILO Facilities**

24. Party City Holdings Inc. and Party City Corporation, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Agent”), are party to that certain ABL Credit Agreement, dated as of October 12, 2023 (the “ABL Credit Agreement”). The ABL Credit Agreement, as amended pursuant to that certain Forbearance Agreement, dated as of December 17, 2024 (the “Forbearance Agreement”), provides for an asset-based lending revolving credit facility in an amount up to \$250 million, including \$40 million in swingline loans and \$60 million in letters of credit (the “ABL Facility”). The ABL Credit Agreement also provides for an asset-based revolving credit facility providing for an additional \$17.1 million of revolving commitments on a first-in, last-out basis (the “FILO Facility” and, together with the ABL Facility, the “ABL/FILO Facilities”; the lenders under the ABL/FILO Facilities, the “ABL/FILO Lenders”). Each of the other Debtors guarantees the ABL/FILO Facilities.

25. The maturity date on the ABL/FILO Facilities is October 12, 2028, and the obligations thereunder are secured by first liens on substantially all of the Debtors’ assets. As of the Petition Date, approximately \$118 million in principal amount was outstanding under the ABL

Facility, as well as an additional approximately \$31 million in letters of credit, and a further approximately \$13 million was outstanding under the FILO Facility.

**b. The Second Lien Notes**

26. On October 12, 2023, PCHI issued approximately \$232.4 million in aggregate principal amount of 12.00% senior secured second lien PIK toggle notes due 2029 (the “Second Lien Notes”) under an Indenture with the other Debtors, as guarantors, and Wilmington Savings Fund Society, FSB, as trustee, collateral trustee, paying agent, and registrar (the “Second Lien Notes Trustee”). The maturity date of the Second Lien Notes is January 20, 2029, and the Second Lien Notes are secured by second-priority liens on all assets of PCHI and the guarantors, which are junior to the first-priority security interests securing the ABL/FILO Facilities. As of the Petition Date, approximately \$268 million in aggregate principal amount of Second Lien Notes was outstanding.

**c. The Intercreditor Agreement**

27. The ABL Agent and the Second Lien Notes Trustee, together with Party City Holdings Inc., PCHI, and Party City Corporation, entered into that certain Intercreditor Agreement, dated as of October 12, 2023 (the “Intercreditor Agreement”). The Intercreditor Agreement sets forth the agreements between the ABL Agent and the Second Lien Notes Trustee with respect to the priority of liens on the collateral securing the ABL/FILO Facilities and the Second Lien Notes, and the respective rights and remedies of the various lenders, among other things. The Intercreditor Agreement generally provides that the ABL/FILO Lenders have primacy over the holders of Second Lien Notes in all matters regarding collateral.

## **2. Common Equity**

28. PCHI transitioned from a publicly traded to a privately-held company upon its emergence from the Prior Cases, when it issued new common equity to the holders of its prepetition secured debt and debtor in possession financing facility on account of their claims. Over 97% of the Company's equity is owned by four holders of Second Lien Notes (the "Ad Hoc Noteholder Group"), who also hold over 99% of the Second Lien Notes, and the remaining balance is held by other investors.

## **3. Governance**

29. Upon the Company's emergence from the Prior Cases, a new board of directors of PCHI (the "Board") was appointed. As of the Petition Date, the Board is composed of three members: Bob Hull, Neal Goldman, and Patrick Bartels (the "Independent Directors"). The Independent Directors have supervised and guided the Company's efforts to find additional capital or implement a strategic alternative that could have avoided this liquidation, and have reviewed and authorized these chapter 11 cases.

## **II. Events Leading to These Chapter 11 Cases**

### **A. Efforts to Reposition the Business Complicated by Underperforming Sales**

#### **1. Strategic Initiatives Since the Prior Cases**

30. Following the Prior Cases, the Company's management team, together with its new owners, set forth on a plan to prioritize long-term growth by transforming the business into a streamlined, modern, and more profitable retail operation.

31. *Inventory Management Initiative.* The Company launched an "Inventory Management Initiative," developed to address two main obstacles to PCHI's long-term growth:

(a) PCHI possessed excess older, lower quality, and/or dated inventory, the sale of which was

inconsistent with management's plan to modernize and improve the Company's business, and (b) PCHI's prices had risen as a result of macroeconomic pressures post-pandemic. Accordingly, the Inventory Management Initiative involved the sale of older, lower quality, and/or dated inventory at a significant discount, which management anticipated would right-size PCHI's inventory position from \$450 million to a more sustainable \$300 million over approximately one year. This initiative was expected to fuel PCHI's long-term growth by expanding its market share and building and retaining customer goodwill. However, the Inventory Management Initiative involved certain short-term sacrifices: it both required sales of inventory at decreased margins relative to historical levels and meant that, as PCHI's inventory base contracted, its borrowing base under the ABL/FILO Facilities—and thus the amount of available liquidity—would also decrease over time.

32. ***Divesting Manufacturing Businesses.*** The Company also determined to wind down or sell substantially all of its owned manufacturing businesses, shifting its focus to retail and wholesale design and sourcing operations—its most profitable business lines. Specifically, until 2024, the Company operated manufacturing facilities that produced paper and plastic plates and cups, paper napkins, foil balloons, piñatas, and other party and novelty items. PCHI also divested the costume manufacturing portion of its wholesale business operations based in Asia.

33. The Company also separated its balloon business—"Anagram"—shortly after it emerged from the Prior Cases. Although the entities comprising the Anagram business (Anagram Holdings, LLC, Anagram International, Inc., and Anagram International Holdings, Inc. (collectively, the "Anagram Entities")) were wholly-owned subsidiaries of PCHI during the Prior Cases, the Anagram Entities had their own funded debt (on which PCHI was not obligated), faced their own financial difficulties, and filed their own chapter 11 cases following the Prior Cases. In

connection with the Anagram Entities' chapter 11 plan confirmation process, PCHI and the Anagram Entities entered into a comprehensive Omnibus Commercial Arrangement Agreement, dated December 29, 2023, to govern the parties' commercial relationship post-separation.

34. ***Focusing on Profitable Wholesale Partnerships.*** PCHI has historically had long-term relationships with many types of consumer products customers, including party superstores (in addition to its owned retail stores and franchised stores operating principally as PCHI) and unaffiliated specialty retailers, mass merchants, e-commerce merchandisers, craft stores, grocery retailers, and dollar stores. In 2024, the Company terminated unprofitable relationships with certain wholesale customers. The Company's consumer products business has since been focused on supplying independent party goods retailers and Canadian Tire, a Canadian retail conglomerate to which PCHI sold its Canadian business in 2019.

35. ***Closing Unprofitable Store Locations.*** As noted above, PCHI closed 48 unprofitable and/or underperforming retail locations in connection with the Prior Cases. To effectuate these store closings, the Company retained Gordon Brothers Retail Partners, LLC (together with its affiliate, Gordon Brothers Commercial & Industrial, LLC, "Gordon Brothers") as liquidation consultant. Since the Prior Cases, PCHI has, in consultation with Gordon Brothers, continued to close 27 additional retail locations that are either unprofitable or no longer consistent with its long-term business plan to streamline its store portfolio.

## **2. Mitigating Declining Performance**

36. Despite these actions, which, together, were expected to reposition the Company for long-term success, the Company's sales and store traffic turned out to be significantly lower than anticipated during the year following the Prior Cases. Specifically, PCHI's comparative store sales declined 9.5% year-over-year from July 2023 to July 2024. Sales of PCHI's consumer

products division also declined 24.8% in the same period, due partially to lower intercompany sales to PCHI's retail division. At the same time, the purchases of PCHI's key consumer products partner, Canadian Tire, dropped dramatically.

37. This unanticipated underperformance placed significant strain on the Company's balance sheet. In both January and September 2024, the Company made the difficult decision to implement a reduction in force, affecting 280 corporate employees in total. In fall 2024, the management team also began developing plans for a similar approach to maximize efficiency with respect to its retail operations, in order to ease the financial pressure on the Company and afford management the necessary time and resources with which to implement its long-term growth and revitalization strategy.

**B. September 2024 Hilco Appraisal; Efforts to Obtain Incremental Financing; Forbearance Agreement Under the ABL/FILO Facilities**

38. Confronting these unexpected challenges, PCHI's management determined that the Company should seek incremental financing to support its ongoing operations and the fulsome implementation of its new business strategies over the next few years. To facilitate these efforts, in September 2024, the Company retained Hilco Valuation Services, LLC ("Hilco") to conduct a reappraisal of its inventory. The ABL Agent also later retained the same Hilco team to conduct the annual inventory appraisal required under the ABL/FILO Facilities. Hilco delivered a preliminary appraisal report to PCHI on or around November 12, 2024, in which Hilco determined to significantly reduce the net orderly liquidation value of the key asset categories supporting the Company's borrowing base under the ABL/FILO Facilities as compared to the Company's historical appraisals.

39. The Company disagreed with key material components of Hilco's methodology and conclusions in its draft report. It promptly initiated discussions with Hilco to address factual inaccuracies and advocate for adjustments aimed at mitigating such inaccuracies in a bid to reduce the decline in net orderly liquidation value. While those conversations were ongoing, on November 18, 2024, the ABL Agent exercised its contractual right under the ABL/FILO Facilities and instituted a \$50 million discretionary reserve against the Company's availability thereunder. The Company's efforts with Hilco ultimately resulted in Hilco delivering a revised appraisal to the Company, in which the net orderly liquidation value was increased as compared to the preliminary report. The ABL Agent nonetheless determined to maintain the discretionary reserve. As a result, the Company faced a significant, steep liquidity trough that required immediate engagement with the Ad Hoc Noteholder Group for a new capital investment under an exceptionally accelerated timeline. These discussions did not bear fruit, and without access to new capital from the ABL/FILO Lenders, the Ad Hoc Noteholder Group, or a third party, the Company lacked any meaningful runway to continue exploring going-concern options. Without sufficient time and liquidity, the Company was forced to conserve its remaining cash by ceasing new inventory orders and delaying the payment of rent and other operating costs to preserve funds essential to operate PCHI's business in the immediate term.

40. These events caused the Company to reengage Paul, Weiss, Rifkind, Wharton & Garrison LLP, Porter Hedges LLP, and AlixPartners to review its strategic options and commence contingency planning. PCHI and its advisors intensified the Company's efforts to seek additional financing, engaging with the ABL/FILO Lenders, the Ad Hoc Noteholder Group, and various third-party financing sources. However, by late November 2024, PCHI learned that the Ad Hoc Noteholder Group was not in a position to provide incremental financing to the Company.

Likewise, the ABL/FILO Lenders were not in a position to provide the Company with any incremental liquidity or reduce the discretionary reserve to free up existing liquidity. The Company nevertheless pursued potential third-party sources of financing, but such efforts failed to result in a viable new money alternative in the extremely limited time period available.

41. Notwithstanding the extreme measures PCHI's management team undertook to conserve cash by halting new orders and delaying rent and vendor payments, on December 10, 2024, the Debtors' available liquidity dropped below the required minimum liquidity under the ABL/FILO Facilities, which gave rise to an event of default, triggering the ABL/FILO Lenders' right to exercise remedies, including sweeping the Company's cash as provided in the ABL Credit Agreement. Lacking the time to continue their search for a liquidity infusion from a third party, in order to maximize the value of the Company's assets for the benefit of all stakeholders, the Company and its advisors pivoted to preparing for a potential chapter 11 filing to conduct the orderly wind down of its business while simultaneously negotiating a forbearance agreement and access to chapter 11 funding with the ABL Agent and ABL/FILO Lenders.

42. On December 17, 2024, the Company and the ABL/FILO Lenders entered into the Forbearance Agreement. The ABL/FILO Lenders conditioned their willingness to enter into the Forbearance Agreement on the Company's assent to certain milestones contained therein, pursuant to which the Company is required to, among other things, (a) limit disbursements to those set forth in an agreed-upon budget and (b) meet milestones that required, among other things, the Company to (i) retain a liquidation consultant on or before December 16, 2024 and (ii) commence these cases on or before December 22, 2024. As noted above, certain of the Debtors' secured lenders considered it essential to commence store closing sales before the Christmas and New Year's selling season to maximize the proceeds of such sales for the benefit of all stakeholders. In

connection with the commencement of these cases, prior to the Petition Date, the Debtors implemented a reduction in force, affecting approximately 400 corporate employees.

**C. Selection of Store Closing and Real Estate Consultants**

43. In December 2024, given the Company's liquidity position and uncertainty around its ability to attract new capital, the Company solicited proposals from potential third-party store closing consultants to facilitate a potential liquidation process. Initially, PCHI contacted Gordon Brothers, on account of Gordon Brothers' existing knowledge of the Company's operations and business due to its historic relationship with the Company. PCHI also solicited bids from four other potential liquidation consultants to create a competitive bidding process in pursuit of the most favorable terms for the Company and its stakeholders. PCHI ultimately received two formal proposals, one from Gordon Brothers and another from Hilco. After extensive negotiation, and in consultation with the ABL Agent and ABL/FILO Lenders, PCHI determined that the Gordon Brothers proposal presented the value-maximizing transaction for the Company, including because (a) the proposed economic terms were more competitive and (b) of the minimal execution risk associated with the proposal, given Gordon Brothers has facilitated going out of business sales for PCHI since 2017, including in connection with the Prior Cases, and thus is familiar with its business, operations, inventory, and key stakeholders. On December 16, 2024, PCHI entered into a Consulting Agreement with Gordon Brothers to ensure its store closing sales could commence promptly following the Petition Date.

44. Following a competitive proposal process, in which the Company and its advisors negotiated for favorable economic terms, on December 19, 2024, PCHI also renewed its previous engagement of A&G Real Estate Partners, LLC, who served as an advisor to the Company in connection with its Prior Cases, to assist the company in monetizing its lease portfolio.

### **III. First Day Motions**<sup>5</sup>

45. As a result of my first-hand knowledge, and through my review of various materials and information, discussions with members of the Debtors' management, and discussions with the Debtors' outside advisors, I have formed opinions as to (a) the necessity of obtaining the relief sought by the Debtors in the First Day Motions, (b) the need for the Debtors to continue to operate effectively as they run an orderly liquidation process, wind down their businesses, and maximize the value of their assets for the benefit of all stakeholders, and (c) the immediate and irreparable loss of estate value and disruption to the Debtors' liquidation process that will occur if the relief requested in the First Day Motions is delayed.

46. As described more fully below, the Debtors, in consultation with their professionals, have carefully tailored the relief requested in the First Day Motions to ensure the Debtors are able to fund the operations essential to their efforts to monetize their assets, and that the Debtors' carefully crafted orderly liquidation process may function as designed. I, or other members of the Debtors' management and/or operational teams, participated in the analysis that informed each First Day Motion and assisted in developing the relief requested therein, and reviewed the pleadings related thereto. At all times, the Debtors' management and professionals remained cognizant of the limitations imposed on a debtor in possession and, in light of those limitations, the Debtors narrowed the relief requested at the outset of these chapter 11 cases to those matters necessary to preserve the value of the Debtors' assets. It is my opinion that the value of such assets would be immediately and adversely impacted if the relief requested in the First Day Motions is not granted.

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<sup>5</sup> Capitalized terms in this section of the declaration not otherwise defined herein shall have the meaning ascribed to such terms in the applicable First Day Motion.

47. ***Cash Collateral Motion.*** As above, the ABL Agent, ABL/FILO Lenders, Second Lien Notes Trustee, and holders of Second Lien Notes have consented to the Debtors' use of cash collateral in order to fund the Debtors' day-to-day business operations through the completion of the Debtors' orderly wind down and liquidation process. As of the Petition Date, the Debtors have approximately \$16.4 million total cash on hand, all of which constitutes cash collateral. In the normal course of business, the Debtors use cash on hand and cash flow from operations and other sources to fund working capital and capital expenditures, as well as to operate and maintain their business and leased store locations. Specifically, the Debtors rely on cash collateral to, among other things, obtain essential services from vendors, honor payroll obligations to employees, and satisfy other working capital and operational needs. By this motion (the "Cash Collateral Motion"), the Debtors seek entry of an order authorizing their use of cash collateral to fund these chapter 11 cases in accordance with the terms of an agreed-upon budget. In exchange for the use of cash collateral, the Debtors intend to grant adequate protection to the ABL/FILO Lenders and holders of Second Lien Notes as set forth in more detail in the Cash Collateral Motion. The proposed adequate protection package provides such lenders with a variety of safeguards to protect against any diminution in the value of the cash collateral during the chapter 11 cases.

48. The Debtors' access to cash collateral is essential to the success of their carefully crafted orderly liquidation and wind down process. Absent immediate access to cash collateral, the Debtors will not have adequate unencumbered cash on hand to fund critical expenses or effectuate an orderly wind down of their business. Accordingly, if the Debtors could not obtain access to cash collateral to fund their expenses during their wind down and liquidation process, the Debtors would be forced to liquidate in a disorderly and value-destructive fashion. Thus, I

believe the relief requested in the Cash Collateral Motion is in the best interests of the Debtors and their stakeholders.

49. ***Store Closing Motion.*** By this motion (the “Store Closing Motion”), the Debtors seek entry of interim and final orders: (a) authorizing the Debtors to assume that certain Consulting Agreement between the Debtors and Gordon Brothers, (b) authorizing and approving the initiation of store closings and related matters in accordance with the terms of the Consulting Agreement and the store closing sale procedures, with such sales to be free and clear of all liens, claims, and encumbrances, (c) authorizing customary bonuses to non-insider Closing Store and distribution center employees who remain employed for the duration of the Store Closing Sales, (d) approving modifications to certain customer programs, and (d) granting related relief.

50. Pursuant to the Store Closing Motion, the Debtors seek to close their 692 retail locations, with the assistance of the Consultant, in 10 to 12 weeks. The Store Closing Sales are a critical component of the Debtors’ carefully crafted orderly liquidation plan, given that the majority of the Debtors’ salable assets consist of inventory and merchandise located at their stores and distribution facilities. The Debtors and the Board have determined that, in the exercise of their business judgment and in consultation with their advisors, the Store Closing Procedures provide the best and most efficient means of selling the Store Closing Assets to maximize the value of the Debtors’ estates for all stakeholders. Specifically, the Consultant’s services will ensure that the liquidation process is seamless and therefore maximizes the value of the salable inventory at the Closing Stores, and the payment of Store Closing Bonuses will ensure that the Debtors can maintain adequate staffing to facilitate the Store Closing Sales.

51. As above, it is essential that the Debtors are able to continue the Store Closing Sales as soon as possible, to capture the benefit of increased store traffic and sales related to the holiday

season. Accordingly, I believe that the relief requested in the Store Closing Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, is essential to enable the Debtors to conduct their carefully considered orderly liquidation for the benefit of all stakeholders, and thus should be granted.

52. ***Bidding Procedures and Sale Motion.*** In addition to seeking authority to conduct the Store Closing Sales (as defined in the Store Closing Motion) and close their distribution centers, the Debtors seek approval of the sale of all or substantially all of their other non-inventory assets pursuant to a bidding procedures and sale motion (the "Bidding Procedures and Sale Motion"). The Bidding Procedures and Sale Motion contemplates an open, competitive bidding process for all or any portion of the Debtors' assets on a timeline consistent with the Debtors' Store Closing Sales, and, among other things, requests approval of (a) separate procedures for the sale of (i) the Debtors' assets and (ii) certain of such assets that are of de minimis value; (b) procedures for scheduling an Auction and Sale Hearing; and (c) certain forms of notice related thereto, as well as authorization (a) to enter into a Stalking Horse Agreement with a Stalking Horse Bidder; (b) of Assumption and Assignment Procedures to be used in connection with any Sale Transaction; and (c) of the Debtors' assumption of any Assigned Contracts in connection with such Sale Transaction.

53. As above, the Debtors intend to sell all merchandise and inventory located at their stores and distribution facilities through the Store Closing Sales. The Debtors, however, have other assets that may be salable and could provide additional value for their estates and stakeholders, including, for example, intellectual property assets, unexpired leases of non-residential real property, and the AmPro business. I believe that the De Minimis Asset Sale Procedures and Bidding Procedures will facilitate the sale of substantially all of the Debtors' assets

in a transparent and value-maximizing fashion. Further, the relief requested in the Bidding Procedures and Sale Motion will facilitate the Debtors' carefully crafted orderly liquidation process, which has been designed to preserve the value of the Debtors' estates for the benefit of all stakeholders. I also believe it is essential that the Debtors are able to begin marketing these assets pursuant to Court-approved procedures at the outset of these chapter 11 cases to maximize the proceeds the Debtors may receive for their sale. Accordingly, I believe the requested relief should be granted.

54. **Cash Management Motion.** By this motion (the "Cash Management Motion"), the Debtors seek entry of interim and final orders authorizing the Debtors to (a) continue using their existing cash management system and honoring prepetition obligations related thereto, (b) maintain their existing business forms and books and records, and (c) continue certain intercompany transactions, and granting administrative expense priority to the intercompany claims. As described in detail in the Cash Management Motion, the Debtors maintain an integrated cash management system in the ordinary course of their businesses. To lessen the disruption caused by the bankruptcy filings and maximize the value of their assets as they wind down their businesses through these chapter 11 cases, it is vital that the Debtors be permitted to maintain their cash management system and be authorized to, *inter alia*, pay any outstanding bank, processing, and security fees owed in relation to their cash management system, continue utilizing their corporate credit cards, maintain their existing business forms, and continue engaging in ordinary course intercompany transactions. The Debtors believe that each of their bank accounts complies with section 345(b) of the Bankruptcy Code because it is maintained at a bank that is (a) an authorized depository in accordance with the U.S. Trustee Guidelines and/or (b) insured by the Federal Deposit Insurance Company.

55. If the Debtors are required to alter the way in which they collect and disburse cash throughout the cash management system, I believe that their operations would experience severe disruptions, which ultimately would frustrate the Debtors' ability to effectuate an orderly liquidation process for the benefit of all stakeholders. It is, therefore, critical that the Debtors be able to continue to utilize their existing cash management system to consolidate management of cash and centrally coordinate transfers of funds to efficiently and effectively operate their businesses.

56. ***Vendors Motion.*** The Debtors seek entry of interim and final orders authorizing them to pay, in their business judgment, certain prepetition amounts owed to certain (a) essential vendors and service providers (collectively, the "Critical Vendors"), and (b) lien claimants (collectively, the "Lien Claimants," and together with the Critical Vendors, the "Vendors"). The Debtors request authorization to pay the prepetition claims of such parties in light of the importance of the products and services provided by such Vendors to the Debtors' orderly liquidation process and the maximization of the value of the Debtors' assets for the benefit of all stakeholders.

57. Because of the nature of the Debtors' businesses, the Debtors believe that many vendors will make credible and actionable threats to cease supplying the Debtors with the specialized goods and services necessary to effectuate a value-maximizing orderly liquidation process, unless they are paid on account of their prepetition debt. More specifically, the Debtors rely on the Critical Vendors to supply helium and digital advertising services, without which the Debtors cannot sell their remaining inventory through the Store Closing Sales. Similarly, the Debtors believe that if they do not pay prepetition amounts attributable to their respective claims, the Lien Claimants may assert possessory liens and refuse to deliver or release goods in their

possession until their claims are satisfied and their liens redeemed. The Lien Claimants assist the Debtors with the storage and transportation of the Debtors’ inventory as it travels through the Debtors’ substantial supply chain.

58. Accordingly, to avoid jeopardizing the Debtors’ carefully crafted orderly liquidation process and the value of their assets, I believe that the relief requested in this motion should be granted. The following table summarizes the types of claimants that the Debtors request authority to pay in an aggregate amount of up to \$9 million pursuant to this motion.

Category	Description of Claims
Critical Vendors	Specialized suppliers of helium, on-demand delivery of products, and digital advertising, which are critical to monetizing the Debtors’ remaining assets for the benefit of all stakeholders
Lien Claimants	Suppliers of goods and services that may assert mechanic’s, possessory, or other similar liens

59. The aggregate amount requested herein is approximately 10% of all accounts payable, with \$6 million to be paid within 21 days of the Petition Date.

60. ***Automatic Stay Enforcement Motion.*** Pursuant to this motion (the “Automatic Stay Enforcement Motion”), the Debtors seek entry of an order restating and enforcing the worldwide automatic stay, anti-discrimination provisions, and *ipso facto* protections of the Bankruptcy Code. The Debtors have many foreign creditors and counterparties to contracts in various jurisdictions that may not be familiar with the restrictions of the Bankruptcy Code. Many of these creditors do not transact business on a regular basis with companies that have filed for chapter 11 and therefore may be unfamiliar with the scope of a debtor in possession’s authority to conduct its business and the scope of the Bankruptcy Code’s protections.

61. The Debtors thus seek the relief requested in the Automatic Stay Enforcement Motion out of an abundance of caution to protect their international operations throughout the pendency of their orderly liquidation process. There is a risk that various interested parties may attempt to seize the Debtors' assets located outside of the United States to the detriment of the Debtors, their estates, and creditors, or take other actions in contravention of section 362 of the Bankruptcy Code, as well as attempt to terminate leases and executory contracts pursuant to *ipso facto* provisions therein in contravention of section 365 of the Bankruptcy Code. For the avoidance of doubt, the relief requested under the Automatic Stay Enforcement Motion does not seek to expand or enlarge the rights afforded to the Debtors under the Bankruptcy Code.

62. ***Utilities Motion.*** By this motion (the "Utilities Motion"), and to ensure continued provision of utility services at the Debtors' leased properties during their orderly liquidation process and the implementation of store closing sales, the Debtors seek entry of an order (a) prohibiting utility providers from altering, refusing, or discontinuing utility services, (b) deeming the utility providers to be adequately assured of future payment, and (c) establishing procedures for determining adequate assurance of payment. The Debtors propose to fund a segregated account with a deposit equal to approximately two weeks of the Debtors' estimated aggregate utility expenses (plus an additional \$50,000 buffer to cover any unidentified utility providers) as adequate assurance of future payment required under the Bankruptcy Code and, additionally, have proposed standard procedures to address any request made by the utility providers for additional adequate assurance.

63. Any disruption of the Debtors' utility services would cause irreparable harm to their ability to maximize value for their stakeholders through their orderly liquidation process and store closing sales. For the foregoing reasons, I believe that the relief requested in the Utilities Motion

is in the best interests of the Debtors, their estates, and their creditors, and should therefore be approved.

64. ***Wages and Benefits Motion.*** Pursuant to this motion (the “Wages Motion”), the Debtors seek entry of an order authorizing them to (a) pay certain prepetition wages, salaries, other compensation, and reimbursable expenses and (b) continue certain employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto. As described in detail in the Wages Motion, the Debtors employ approximately 3,600 full-time and part-time employees and approximately 7,600 part-time and temporary workers. This workforce relies on the compensation and benefits provided or funded by the Debtors to continue to pay their daily living expenses, and will be exposed to significant financial difficulties if the Debtors are not permitted to pay these obligations. I believe that if they are unable to honor all such obligations immediately, these employees will terminate their employment with the Debtors at a time when the support of these individuals is crucial.

65. Moreover, a stable workforce is critical to the success of the Debtors’ carefully considered orderly liquidation process and the maximization of the value of their assets for the benefit of their stakeholders. Any significant number of departures among the Debtors’ workforce at this time will immediately and substantially adversely impact the Debtors’ efforts in this regard. There is a real, immediate risk that if the Debtors are not authorized to continue to honor their prepetition obligations to these parties in the ordinary course, the employees and temporary workers would no longer support and maintain the operations of the Debtors, thereby crippling them. Absent an order granting the relief requested by the Wages Motion, many employees would undoubtedly suffer hardship and, in many instances, serious financial difficulties, as the amounts in question are needed to enable certain employees to meet their own personal financial

obligations. Without the requested relief, the stability of the Debtors would be undermined, perhaps irreparably, by the possibility that employees will immediately seek other employment alternatives. Consequently, all of the Debtors' creditors will benefit if the requested relief is granted.

66. I strongly believe it is critical that the Debtors be permitted to pay prepetition wages and continue with their ordinary course personnel policies, programs, and procedures, including, but not limited to, maintenance of workers' compensation programs and health care programs, that were in effect prior to the Petition Date.

67. ***Insurance and Surety Bonds Motion.*** The Debtors seek entry of an order authorizing the Debtors to continue their existing insurance policies and surety arrangements and to pay premiums and other amounts arising thereunder, including any prepetition amounts. The Debtors' existing insurance and surety programs are essential to preserve the value of the Debtors' business, properties, and assets during their liquidation and wind down. I understand that, in many cases, the insurance coverage provided by the existing insurance policies is required by diverse regulations, laws, and contracts. Failure to make the payments required to maintain the Debtors' insurance policies could have a significant negative impact on the Debtors' ability to implement their carefully crafted orderly liquidation process and store closing sales. Absent sufficient and continuing insurance coverage, the Debtors may also be exposed to substantial liability and may be unable to operate in certain key jurisdictions. Accordingly, I believe that the relief requested in the insurance and surety bonds motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

68. ***Taxes Motion.*** The Debtors seek authority to pay taxes, fees, assessments, and other charges to applicable taxing authorities in the ordinary course of business, including any prepetition amounts that may be due. The Debtors' failure to pay certain taxes and fees when due may adversely affect their ability to implement an orderly liquidation process and maximize the value of their assets for all stakeholders. Depending on the relevant jurisdiction, tax authorities may have the ability to initiate audits if taxes and fees are not timely paid. Similarly, tax authorities may attempt to suspend the Debtors' operations, seek to lift the automatic stay, or even seek to hold the Debtors' directors and officers personally liable for any unpaid amounts. Moreover, I understand that certain taxes and fees may give rise to tax liens and some or all may be entitled to priority, which would therefore require that these amounts be paid in full.

69. ***Schedules and Statements Extension Motion.*** The Debtors seek entry of an order extending the deadlines by which the Debtors must file their (a) schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the "Schedules and Statements") and (b) initial reports of financial information with respect to entities in which the Debtors hold a controlling or substantial interest as set forth in rule 2015.3 of the Federal Rules of Bankruptcy Procedure (the "2015.3 Reports"). To prepare the Schedules and Statements and 2015.3 Reports, the Debtors must compile information from books, records, and documents relating to claims, assets, leases, and contracts from each Debtor entity. Given the size and complexity of the Debtors' businesses and financial affairs, this information is voluminous and collecting it will require an enormous expenditure of time and effort on the part of the Debtors, their employees, and their professional advisors in the near term. The extension the Debtors seek is warranted because focusing the attention of key personnel on critical operational and chapter 11 compliance

issues during the early days of these chapter 11 cases will facilitate the Debtors' implementation of an orderly liquidation process, thereby maximizing value for their estates, their creditors, and other parties in interest. While the Debtors and their professionals are working diligently and expeditiously to prepare the Schedules and Statements and 2015.3 Reports, due to the quantity of work necessary to complete them and the competing demands upon the Debtors' employees and professionals to assist in efforts to stabilize business operations during this critical time, the Debtors will not be able to properly and accurately complete the Schedules and Statements and 2015.3 Reports within the statutory 14-day period.

70. ***Creditor Matrix Motion.*** By this motion, the Debtors seek entry of an order (a) authorizing them to file a consolidated creditor matrix in lieu of submitting separate mailing matrices, (b) authorizing the redaction of certain personal information, (c) approving the form and manner of notifying the creditors of these chapter 11 cases, and (d) modifying the requirement to file a list of equity security holders. Given the interrelated nature of the Debtors' business operations, the preparation of separate lists of creditors for each Debtor would be expensive, time consuming, and administratively burdensome; as such, utilizing a consolidated list of key creditors will help alleviate these burdens and costs, while reducing the possibility of duplicative service. Moreover, I understand that, under the *Procedures for Complex Cases in the Southern District of Texas*, the lead debtor in a jointly administered "complex case" is required to file a consolidated list of unsecured creditors consisting of the 30 largest unsecured creditors of all jointly administered debtors. The Debtors submit that filing a single consolidated list in these cases is appropriate for these reasons.

71. Finally, I believe that it is appropriate to authorize the Debtors to redact certain personal identification information from any paper filed or to be filed with the Court in these

chapter 11 cases because such papers filed or to be filed with the Court in these chapter 11 cases may contain the personally identifiable information used to perpetrate identity theft or locate survivors of domestic violence, harassment, or stalking.

#### **IV. Second Day Motions**

72. *Assumption and Rejection Procedures Motion.* The Debtors are party to thousands of contracts, which include, inter alia, contracts with vendors for the supply of goods and services, contracts related to the operation of the Debtors' businesses, and leases of real and personal property. The Debtors and their advisors are in the process of evaluating all of their contracts to determine whether such contracts should be (a) rejected as burdensome to the Debtors' estates or (b) assumed and assigned to third parties (including those that may be amended following consensual negotiations with applicable counterparties), as they are valuable to the Debtors' estates. As of the Petition Date, this analysis is underway. By this motion (the "Assumption/Rejection Procedures Motion"), which has been filed on 21 days' notice, the Debtors seek entry of an order authorizing and approving certain procedures for rejecting and assuming and assigning executory contracts and unexpired leases.

73. Absent the approval of these procedures, the Debtors would be required to file separate motions to assume and assign or reject individual contracts, which I believe would result in substantial costs to, and administrative burdens on, the Debtors' estates. Moreover, absent an expedited process for approval of such assumptions and rejections, the Debtors would be forced to bear the costs of the contracts and leases beyond the period in which they provide any benefit to the estates. Accordingly, I believe that the relief sought in the Assumption/Rejection Procedures Motion will reduce costs and burdens, and is therefore essential to the Debtors' orderly liquidation and the maximization of value for the benefit of all stakeholders.

74. ***Omnibus Contract and Lease Rejection Motion.*** The Debtors also seek immediate entry of an order authorizing the rejection, effective as of the Petition Date, of certain executory contracts and unexpired leases, as well as the abandonment of certain personal property, and granting related relief (the “Omnibus Rejection Motion”). The Omnibus Rejection Motion has also been filed on 21 days’ notice. The Debtors have determined, as an exercise of their business judgment, that these contracts and leases are liabilities to their estates, such that the rejection of these contracts is the value-maximizing approach, and that any personal property the Debtors intend to abandon at any leased premises is of no realizable value to the Debtors’ estates. Accordingly, I believe the relief requested in the Omnibus Rejection Motion should be granted, as it will avoid the Debtors’ incurrence of administrative expenses related to such contracts and is in the best interests of the Debtors estates and their stakeholders.

*[Remainder of page intentionally left blank]*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

December 22, 2024

/s/ Deborah Rieger-Paganis

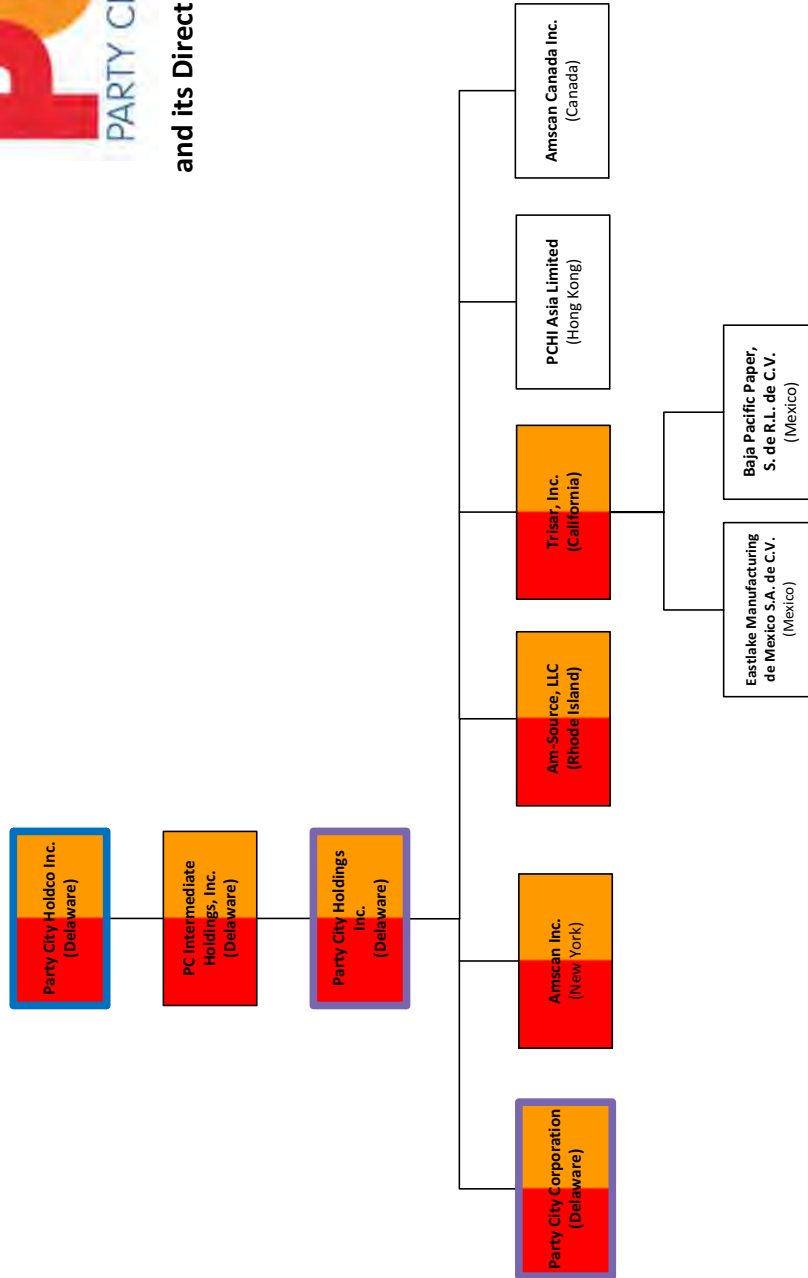
Deborah Rieger-Paganis  
Chief Restructuring Officer  
Party City Holdco Inc.

**Exhibit A**

**Organizational Chart**



### and its Direct and Indirect Subsidiaries



**Legend**

- Borrower (Party City ABL/FILO Facility)
- Issuer (Party City Second Lien Notes due 2029)
- Guarantor (Party City ABL/FILO Facility)
- Guarantor (Party City Second Lien Notes due 2029)

\*Unless otherwise noted, all equity ownership percentages are 100%\*

This is Exhibit “E” referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*James Aston*

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1A2A557E782B49B  
*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON  
(LSO #82118H)**

**COMMERCIAL LEASE**

**ROSEBERRY DEVELOPMENTS INC.**

**- and -**

**AMSCAN CANADA INC.**

**LEASE**

**Premises: Unit 201, 8900 Keele Street, Vaughan, Ontario**

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**COMMERCIAL LEASE**  
(short form)

THIS LEASE dated as of the 12<sup>th</sup> day of February, 2020.

BETWEEN:

**ROSEBERRY DEVELOPMENTS INC.**  
(hereinafter called "**Landlord**")

OF THE FIRST PART

- and -

**AMSCAN CANADA INC.**  
(hereinafter called "**Tenant**")

OF THE SECOND PART

**1. LEASE SUMMARY**

The following is a summary of some of the basic terms of this Lease, which are elaborated upon in the balance of this Lease. For details of the terms referred to below, recourse should be had to the balance of this Lease. This Section 1 is for convenience and if a conflict occurs between the provisions of this Section 1 and any other provisions of this Lease, the other provisions of this Lease shall govern.

- (a) **Premises:** Unit 201, 8900 Keele Street, Vaughan, Ontario
- (b) **Term:** 60 months (5 years)
- (c) **Commencement Date:** February 17, 2020
- (d) **Expiry Date:** February 16, 2025
- (e) **Basic Rent:** an amount per square foot of Rentable Area of the Premises per annum as follows:

RENTAL PERIOD	ANNUAL BASIC RENT	MONTHLY BASIC RENT	RATE PER SQ.FT.PER ANNUM
February 17, 2020 to February 16, 2021	\$32,942.00	\$2,745.17	\$13.00
February 17, 2021 to February 16, 2022	\$33,575.50	\$2,797.96	\$13.25
February 17, 2022 to February 16, 2023	\$34,209.00	\$2,850.75	\$13.50
February 17, 2023 to February 16, 2024	\$34,842.50	\$2,903.54	\$13.75
February 17, 2024 to February 16, 2025	\$35,476.00	\$2,956.34	\$14.00

- (f) **Rentable Area of Premises:** approximately 2,534 square feet, subject to determination in accordance with this Lease;
- (g) **Rent Deposit:** \$8,113.02 (the "**Deposit**") which is currently being held by Landlord, without liability for interest, to be applied as follows: (i) towards Rent due for the first month of the Term; and, (ii) with the remainder to be applied towards Rent due for the last month of the Term.

**Security Deposit:** \$4,000.00 (the "**Security Deposit**") to be held by Landlord, without liability for interest, to be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease by Tenant to be kept observed and performed. If at any time during the Term, the Rent or other sums payable by Tenant to Landlord hereunder are overdue and unpaid, or if Tenant fails to keep and

perform any of the terms, covenants and conditions of this Lease to be kept, observed and performed by Tenant, then Landlord, at its option, may, in addition to any and all other rights and remedies provided for in this Lease or by law, appropriate and apply the entire Security Deposit, or so much thereof as is necessary, to compensate Landlord for loss or damage sustained or suffered by Landlord due to such breach on the part of Tenant. If the entire Security Deposit, or any portion thereof, is appropriated and applied by Landlord for the payment of overdue Rent, then Tenant shall, upon written demand of Landlord, forthwith remit to Landlord, a sufficient amount in cash to restore the Security Deposit to the original sum deposited, and Tenant's failure to do so in fifteen (15) days after receipt of such demand constitutes a breach of this Lease. Provided the Tenant is not then in default beyond any applicable notice and cure period, the remainder of the Security Deposit shall be applied towards last month's Rent, with any remainder returned forthwith to the Tenant.

(h) **Use of Premises:** The premises shall be used only as an office, to the extent permitted by all Laws and to the extent in keeping with the standards of a first-class commercial building;

(i) **Address for Service of Notice on Tenant:**

at the Premises.

**Address for Service of Notice on Landlord:**

200 Bradwick Drive  
Concord, Ontario L4K 1K8  
Attention: Gianluca Buzzanca

(j) **Special Provisions:** See Schedule "B".

## 2. DEFINITIONS

Where used in this Lease, the following words or phrases shall have the meanings set forth in the balance of this Article.

- 2.1 "Additional Rent" shall have the meaning ascribed to it in Section 5.3.
- 2.2 "Architect" means a duly qualified independent architect, engineer, surveyor or quantity surveyor or other qualified person appointed or employed by Landlord, from time to time.
- 2.3 "Basic Rent" shall have the meaning ascribed to it in Section 5.2 hereof.
- 2.4 "Building" means the building upon the Lands and of which the Premises forms a part;
- 2.5 "Business Hours" means such business hours for the Centre as determined by Landlord from time to time and which, unless otherwise determined by Landlord, shall be from 8:00 a.m. to 6:00 p.m., Monday through Friday, excluding holidays, and subject to applicable Laws.
- 2.6 "Centre" means the Lands and premises described in Schedule "A" attached hereto and every enlargement and amendment thereof or addition thereto, and includes the Common Facilities, the Building and all other buildings, structures, improvements, fixtures, heating, ventilating, air-conditioning, sprinkler and mechanical and electrical equipment and machinery, and water, gas, sewage, telephone and other communications facilities and electrical power services and utilities comprised therein, belonging thereto, connected therewith or used in the operation thereof and now or hereafter constructed, erected and installed therein and thereon, but excludes all improvements made, constructed, erected, or installed therein by or on behalf of any occupant of the premises therein.
- 2.7 "Commencement Date" shall have the meaning ascribed to it in subsection 1(c).
- 2.8 "Commercial Premises" includes all leasable premises within the Building within the Centre.
- 2.9 "Common Facilities" means all common areas, facilities and utilities from time to time furnished or designated by Landlord (as the same from time to time may be altered, reconstructed, reduced or expanded) in connection with the Centre for the use or benefit in common in such manner as Landlord may permit, of occupants of premises in the Centre and all others entitled thereto and now or hereafter developed or designated by Landlord, including, without limiting the generality of the foregoing, all mechanical, sprinkler and electrical equipment and machinery and water, gas,

sewage, telephone and other communications facilities and electric power services and utilities not comprised within any leasable premises in the Centre for the exclusive use of such premises, and also including parking areas and parking structures, access roads, driveways, entrances and exits, sidewalks, ramps, landscaped areas, exterior irrigation and sprinkler systems, stairways, passageways, delivery areas, corridors, mechanical and electrical rooms, garbage rooms and facilities, the roof, exterior weather walls, exterior and interior structural elements and bearing walls in the buildings and improvements of the Centre;

- 2.10 "Gross Leasable Area" means the leasable area of any portion of the Centre, including the Premises, calculated in accordance with Section 4.2 of this Lease or calculated in accordance with terms of the various leases of premises in the Centre.
- 2.11 "Insured Damage" shall mean that part of any damage or destruction occurring to the Premises (as the case may be) to the extent to which the cost of repair is actually recovered pursuant to policies of insurance which Landlord has maintained pursuant hereto or which Landlord otherwise maintains, to the extent that the premiums for which are included in Operating Costs.
- 2.12 "Landlord's Work" shall have the meaning ascribed thereto in Schedule "B" attached hereto.
- 2.13 "Lands" means the lands described in Schedule "A" attached hereto.
- 2.14 "Laws" means all statutes, regulations, by-laws, orders, rules, requirements and directions of all federal, provincial, municipal and other governmental and other authorities having jurisdiction.
- 2.15 "Lease" means this Lease, including all schedules attached hereto.
- 2.16 "Leasehold Improvements", where used in this Lease, includes without limitation, all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed in or about the Premises, and includes all the following, whether or not any of the same are in fact Tenant's or trade fixtures and whether or not they are easily disconnected and moveable: doors, partitions and hardware; mechanical, electrical and utility installations; carpeting, drapes, other floor and window coverings and drapery hardware; decorations; heating, ventilating, air conditioning and humidity control equipment; lighting fixtures; built-in furniture and furnishings; counters in any way connected to the Premises or to any utility services located therein. The only exclusions from "Leasehold Improvements" are free-standing furniture, trade fixtures and equipment not in any way connected to the Premises or to any utility systems located therein.
- 2.17 a. "Operating Costs" means the aggregate of all expenses and costs of every kind determined, for each fiscal period designated by Landlord, on an accrual basis in accordance with generally accepted accounting principles and without duplication, incurred by or on behalf of Landlord with respect to and for the operation, maintenance, repair, replacement and management of the Premises and all insurance relating to the Premises.

Without in any way limiting the generality of the foregoing, Operating Costs shall include all costs in respect of the following:

- (i) all remuneration including wages and fringe benefits of employees directly employed or engaged in the operation, maintenance, repair, replacement, and management of the Premises including contributions and premiums towards unemployment and Workers Compensation insurance, pension plan contributions and similar premiums and contributions;
- (ii) heating, ventilating, air conditioning and humidity control and fire sprinkler maintenance and monitoring, if any;
- (iii) cleaning, janitorial services, window cleaning, waste removal and pest control;
- (iv) the provision of all utilities supplied to the Premises and the cost of consumption of all utilities consumed in the Premises including, without limitation, hot and cold water, gas, electricity, steam, sewer charges and any other utilities or forms of energy;
- (v) landscaping and maintenance of all outside areas, including snow and ice removal;
- (vi) depreciation or amortization of the costs of such items including structures, improvements, furnishings, fixtures, equipment, machinery, facilities, systems and property which is part of or installed in or used in connection with the Premises (except to the extent that the costs are charged fully in the year in which they are

- incurred) (for clarification, including the costs, as determined by Landlord, acting reasonably, of those components in existence at the date hereof) which, by their nature, require periodic or substantial repair or replacement (including, for clarification, periodic upgrades to the Common Facilities), depreciated or amortized over Landlord's reasonable estimate of the economic life thereof (but at Landlord's option not to exceed 15 years), and interest to be calculated and paid annually on the undepreciated or unamortized cost of such items in respect of which depreciation or amortization is included herein at 2% per annum percent in excess of the average prime rate of interest charged by Landlord's bank at Toronto from time to time;
- (vii) machinery, equipment, facilities, systems and property installed in or used in connection with the Premises if the principal purpose or intent of the same or such use or installation was to reduce the cost or consumption of other items included in Operating Costs, whether or not such other costs are in fact reduced;
  - (viii) all insurance which Landlord is obliged to obtain and/or which Landlord otherwise obtains and the cost of any deductible amounts payable by Landlord in respect of any insured risk or claim;
  - (ix) all maintenance, repairs and replacements in respect of the Premises and all machinery, equipment, facilities, systems and fixtures located therein;
  - (x) office expenses including telephone, stationary and supplies;
  - (xi) engineering, accounting, legal and other consulting and professional services related to the Premises, including the cost of preparing statements respecting Operating Costs;
  - (xii) capital taxes;
  - (xiii) Sales Taxes payable by Landlord on the purchase of goods and services included in Operating Costs;
  - (xiv) Realty Taxes (to the extent not otherwise paid by Tenant);
  - (xv) the management fee set out in Section 5.3(b); and
  - (xvi) all costs incurred by Landlord for the purpose or intent of reducing any Realty Taxes or other taxes, including, without limitation, costs incurred by Landlord as contemplated by Section 6.5 below, whether or not Realty Taxes are in fact reduced.
- b. Operating Costs, however, shall be reduced by the following to the extent actually received by Landlord: proceeds of insurance and damages paid by third parties in respect of and to the extent of costs included in Operating Costs as set forth above.
- c. Notwithstanding anything herein to the contrary, Operating Costs shall deduct or exclude the following for which the Landlord shall be solely responsible:
- i. any and all costs and expenses incurred as a result of faulty construction or design, improper materials or workmanship or structural defects or weaknesses in respect of the Premises or the Centre;
  - ii. any and all costs of maintenance, repairs or replacements to the structural portions or elements, including, without limitation, the outside walls and the structural roof deck of the building in which the Premises are located;
  - iii. any and all costs and expenses incurred as the result of the negligent or wilful acts or omissions of the Landlord or those for whom it is at law responsible;
  - iv. any income taxes, corporation taxes, business taxes, capital taxes or other taxes personal to the Landlord, or penalties relating to the late payment by the Landlord of any taxes;
  - v. any ground rentals, and any principal, interest or other carrying charges or mortgage payments or other financing in respect of the Centre; and
  - vi. any costs or expenses relating to the existence or to the clean-up and/or decommission of the lands upon which the Building is located and the Building from the presence of any Hazardous Substance (as defined in Section 8.10 of this Lease) or as a result of any spill of any Hazardous Substance on or in any part of the Building or the Centre.

- 2.18 **"Premises"** means the premises comprising a rentable area of approximately 2,534 square feet and outlined in GREEN on Schedule "D" attached hereto. The boundaries of the Premises extend (a)(i) to the exterior face of all exterior walls, doors and windows, (ii) to the exterior face of all interior walls, doors and windows separating the Premises from the Common Facilities, if any, and (iii) to the centre line of all interior walls separating the Premises from adjoining leasable premises; and (b) from the top surface of the structural sub-floor to the bottom surface of the roof deck. Tenant hereby acknowledges that the purpose of Schedule "D" is solely to show the approximate location of the Premises.
- 2.19 **"Realty Taxes"** means all taxes, rates, duties, levies, fees, charges, local improvement rates, imposed charges, levies and assessments whatever (including school taxes, water and sewer taxes, extraordinary and special assessments and all rates, charges, excises or levies, whether or not of the foregoing nature) ("**Taxes**"), and whether municipal, provincial, federal or otherwise, which may be levied, confirmed, imposed, assessed, charged or rated against the Premises or any part thereof or any furniture, fixtures, equipment or improvements therein, or against Landlord in respect of any of the same or in respect of any rental or other compensation receivable by Landlord in respect of the same, including all of such Taxes which may be incurred by or imposed upon Landlord or the Premises in lieu of or in addition to the foregoing including, without limitation, any Taxes on real property rents or receipts as such (as opposed to a tax on such rents as part of the income of Landlord), any Taxes based, in whole or in part, upon the value of the Premises, any commercial concentration or similar levy in respect of the Premises, and any licence fee measured by rents payable by occupants of space in the Premises. Taxes shall, in every instance be calculated on the basis of the Premises being fully assessed and taxed at prevailing commercial rates for occupied space for the period for which Taxes are being calculated.
- 2.20 **"Rent"** shall have the meaning ascribed to it in Section 5.1.
- 2.21 **"Rental Year"** means a period of 12 consecutive calendar months except:
- a. the first Rental Year in the Term shall commence on the Commencement Date and expire on the next succeeding December 31;
  - b. the last Rental Year in the Term shall terminate upon the expiration or earlier termination of this Lease; and
  - c. Landlord shall have the right at any time or times, by written notice to Tenant, to change the expiry date of any Rental Year and, in such case, such Rental Year shall terminate on the day thus determined by Landlord and any appropriate adjustments resulting from any Rental Year being shorter or longer shall be made.
- 2.22 **"Sales Taxes"** means all business transfer, multi-stage sales, sales (including harmonized sales tax), use, consumption, value-added or other similar taxes imposed by any federal, provincial or municipal government upon Landlord, or Tenant, or in respect of this Lease, or the payments made by Tenant hereunder or the goods and services provided by Landlord hereunder including, without limitation, the rental of the Premises and the provision of administrative services to Tenant hereunder.
- 2.23 **"Tax Rentable Area of the Centre"** means the area in square feet of all premises in the Centre set aside for leasing by Landlord from time to time, excluding all areas designated as Common Facilities by Landlord from time to time. Provided always that Landlord shall credit to the Additional Rent for Realty Taxes otherwise calculated hereunder any contributions received or receivable in respect of such taxes from the occupants (if any) of the areas excluded from the Tax Rentable Area in accordance with this definition.
- 2.24 **"Tenant's Proportionate Share"** of any amount shall mean:
- (i) With respect to Additional Rent charges related to the exterior areas of the Centre, Common Facilities, and insurance, the portion of such amounts which the total Gross Leasable Area of the Premises is of the total Gross Leasable Area of the Commercial Premises of the Centre, including the Premises;
  - (ii) With respect to Additional Rent charges related to the Building, the proportion of such amounts which the total Gross Leasable Area of the Premises is of the total Gross Leasable Area of the Commercial Premises from time to time of the whole of the Building, including the Premises;
  - (iii) With respect to Additional Rent charges related to Realty Taxes, a fraction, the numerator of which is the Gross Leasable Area of the Premises, and the

denominator of which is the Tax Rentable Area of the Centre, including the Premises;

- 2.25 "Term" shall have the meaning ascribed to it in Section 1(b).
- 2.26 "Termination Date" means the date on which this Lease is terminated, disclaimed or repudiated prior to the Expiry Date.
- 2.27 "Year" shall mean each consecutive period of 365 days (or 366 days in the case of a Year which includes the month of February in a leap year), the first Year commencing on the Commencement Date and each successive Year commencing on the anniversary of the Commencement Date, except that if the Commencement Date is other than the first day of a calendar month then the first Year shall commence on the Commencement Date and end on the anniversary of the last day of the month in which the Commencement Date occurred, and each successive Year shall commence on the anniversary of the first day of the first full month in the Term.

### 3. INTENT OF LEASE

#### 3.1 Net Lease

It is the intent of the parties hereto that, except as expressly herein set out, this Lease be a lease that is absolutely net to Landlord, and that Landlord shall not be responsible for any expenses or obligations of any kind whatsoever in respect of or attributable to the Premises.

#### 3.2 Freely Negotiated

Landlord and Tenant acknowledge and covenant that they are each experienced and knowledgeable in commercial leasing matters and that they have both been represented by legal counsel in the discussion, negotiation and execution of this Lease. Landlord and Tenant further acknowledge and covenant that the provisions of this Lease, including without restriction all schedules attached hereto and forming part hereof, have been freely and fully discussed and negotiated and that the execution of this Lease constitutes and is deemed to constitute full and final proof of the foregoing statement. Landlord and Tenant acknowledge and agree that they have read, examined, understood and approved all of the provisions of this Lease, including without restriction all schedules attached hereto and forming part hereof. Tenant acknowledges and agrees that it has examined the Premises and is satisfied that the Premises may be used for the purpose for which they are leased in accordance with the terms of this Lease.

#### 3.3 Confidentiality

The Tenant covenants and agrees that the terms, conditions and provisions of this Lease, including all schedules attached hereto and forming part hereof, are to be kept strictly confidential and shall not be disseminated, published, transmitted, discussed, distributed or conveyed by Tenant, either directly or indirectly, to any person in any manner whatsoever other than in conjunction with conducting Tenant's business at the Premises.

### 4. LEASE OF PREMISES

#### 4.1 Premises

Subject to the terms and conditions of this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises.

#### 4.2 Calculation of Areas

Wherever in this Lease reference is made to the size of any area or areas or the Gross Leasable Area of any premises or whenever the amount of any payment is required to be determined in reference to the size of any area or areas or the Gross Leasable Area of any premises, such reference, in the case of any enclosed premises, shall be deemed to mean the size of such area or areas measured from the outside surface of the exterior walls, doors and windows thereof and from the centre line of all interior walls separating such premises from the adjacent premises.

#### 4.3 Term

The term of this Lease (the "Term") shall be for the period described as the Term in Section 1(b) hereof, commencing on the date described as the Commencement Date in Section 1 (c) hereof and to be fully completed and ended on the date described as the Expiry Date in Section 1(d) hereof. The Term of this Lease is non-cancellable and may only be terminated by Landlord in accordance with its terms. Notwithstanding the foregoing, Tenant shall have three (3) rights to visit the Premises prior to the

Commencement Date for the purpose of measuring the Premises, at mutually agreed upon time(s), provided that not less than twenty-four (24) hours' prior written notice is provided to Landlord. Landlord shall provide access to the Premises to Tenant prior to the Commencement Date for the purpose of such visits.

#### 4.4 Quiet Enjoyment

Subject to all of the terms of this Lease and subject to Tenant paying all Rent and performing all obligations whatsoever as and when the same are due to be paid and performed by Tenant, Tenant may peaceably possess and enjoy the Premises for the Term without interruption by Landlord or any person claiming by, from or under Landlord.

#### 4.5 Fixturing Period

Tenant shall be given one (1) month after the Commencement Date to fixture the Premises for Tenant's business and, thereafter, to commence carrying on business in the Premises ("**Fixturing Period**"). Notwithstanding anything herein to the contrary, during the Fixturing Period, Tenant shall not be obligated to pay Basic Rent or Additional Rent but shall be liable for utilities consumed within the Premises and Tenant shall be subject to all the other terms and conditions of this Lease insofar as they are applicable including, without limitation, the obligation to maintain insurance, and the provisions relating to the liability of Tenant for its acts and omissions, and the acts and omissions of its servants, employees, agents, contractors, invitees, concessionaires and licensees and the indemnification of Landlord and others under this Lease.

### 5. RENT

#### 5.1 Tenant to Pay

Tenant shall pay in lawful money of Canada at such address as shall be designated from time to time by Landlord Basic Rent and Additional Rent plus all applicable Sales Tax (all of which is herein sometimes referred to collectively as "**Rent**") as herein provided without any deduction, set-off or abatement whatsoever, Tenant hereby agreeing to waive any rights it may have pursuant to the provisions of Section 35 of the *Commercial Tenancies Act* (Ontario) or any other statutory provision to the same or similar effect and any other rights it may have at law to set-off. On the Commencement Date and the first day of each Rental Year thereafter and at any time during any Rental Year when required by Landlord, Tenant shall deliver to Landlord, at the option of the Tenant, either (i) post-dated cheques or (ii) a requisition for a pre-authorized debit from Tenant's bank account in such form as reasonably required by Landlord, for all payments of Basic Rent and estimates by Landlord of Additional Rent or any portions thereof payable during the balance of such Rental Year.

#### 5.2 Basic Rent

Commencing on the first day after the date of the expiry of the Fixturing Period and thereafter throughout the Term the Tenant shall pay to Landlord a fixed minimum annual rent ("**Basic Rent**") in the amount described as Basic Rent in subsection 1(e) hereof, plus Sales Tax to be paid in equal monthly instalments in advance on the first day of each month during the Term.

If the first day upon which Basic Rent is payable is other than the first day of a calendar month, then Tenant shall pay upon such date Basic Rent from such date to the end of such month calculated at a daily rate of 1/365th of the annual Basic Rent. If an amount per square foot is specified in the description of Basic Rent in subsection 1(e), then the Basic Rent is intended to be such amount per square foot of area of the Premises per annum, and the Basic Rent shall be subject to adjustment based upon the area of the Premises determined. Within 30 days after such adjustment, if any, being made Tenant shall pay to Landlord any deficiency in previous payments of Rent, and if Tenant is not in default under the terms of this Lease the amount of any overpayment by Tenant of Rent shall be credited to the account of Tenant.

#### 5.3 Additional Rent and Management Fee

- a. In addition to Basic Rent, Tenant shall pay to Landlord as additional rent: (i) all other amounts as and when the same shall be due and payable pursuant to the provisions of this Lease including, but not limited to, Tenant's Proportionate Share of the total Operating Costs all of which shall be deemed to accrue on a per diem basis; and (ii) all other amounts as and when the same shall be due and payable pursuant to any agreement or other obligation, whether or not related to the Premises, between Landlord and Tenant; all of such amounts other than Sales Taxes payable pursuant hereto, whether originally payable pursuant to this Lease or otherwise, being herein sometimes referred to as "**Additional Rent**". Tenant shall promptly deliver to Landlord upon request evidence of due payment of all payments of Additional Rent required to be paid by Tenant hereunder.

- b. Tenant shall pay, as part of the Additional Rent, a management fee of fifteen percent (15%) percent of all Additional Rent payable by Tenant pursuant to this Lease (except for this management fee). Notwithstanding the foregoing, the fifteen percent (15%) management fee shall not be payable in respect of Taxes.

#### **5.4 Apportionment of Additional Rent**

Whenever, in Landlord's reasonable opinion, an item of Additional Rent properly relates to only a portion of the Centre and the Premises are located within such portion, Tenant's Proportionate Share of such item or category shall be calculated in relation to the Gross Leasable Area of such portion.

#### **5.5 Deemed Rent and Allocation**

If Tenant defaults in payment of any Rent (whether to Landlord or otherwise) or any Sales Taxes as and when the same is due and payable hereunder, Landlord shall have the same rights and remedies against Tenant (including rights of distress and the right to accelerate Rent in accordance with Section 16.1) upon such default as if such sum or sums were rent in arrears under this Lease. All Rent and Sales Taxes shall, as between the parties hereto, be deemed to be rent due or Sales Taxes due on the dates upon which such sum or sums were originally payable pursuant to this Lease and shall be paid in accordance with this Lease without any deduction, abatement or set-off whatsoever.

Landlord may, at its option from time to time, apply or allocate or re-apply or re-allocate any sums received from or payable by Tenant to Landlord on account of any amounts payable by Tenant hereunder in such manner as Landlord determines in its sole and absolute discretion, without regard to and notwithstanding any instructions given by or allocations in respect of such amounts made by Tenant.

No payment by Tenant or acceptance of payment by Landlord of any amount less than the full amount payable to Landlord, and no endorsement, direction or note on any cheque or other written instruction or statement respecting any payment by Tenant shall be deemed to constitute payment in full or an accord and satisfaction of any obligation of Tenant and Landlord may receive any such lesser amount and any such endorsement, direction, note, instruction or statement without prejudice to any of Landlord's other rights under this Lease or at law, whether or not Landlord notifies Tenant of any disagreement with or non-acceptance of any amount paid or any endorsement, direction, note, instruction or statement received.

#### **5.6 Monthly Payments of Additional Rent**

Landlord may from time to time estimate any amount(s) payable by Tenant pursuant to any provisions of this Lease for the then current or the next following fiscal period, provided that Landlord may, in respect of any particular item, shorten such fiscal period to correspond to a shorter period within any fiscal period, where such item, for example Realty Taxes, is payable in full by Landlord over such shorter period, and may notify Tenant in writing of the estimated amounts thus payable by Tenant, which notification need not include particulars. The amounts so estimated shall be payable by Tenant in advance in equal monthly instalments over the fiscal period, such monthly instalments being payable on the same day as the monthly payments of Basic Rent. Landlord may, from time to time, designate or alter the fiscal period selected in each case. The estimated amount of Additional Rent payable by the Tenant in the 2019 calendar year is \$3.50 per square foot of Rentable Area of the Premises.

Upon written request by Tenant after the date that is two months after the expiration of each fiscal period, Landlord shall, within fifteen (15) days' after Tenant's written request therefor, make a final determination of the Additional Rent payable by Tenant for such fiscal period and shall furnish to Tenant, showing in reasonable detail the method by which the same has been calculated, a statement of the actual Operating Costs and Realty Taxes for such fiscal period ("**Final Statement**"). If the amount determined to be payable by Tenant as aforesaid shall be greater or less than the payments on account thereof made by Tenant prior to the date of such determination, then the appropriate adjustments will be made and Tenant shall pay any deficiency to Landlord within 30 days after delivery of such statement and final determination and if Tenant is not in default under the terms of the Lease, the amount of any overpayment shall be credited to the account of Tenant within 30 days after the delivery of such statement. Tenant agrees that it shall not be entitled to make any claim, including the commencing of an action against Landlord, with respect to any Additional Rent charges payable hereunder for any fiscal period unless such claim is made within nine (9) months after the date or which Landlord has delivered to Tenant a Final Statement for such fiscal period; subject to any claim being made within the time as aforesaid, each Final Statement shall be final and binding on Tenant.

### **6. TAXES**

#### **6.1 Payment of Taxes**

Without limiting the generality of Section 5.3(a), in every Lease Year during the Term, to pay to the Landlord as Additional Rent the Tenant's portion of all charges, taxes, rates, duties and assessments whatsoever, whether municipal, parliamentary or otherwise, charged, levied, rated or assessed against the Lands, the Building, or all or any part thereof, and any equipment, facilities, installations and improvements now or at any time during the Term made in or brought on the Lands or Building and including without restricting the generality of the foregoing realty taxes and municipal taxes for local improvements for works assessed or charged against the Lands and Building and any similar taxes not now in existence or contemplated but levied at any time during the Term by any competent governmental or municipal body in addition to, or in lieu of, the taxes, rates, duties and assessments hereinbefore referred to. If the Tenant or any person occupying any part of the Premises shall elect to have the Premises or any part of the Premises assessed for separate school taxes, the amount by which the separate school taxes exceed the amount which would have been payable for school taxes had such election not been made, shall be paid by the Tenant to the Landlord as Additional Rent within fifteen (15) days after written demand therefor by the Landlord. If the taxes in respect of the Centre, or any part thereof, shall be increased by reason of any installations made in or alterations made to the Premises by the Tenant, the amount of such increase shall be paid by the Tenant to the Landlord as Additional Rent within thirty (30) days after written demand therefor by the Landlord.

## **6.2 Taxes Payable by Tenant**

If the Landlord so requires, commencing on the Commencement Date and thereafter at all times throughout the Term, Tenant shall pay to Landlord or the relevant taxing authority, as required by Landlord, not later than five business days before they fall due all Realty Taxes levied, confirmed, imposed, assessed or charged (herein collectively or individually referred to as "charged") against or in respect of the Building and Premises and all buildings, furnishings, fixtures, equipment, improvements and alterations in or forming part of the Premises.

## **6.3 Business Taxes and Sales Taxes**

- a. Tenant shall pay as and when the same are due and payable all business taxes including all taxes charged in respect of any business conducted on the Premises or in respect of any use or occupancy of the Premises, whether or not charged against Landlord or the Premises.
- b. Tenant shall pay to Landlord when due all Sales Taxes imposed on Landlord or Tenant.

## **6.4 Tax Bills and Assessment Notices**

Tenant shall promptly deliver to Landlord forthwith upon Tenant's receiving the same:

- a. copies of all assessment notices, tax bills and any other documents received by Tenant related to Realty Taxes chargeable against or in respect of the Premises; and
- b. receipts for payment of Realty Taxes and business taxes payable by Tenant pursuant hereto.

On or before the expiry of each calendar year, Tenant shall provide to Landlord evidence satisfactory to Landlord that all Realty Taxes (if the Tenant pays the Realty Taxes directly to the relevant authority as contemplated by Section 6.2) and business taxes payable by Tenant pursuant to the terms hereof up to the expiry of such calendar year, including all penalties and interest resulting from late payment of Realty Taxes and business taxes, have been duly paid.

If the taxing authority has not assessed the Premises as a separate tax lot, Tenant shall pay, as Additional Rent, Tenant's Proportionate Share of all Realty Taxes, business taxes, if applicable, and local improvements levied, charged, or assessed against the Centre (which shall include the Common Facilities) as same may be constituted and designated by Landlord from time to time, acting reasonably.

## **6.5 Contest of Realty Taxes**

Realty Taxes, or the assessments in respect of Realty Taxes which are the subject of any contest by Landlord or Tenant, shall nonetheless be payable in accordance with the foregoing provisions hereof provided; however, that in the event Tenant shall have paid any amount in respect of Realty Taxes in excess of the amount ultimately found payable as a result of the disposition of any such contest, and Landlord receives a refund in respect thereof, if Tenant is not in default hereunder the appropriate amount of such refund shall be credited to the account of Tenant.

Landlord may contest any Realty Taxes with respect to any or all of the Premises and appeal any assessments related thereto and may withdraw any such contest or appeal or may agree with the relevant authorities on any settlement, compromise or conclusion in respect thereof and Tenant consents to Landlord's so doing. Tenant will co-operate with Landlord in respect of any such contest and appeal and

shall make available to Landlord such information in respect thereof as Landlord requests. Tenant will execute forthwith on request all consents, authorizations or other documents as Landlord requests to give full effect to the foregoing.

Tenant will not contest any Realty Taxes or appeal any assessments related to the Premises.

Tenant shall pay to Landlord forthwith upon demand all costs and expenses of any kind incurred by Landlord bona fide and acting reasonably in obtaining or attempting to obtain information in respect of or a reduction or re-allocation in respect of Realty Taxes and any assessments related thereto including, without limitation, legal, appraisal, administration and overhead costs.

## **6.6 Adjustments**

Any amounts payable by Tenant on account of Realty Taxes shall be adjusted on a per diem basis in respect of any period not falling wholly within the Term for which Realty Taxes are payable.

## **7. OPERATION OF PROJECT**

### **7.1 Operation Of Project by Landlord**

Landlord shall repair, maintain and operate the Centre other than Leasable Areas in a reasonable manner having regard to its size, age, location and character.

### **7.2 Tenant's Payment of Operating Costs**

- (a) Commencing on the Commencement Date and thereafter at all times throughout the Term, Tenant shall pay to Landlord its Proportionate Share of Operating Costs.
- (b) The amounts payable by Tenant pursuant to this Section 7.2 may be computed on the basis of such periods of time as Landlord shall reasonably determine from time to time and, subject to Section 5.5, shall be paid by Tenant to Landlord without deduction, abatement or set-off whatsoever within fifteen (15) days after the receipt of a statement submitted to Tenant showing the amount payable by Tenant from time to time.
- (c) All amounts payable under this Article 7 in respect of any period not falling entirely within the Term shall be adjusted between Landlord and Tenant on a per diem basis.

### **7.3 Adjustments to Operating Costs**

- (a) Intentionally deleted.
- (b) If Tenant or any other tenant of the Project, pursuant to its lease or otherwise by arrangement with Landlord, provides at its cost any goods or services the cost of which would otherwise be included in Operating Costs, or if any goods or services the cost of which is included in Operating Costs benefit any portion of the Project to a materially greater or lesser extent than any other portion of the Project, then either the denominator for determining a Proportionate Share, or alternatively the amount of Operating Costs, may be adjusted as determined by Landlord acting reasonably to provide for the equitable allocation of the cost of such goods and services among the tenants of the Project.
- (c) Notwithstanding anything herein to the contrary:
  - (i) Tenant's use of the Premises includes operation of its business during and outside of the Business Hours for the Centre, as defined in Section 2.5, which use is inclusive of Tenant's clients and invitees entering the Building and Premises after Business Hours;
  - (ii) Tenant, its agents, clerks, servants, employees and other persons transacting business with Tenant may access the Premises by the main entrance of the Building or other entrances of the Building (and use the Building's elevators) twenty-four (24) hours per day, three hundred and sixty-five (365) days of the year;
  - (iii) Tenant shall have use of all Building systems, including but not limited to, utilities and heating, ventilating and air-conditioning, twenty-four (24) hours per day, three hundred and sixty-five (365) days of the year; and,

- (iv) Tenant's use of any utilities and heating, ventilating and air-conditioning after Business Hours shall not result in the Tenant incurring any additional charges from Landlord.

## **8. USE OF PREMISES**

### **8.1 Use of Premises**

To the intent that this covenant shall run with the Premises, Tenant covenants that it shall not use and shall not cause, suffer or permit the Premises to be used for any purpose other than as described as Use of Premises in subsection l(h) hereof. Tenant acknowledges that Landlord is making no representation or warranty as to Tenant's ability to use the Premises for its intended use and Tenant shall, prior to executing this Lease, perform such searches and satisfy itself that its use is permitted under all applicable Laws and that Tenant will be able to obtain an occupancy permit.

### **8.2 Conduct of Business**

When operating, Tenant shall actively and diligently conduct its business in the whole of the Premises in an up-to-date first class and reputable manner.

Tenant shall at all times keep in place and lowered, closed or otherwise as required by Landlord, acting reasonably, such building standard blinds or other window covering as determined by Landlord from time to time.

### **8.3 Tenant's Fixtures**

Tenant shall install and maintain in the Premises at all times during the Term good quality trade fixtures including furnishings and equipment adequate and appropriate for the business to be conducted on the Premises and of no less a quality or quantity than whatever is usual for such type of business, all of which shall be kept in good order and condition. Tenant shall not remove any trade fixtures or other contents from the Premises during the Term except, with the prior written consent of Landlord, in the ordinary course of business or for the purpose of replacing them with others at least equal in value and function to those being removed.

### **8.4 Signs**

Tenant shall not erect, install or display any sign or display on or visible from the exterior of the Premises except for a building standard sign on the main entry door to the Premises where one exists as at the date hereof and on the building directory board, both to be installed by Landlord at Tenant's cost to be paid forthwith upon request. Subject to the Section 4 of the Additional Provisions, the Landlord allows the Tenant to install a signage above the main entrance door. The Tenant may further install in, upon, or about the Premises any signs and advertising material which shall remain the property of the Tenant, which the Tenant may remove upon the expiration of the Lease, provided that all damage caused by the installation and/or removal is repaired and the Premises left in good repair. All signs and location(s) are to be approved beforehand in writing by the Landlord (such consent not to be unreasonably withheld) and must conform with all applicable governmental bylaws and codes.

Notwithstanding the foregoing, the Tenant shall be permitted to apply a graphic overlay on the existing entry door to the Premises, provided same conforms with all applicable governmental bylaws and codes. The Tenant shall be responsible to remove graphic overlay upon the expiration or earlier termination of this Lease at the Tenant's sole cost and expense.

### **8.5 Prohibited Uses**

Tenant shall not cause, suffer or permit the Premises or any part thereof to be used at any time during the Term for any of the following sales, businesses or activities:

- a. any auction;
- b. any vending machines or other coin operated machines, entertainment or games machines or any other mechanical or electrical serving or dispensing machines or devices whatsoever or the sale or supply of food or beverages (other than food or beverages such as are routinely served in commercial premises without charge to employees such as coffee and soft drinks) unless expressly permitted in writing by Landlord, in its sole discretion;
- c. any sale of tickets for theatre or other entertainment events or lottery tickets;

- d. any type of business or business practice which would, in the reasonable opinion of Landlord, tend to lower the character or image of the Premises or any portion thereof;
- e. any business or activity not in compliance with all Laws.

Tenant shall forthwith, upon the request of Landlord, discontinue any business, conduct or practice carried on or maintained in or about the Premises which, in Landlord's reasonable opinion, may damage or reflect unfavourably upon Landlord or the Premises.

If, in the reasonable of Landlord, Tenant is in breach of any of the provisions of this Section 8.5, Tenant shall immediately discontinue such use upon Landlord's written request.

#### **8.6 Waste Removal**

Tenant shall not allow any refuse, garbage or any loose, objectionable material to accumulate in or about the Premises and will at all times keep the Premises in a clean and neat condition. Tenant at its expense shall at all times comply with Landlord's rules and regulations regarding the separation, removal, storage and disposal of waste for the Premises. Notwithstanding the foregoing, Landlord shall, after delivery of fifteen (15) days' written notice to Tenant (during which time Tenant shall have the opportunity to cure the subject default) have the option to take over the function of separating, removing and/or disposing of the waste and the cost to Landlord of same shall be included in Operating Costs. Tenant shall be responsible for all costs of removal of waste from the Premises other than costs of routine waste removal included in Operating Costs. Proceeds received from the disposal of waste arranged by Landlord may be retained by Landlord for its own account. Until removed from the Lands, all waste from the Premises shall be kept in appropriate containers within the Premises until removed from the Premises.

#### **8.7 Pest Control**

In order to maintain satisfactory and uniform pest control throughout the Centre, Tenant shall engage for the Premises, at its cost, such pest extermination contractor as Landlord directs and at such intervals as Landlord requires. Provided however, Landlord shall have the option at any time and from time to time to engage a pest extermination contractor for the Centre and/or certain of the tenants therein, and the full cost and expense of such pest extermination contractor shall form a portion of the Operating Costs herein, and shall be payable by Tenant as Additional Rent to the extent of Tenant's Proportionate Share thereof. Tenant shall not bring or permit to be brought onto the Premises any animals or birds of any kind save and except for service animals.

#### **8.8 Waste and Nuisance**

- a. Tenant shall not cause, suffer or permit any waste or damage to the Premises or Leasehold Improvements, fixtures or equipment therein nor permit any overloading of the floors thereof and shall not use or permit to be used any part of the Premises for any dangerous, hazardous, noxious or offensive activity or goods. Tenant shall immediately take steps to remedy, remove or desist from any activity, equipment, goods or condition on or emanating from the Premises to which Landlord objects on a reasonable basis. Tenant shall take every reasonable precaution to protect the Premises from risk of damage by fire, water or the elements or any other cause. The Tenant warrants that no noxious or environmentally unfriendly chemicals or products shall be allowed to enter the drains throughout the Term, and upon vacating the Premises, no such chemicals or products shall be left on the Premises.
- b. Tenant shall not, and shall not permit anyone else to, place anything on the roof of the Building or go on to the roof of the Building for any purpose whatsoever, without Landlord's prior written approval, which may be arbitrarily withheld in Landlord's sole discretion.
- c. Tenant shall not use any advertising, transmitting or other media or devices which can be heard, seen, or received outside the Premises, or which could interfere with any communications or other systems outside the Premises.
- d. Tenant shall conduct its business on the Premises in keeping with a first class commercial building. To that end, Tenant covenants and agrees that it shall not cause, suffer or permit any fumes, odours, noise or other element, any of which is determined by Landlord to be a nuisance or disturbance to Landlord to emanate from the Premises; if Landlord determines that any such fumes, odours, noise or other element is emanating from the Premises in such manner as to cause any nuisance or disturbance to Landlord, Tenant shall forthwith, upon notice from Landlord, cause the same to be rectified.

- e. Tenant shall be solely responsible for any contaminant, pollutant or toxic substance at any time affecting the Premises resulting from any act or omission of Tenant or any other person on the Premises or any activity or substance on the Premises during the Term, and any period prior to the Term during which the Premises were used or occupied by or under the control of Tenant, and shall be responsible for the clean-up and removal of any of the same and any damages caused by the occurrence, clean-up or removal of any of the same, and Tenant shall indemnify Landlord in respect thereof.

#### 8.9 Compliance with Laws

Tenant shall be solely responsible for obtaining from all authorities having jurisdiction all necessary permits, licences and approvals as may be necessary to permit Tenant to hold this Lease and to occupy the Premises and conduct its business thereon, as required by all applicable Laws, including, without limiting the generality of the foregoing, any necessary extra-provincial licence, any necessary licence under applicable legislation and any necessary approvals under the *Investment Canada Act*, or any similar legislation.

Tenant shall be responsible for and shall comply at its own expense with all applicable Laws respecting the use, condition and occupation of the Premises, and all Leasehold Improvements, trade fixtures, furniture, equipment and contents thereof (collectively called "**Contents**") and Tenant shall promptly perform all necessary repairs, alterations, changes and improvements to the Premises and Tenant's business, use, or occupancy thereon and the Contents in order to comply with all of such Laws.

Tenant shall provide Landlord on request with evidence satisfactory to Landlord acting reasonably that Tenant has obtained and is complying with the terms of all applicable licenses, approvals and permits from time to time.

#### 8.10 Environmental

- a. As used herein:
  - (i) "**Environmental Laws**" means all statutes, Laws, ordinances, codes, rules, regulations, orders, notices and directives, now or at any time hereafter in effect, made or issued by any municipal, provincial or federal government, or by any department, agency, board or office thereof, or by any board of fire insurance underwriters or any other agency or source whatsoever, regulating, relating to or imposing liability or standards of conduct concerning any matter which may be relevant to the use or occupancy of the Premises or any part thereof or the conduct of any business or activity in, on, under or about the Premises or any part thereof, or any material, substance or thing which may at any time be in, on, under or about the Premises or any part thereof or emanate therefrom;
  - (ii) "**Hazardous Substance**" means any contaminant, pollutant, dangerous or potentially dangerous substance, noxious substance, toxic substance, hazardous waste or material, flammable or explosive substance, radioactive material, or any other waste, substance or material whatsoever, covered by or regulated under any Environmental Laws.
- b. Tenant covenants with Landlord that:
  - (i) it shall not use or permit or suffer the use of the Premises or any part thereof to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substance except in strict compliance with all Environmental Laws including, without limitation, the *Environmental Protection Act*, R.S.O. 1990, c. E-19, the *Gasoline Handling Act*, R.S.O. 1990, c.G.4 and all other Environmental Laws in respect of environmental, land use, occupation, or health and safety matters. In the event Tenant fails to comply with any such Environmental Laws, Landlord may, but shall not be obligated to, do such things as necessary to effect such compliance, and all costs and expenses incurred by Landlord in so doing, together with an administration charge equal to 25% of such costs and expenses, shall be payable forthwith by Tenant to Landlord as Additional Rent;
  - (ii) it shall forthwith notify Landlord upon receipt of any order, directive, notice or other communication whatsoever received from any governmental or other authority relating to any Laws, which notice shall be accompanied by a copy of such order, directive, notice or other communication and Tenant shall keep Landlord advised on a weekly basis of Tenant's progress in complying with same;

- (iii) Landlord shall be entitled, upon delivery of forty-eight (48) hours' prior written notice to Tenant, to inspect the Premises and to conduct such other investigations as in its sole discretion it deems necessary for the purpose of satisfying itself as to compliance by Tenant with all Environmental Laws and with all provisions of this Lease. Without limiting the generality of the foregoing, Landlord shall have the right to conduct such physical inspections of the Premises and examination of documentation relating to the Premises and the conduct of business thereon by Tenant, as it may deem necessary and for such purpose Tenant shall produce, at the offices of Tenant, all of its relevant files, books, records, statements, plans and other written information in Tenant's possession relating to the Premises and the operations of Tenant thereon, provided that all of such information shall be used by Landlord solely for the purpose of ensuring compliance by Tenant with the provisions of this Lease and shall otherwise be kept strictly confidential;
- (iv) to indemnify and save harmless Landlord and all of its servants, agents, employees, contractors and persons for whom Landlord is in law responsible, against any and all liabilities, claims, damages, interest, penalties, fines, monetary sanctions, losses, costs and expenses whatsoever, including without limitation costs of professional advisors and consultants and experts in respect of investigation, remedial action and clean-up costs and expenses, arising in any manner whatsoever out of:
  - (A) any breach by Tenant of any provisions of this Lease or any non-compliance with any Environmental Laws;
  - (B) any act or omission of any persons on the Premises for whom Tenant is, in law, responsible, or any use or occupancy of or anything in, on, under or about the Premises by Tenant or by anyone for whom Tenant is, in law, responsible, including, without limitation, the generating, manufacture, refinement, treatment, transportation, storage, handling, disposal, transfer, production or processing of any Hazardous Substance by Tenant or any other person for whom Tenant is, in law, responsible, in, on, under or about the Premises, and any nuisance arising therefrom;
  - (C) any act or omission of Tenant or any persons for whom Tenant is, in law responsible; or
  - (D) any illness, injury or death of persons, or any loss or damage to property, on or about the Premises caused by Tenant or cause by anyone for whom Tenant is, in law responsible.

The aforesaid indemnity shall survive the expiration or earlier termination of this Lease.
- (v) if at any time required by Landlord, or by any governmental or other authority pursuant to any Environmental Laws, to take all required remedial action in respect of any Hazardous Substances in, on, under or about the Premises or emanating therefrom as a result of any actions of Tenant or anyone for whom Tenant is, in law, responsible, including, without limitation, any repairs or replacements to the Premises or any buildings or other Leasehold Improvements in or on the Premises and the removal, treatment, disposal, restoration and replacement of the soil or any other part of the Premises. The said obligations shall survive the expiration or earlier termination of this Lease.
- (vi) Intentionally deleted;
- (vii) any Hazardous Substances brought onto the Premises by Tenant or by anyone for whom Tenant is, in law, responsible, shall remain the sole and exclusive property of Tenant and shall not become the property of Landlord. This affirmation of Tenant's interest in the Hazardous Substances or the goods containing the Hazardous Substances shall not, however, prohibit Landlord from dealing with such material as otherwise provided for in this Lease;
- (viii) Tenant acknowledges that Landlord may elect to obtain and maintain environmental impairment insurance at Landlord's sole cost.
- (ix) Notwithstanding anything herein to the contrary, Landlord represents and warrants, to the best of its knowledge and belief, that as of the Commencement Date, the Centre (including without limitation, the Premises) does not contain any Hazardous Substances. Tenant shall not be responsible for any costs relating to clean-up or response, fines or penalties resulting from a release or threatened

release of any Hazardous Substances, except to the extent caused by Tenant or those for whom it is in law responsible.

#### **8.11 Telephone and Communications Services**

Tenant shall not utilize any telephone or other communications services (other than standard Bell or Rogers telephone services) which require any wiring, fibre optics or other connection or any transmission services to the Premises without Landlord's prior written consent.

#### **8.12 Deliveries**

All deliveries to and from the Premises, and loading and unloading of goods, merchandise, refuse, materials and any other items, shall be made only by way of such driveways, access routes, doorways, corridors and loading docks as Landlord may from time to time designate and shall be subject to all applicable rules and regulations made by Landlord from time to time pursuant to this Lease.

#### **8.13 Window Coverings**

Tenant shall comply with all rules and regulations from time to time made by Landlord in respect of window coverings on the interior of the Premises, in order to maximize the efficiency of the climate control equipment in or serving the Premises or to maintain an attractive uniform appearance of the Premises from the exterior.

### **9. SERVICES AND UTILITIES**

#### **9.1 Utilities**

- a. The Tenant covenants to place all utility accounts which are separately metered in their name from and after the Commencement Date of the Fixturing Period, or as soon as reasonably practicable thereafter and to pay all public utility consumption charges, including, without limitation, all water, gas, heating and electricity rates and charges in respect of utilities consumed in the Premises and the cost of providing and supplying such utilities.
- b. Tenant's use of any such utilities shall not exceed the available capacity of the existing systems from time to time. If Tenant desires at any time to obtain any such utilities in excess of such available capacity, Tenant may supply and install at its expense any special wires, conduits or other equipment necessary to provide such additional capacity subject to the prior written consent of Landlord which shall not be unreasonably withheld or delayed.
- c. Tenant shall promptly pay as and when the same shall be payable all costs for all fittings, connections and meters and all work or services performed in connection with any services or utilities provided to or in respect of the Premises.
- d. Notwithstanding anything herein to the contrary, Tenant's consumption of electricity and gas within the Premises shall be measured by separate meters which shall be installed at the sole cost of Landlord.

#### **9.2 Heating and Air Conditioning**

- a. Tenant shall be responsible for and promptly pay for as and when due, to Landlord or as Landlord shall from time to time direct, all costs of heating, ventilating, air conditioning and humidity control in the Premises.
- b. Tenant shall operate the heating, ventilating, air conditioning and humidity control equipment within or serving the Premises in such manner as to maintain such reasonable conditions of temperature, air circulation and humidity within the Premises as determined by Tenant acting reasonably. Tenant shall comply with all reasonable rules and regulations as Landlord shall make from time to time respecting the maintenance, repair and operation of all such heating, ventilating and air conditioning equipment.
- c. Unless otherwise required or permitted by Landlord, Tenant shall be responsible at its expense for all maintenance, repairs and replacements to the heating, ventilating, air conditioning and humidity control equipment within or serving the Premises, and shall promptly attend to the same in accordance with the manufacturer's or supplier's specifications and instructions. Unless otherwise required or permitted by Landlord, Tenant shall at its expense maintain a service contract for the heating, ventilating, air

conditioning and humidity control equipment within or serving the Premises, with a contractor approved in advance in writing by Landlord, and shall ensure that Landlord is at all times in possession of a copy of such service contract and shall promptly deliver to Landlord copies of regular inspection reports and details of repairs. Notwithstanding the foregoing, Landlord shall have the option, but not the obligation, to itself arrange for such service contract or perform or arrange for the performance of maintenance, repairs and replacements to such equipment, in which case the cost thereof plus 15% of such amount for Landlord's inspection, supervision and overhead, all or any portion of which shall be included in Operating Costs or charged directly to Tenant, as determined by Landlord, acting reasonably.

### **9.3 Non-Liability of Landlord**

Landlord shall not be liable for any damages, direct or indirect, resulting from or contributed to by any interruption or cessation of or failure in supply of any utilities or any heating, ventilating, air conditioning and humidity control. Without limiting the generality of the foregoing, Landlord shall not be liable for and Tenant shall indemnify Landlord and save Landlord harmless from and against any and all indirect or consequential damages or damages for personal discomfort or illness of Tenant or any persons permitted by it to be on the Premises by reason of the suspension, non-operation, or failure for any period of time of any utilities, heating, ventilating, air conditioning or humidity control.

### **9.4 Landlord's Suspension of Utilities, Etc.**

In order to effect any maintenance, repairs, replacements, alterations or improvements to any of such utilities, heating, ventilating, air conditioning or humidity control equipment or systems, or any other part of the Premises, Landlord shall have the right, without any liability and without thereby constituting an interference with Tenant's rights under this Lease or a breach by Landlord of this Lease, and without thereby entitling Tenant to any rights in respect thereof (but upon provision of forty-eight (48) hours' prior written notice to Tenant), to discontinue, suspend or modify any utilities, heating, ventilating, air conditioning and humidity control equipment or systems at such time or times and from time to time as Landlord shall deem desirable.

### **9.5 Landlord's Services**

- a. Tenant shall pay Landlord forthwith on demand all charges as determined and allocated by Landlord acting reasonably in respect of all special services provided to or for the benefit of Tenant beyond building standard services for the Premises the costs for which are included in Operating Costs, such special services including, without limitation, charges for security, hoisting, supervision, waste removal, and receiving, storing and handling materials and articles.
- b. Tenant shall, in its sole discretion, have the option for Landlord to be the exclusive supplier, at Tenant's expense, of such materials or services for Tenant in respect of the Premises and the Premises not otherwise expressly provided for in this Lease as Tenant may designate from time to time ("**Services**") including, without limitation, replacement of tubes, bulbs and ballasts; cleaning of carpeting, drapes and curtains; waste removal; any services requiring drilling or otherwise penetrating floors, walls and ceilings; and locksmithing and security arrangements.
- c. Absent negligence, Landlord shall not be liable for any damages caused in performance of any maintenance or cleaning provided hereunder; Landlord shall not be liable for any indirect or consequential damage arising from any default in or failure to perform any such maintenance or cleaning.

### **9.6 Landlord's Charges for Services**

Unless otherwise expressly agreed between Landlord and Tenant to the contrary in respect of any specific matter from time to time, all work performed and materials supplied by Landlord for Tenant or otherwise respecting the Premises pursuant to the provisions hereof or otherwise shall be paid for by Tenant to Landlord within fifteen (15) days' of Landlord's delivery of written demand therefor plus ten percent (10%) for inspection and supervision.

Notwithstanding the provisions contained in this Article 9 or anything else in this Lease contained, Landlord and Tenant acknowledge and agree that for the duration of the first calendar year of the Term only, Landlord shall be responsible for the maintenance, materials and workmanship of all systems and components serving the Premises, including the plumbing, electrical, heating and air conditioning, and exterior doors, but specifically excluding the Leasehold Improvements made by Tenant, Tenant's trade fixtures, furnishings and equipment.

## **10. MAINTENANCE, REPAIRS AND ALTERATIONS**

### **10.1 Maintenance and Repairs of Premises**

At all times throughout the Term, Tenant at its sole expense shall perform or cause to be performed as required hereby such maintenance (including painting and repair or replacement of any interior finishings), decoration, repairs and replacements and upgrading to keep the Premises and all the contents thereof and all services, equipment and systems located in or primarily serving the Premises at all times in good condition, and in accordance with all Laws, and Landlord's reasonable requirements, but excluding only the obligations of Landlord expressly provided in Section 10.7 hereof. For purposes of this Section 10.1 but without affecting the interpretation of any other provision of this Lease, Premises shall include, without limitation: all Leasehold Improvements; all interior walls, windows and doors.

### **10.2 Approval of Repairs and Alterations**

- a. Tenant shall not make any repairs, replacements, changes, additions, improvements or alterations (hereinafter in this Article 10 referred to as "**Alterations**") to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed unless such proposed Alterations might: (i) in any way affect the demising walls or entrances of the Premises or the structure or mechanical or electrical services of the Premises or the coverage of the Premises for zoning purposes; or (ii) in the opinion of Landlord, detrimentally affect the appearance or quality of the Premises or impair the value or usefulness of the Premises.
- b. With its request for Landlord's consent, Tenant shall submit to Landlord details of the proposed Alterations including plans and specifications prepared by qualified architects or engineers, and such Alterations shall be completed in accordance with the plans and specifications approved in writing by Landlord.
- c. All Alterations shall be planned and completed in compliance with all Laws and Tenant shall, prior to commencing any Alterations, obtain at its expense, all necessary permits and licences and provide evidence thereof satisfactory to Landlord.
- d. Tenant shall, prior to the commencement of any such Alterations furnish to Landlord at Tenant's expense such evidence as reasonably required by Landlord of the projected cost of Alterations.
- e. All Alterations shall be performed promptly and in a good and workmanlike manner and in compliance with Landlord's rules and regulations by competent contractors or workmen.
- f. All Alterations shall be performed at Tenant's cost, promptly and in a good and workmanlike manner and in compliance with Laws and Landlord's rules and regulations, by competent contractors or workmen. Unless expressly authorized by Landlord in writing to the contrary, all Alterations which might affect the structure or any mechanical, electrical, utility, sprinkler, communications or other similar systems within the Premises, shall, at Landlord's option, be performed at Tenant's expense by Landlord or by contractors designated by Landlord and under Landlord's supervision and under the supervision of a qualified architect or engineer approved by Landlord, in advance. For all Alterations performed by Landlord or at Landlord's expense or under Landlord's supervision, Tenant shall pay forthwith upon request all amounts paid or payable by Landlord to third parties and all reasonable charges of Landlord for its own personnel plus 10% of the cost of such Alterations for Landlord's inspection and supervision.
- g. If Tenant performs any such Alterations without compliance with all of the foregoing provisions of this Article 10, Landlord, without prejudice to and without limiting Landlord's other rights pursuant to this Lease and at law, shall have the right to require Tenant to remove such Alterations forthwith and either restore the Premises to their condition prior to such Alterations or perform such Alterations in compliance with the foregoing provisions of this Article.
- h. Tenant shall pay to Landlord forthwith upon request all of Landlord's reasonable costs including, without limitation, fees of architects, engineers and designers, incurred in dealing with Tenant's request for Landlord's consent to any Alterations, whether or not such consent is granted, and in inspecting and supervising any such Alterations.

### **10.3 Repair According to Landlord's Notice**

Landlord or any persons designated by it shall have the right, upon delivery to Tenant of forty-eight (48) hours' prior written notice, to enter the Premises at any time to view the state of repair, condition and use thereof and Tenant shall promptly perform any reasonably required maintenance, repairs, replacements or Alterations according to written notice from Landlord.

#### **10.4 Notice by Tenant**

Tenant shall give immediate written notice to Landlord of any accident, defect, damage or deficiency in any part of the Premises which comes to the attention of Tenant or any of its employees or contractors notwithstanding the fact that Landlord may have no obligation in respect of the same. The provisions of this Section 10.4 shall not be interpreted so as to imply or impose any obligation whatsoever upon Landlord. Tenant shall exercise all due diligence to become aware of any such situation.

#### **10.5 Ownership of Leasehold Improvements**

All Leasehold Improvements installed in the Premises by Tenant, or by Landlord on Tenant's behalf, shall forthwith upon the installation thereof become the absolute property of Landlord without compensation therefor but without Landlord's having or thereby accepting any responsibility in respect of the maintenance, repair or replacement thereof, all of which shall be Tenant's responsibility.

#### **10.6 Construction Liens**

Tenant shall make all such payments and take all such steps as may be necessary to ensure that no lien or other charge or claim therefor or certificate of action in respect thereof (any of which is herein referred to as "Lien") is registered against the Premises or any portion thereof or against either Landlord's or Tenant's interest therein as a result of any work done for or services or material supplied to Tenant or in respect of the Premises. Tenant shall cause any such registrations to be discharged or vacated within fifteen (15) days after registration.

Tenant shall indemnify and save harmless Landlord from and against any liabilities, claims, liens, damages, costs or expenses, including legal expenses, arising in connection with any work done for or services or materials supplied to Tenant or in respect of the Premises.

If Tenant permits any such lien registration or fails to cause any such registration to be discharged or vacated as aforesaid then, in addition to any other rights of Landlord, Landlord may, but shall not be obliged to, discharge or vacate the same by paying the amount claimed to be due together with any other amounts into court or otherwise as Landlord determines, and the amounts so paid and all costs incurred by Landlord, including legal fees and disbursements, in thus arranging for the discharging or vacating of any such Lien shall be paid by Tenant to Landlord forthwith upon demand together with an administration fee of ten percent (10%).

#### **10.7 Landlord's Repairs**

- a. Notwithstanding anything herein to the contrary, and subject to the provisions of Article 12 herein, and subject to Tenant's obligations hereunder, Landlord, on reasonable notice from Tenant, shall, at all times during the Term and any extensions thereof, at its own cost and expense: (a) repair defects in the structure of the Premises, and exterior walls of the building in which the Premises are located; (b) repair the structural elements of the Premises [including, without limitation, underground services, footings, foundations, subfloors, bearing walls, structural beams, columns and supports, precast concrete elements, roof deck (excluding roof membrane and flashings) and any other component ordinarily considered in accordance with sound engineering practice to be material for the structural integrity of the bearing walls and roof of the Premises, including such rebuilding or replacement as is necessary from time to time arising therefrom, provided same is not due to the act or omission of Tenant or those for whom Tenant is, in law, responsible or due to the negligence or default of Tenant]; and, (c) such transportation, electrical, mechanical and drainage equipment and systems forming part of the Premises. Landlord shall undertake any such structural repairs promptly and in a good and workmanlike manner and in accordance with the Ontario Building Code, Fire Code, municipal by-laws and all applicable Laws.
- b. Subject to Section 10.7 above, if at any time during the Term of this Lease, or during the Extension Term, if applicable, a capital repair or replacement is required to be performed, then Landlord shall be responsible to complete such capital repair or replacement and the cost of such capital repair or replacement shall be amortized in accordance with the prevailing industry standards at the time of completion of such repairs or replacements and Tenant shall pay to Landlord, as Additional Rent, in each Year following the completion of such capital repair or replacement, in equal monthly instalments, payable on the first day of each month for the remainder of the Term and the Extension Term, if applicable, an annual amortized

portion of the cost of such capital repair or replacement. Landlord shall undertake such capital repairs or replacements as would a prudent owner, promptly without delay. Such capital repairs or replacements shall exclude any repair or replacement to the Premises the cost of which is below five thousand dollars (\$5,000.00) per occurrence, which repair or replacement shall be payable by Tenant as part of Tenant's ongoing regular maintenance and repair obligations.

- c. Notwithstanding anything herein to the contrary, Landlord confirms and acknowledges that it shall be responsible for any repair, replacement or maintenance required as a result of any inherent defect in the Building and/or the Premises, all of which shall be remedied by Landlord at its sole cost and expense, as would a prudent owner, promptly without delay; and notwithstanding anything herein to the contrary, Tenant shall be responsible, at its sole cost and expense, for any repairs or replacements resulting from negligent acts or omissions of Tenant or those for whom Tenant is, in law, responsible.

## **11. END OF TERM**

### **11.1 Vacating of Possession**

Forthwith upon the expiry or earlier termination of the Term, Tenant shall peaceably deliver to Landlord vacant possession of the Premises in such condition in which Tenant is required to maintain and keep the Premises during the Term pursuant hereto (reasonable wear and tear excepted taking into consideration the age and use of the Premises) and shall leave the Premises in a neat, clean and broom-swept condition and Tenant shall deliver to Landlord all keys for the Premises and all keys or combinations to locks on doors, safes or vaults in the Premises.

### **11.2 Removal of Trade Fixtures**

Provided that Tenant has paid all Rent to the expiry of the Term and any and all damages and other amounts payable by Tenant to Landlord for any reason whatever and provided Tenant is not otherwise in default hereunder Tenant shall at the expiry of the Term, or on the earlier termination of the Term, remove its equipment, furniture and trade fixtures ("**Tenant's Property**") and shall repair all damage or injury caused to the Premises resulting from the installation or removal of such Tenant's Property. Other than as provided above, Tenant shall not remove Tenant's Property from the Premises.

If, at the expiry or earlier termination of the Term, Tenant does not remove its Tenant's Property or any of its other property on the Premises, Landlord shall have no obligation in respect of any such Tenant's Property or property and may sell or destroy the same or have them removed or stored at the or dispose of them in any other manner whatsoever as may be determined by Landlord in its sole discretion at the expense of Tenant; at the option of Landlord, such Tenant's Property or property not removed at the expiry or earlier termination of the Term shall become the absolute property of Landlord without payment of any compensation therefor to Tenant and may be dealt with by Landlord in such manner as it determines.

### **11.3 Removal of Leasehold Improvements**

Notwithstanding that the Leasehold Improvements become the absolute property of Landlord upon installation, at the expiry or earlier termination of the Term, Tenant shall remove any or all of such Leasehold Improvements (other than those specifically contemplated by the Offer) as required by Landlord Acting reasonably and in so doing shall repair all damage resulting from, and shall restore the Premises to their condition prior to, the installation and removal of such Leasehold Improvements.

### **11.4 Overholding by Tenant**

If Tenant remains in possession of all or any part of the Premises after the expiry of the Term with the consent of Landlord and without any further written agreement, or without the consent of Landlord, this Lease shall not be deemed thereby to have been renewed or extended and Tenant shall be deemed conclusively to be occupying the Premises as a monthly tenant if Landlord did consent to Tenant remaining in possession, or as a tenant at will if Landlord did not consent to Tenant remaining in possession (notwithstanding the acceptance of Basic or Additional Rent by Landlord), in either case on the same terms as set forth in this Lease so far as they would be applicable to a monthly tenancy except the monthly Basic Rent shall be one hundred fifty percent (150%) of an amount determined by taking 1/12 of the Basic Rent payable for the period of the last twelve months of the Term. Tenant agrees that Landlord shall have the right to distrain for any arrears of Rent payable by virtue of this Section 11.4 and Article 16 (Default and Remedies) shall apply.

## **12. DAMAGE AND DESTRUCTION**

### 12.1 Damage to Premises

If the Premises are damaged or destroyed, in whole or in part, by fire or any other occurrence, this Lease shall nonetheless continue in full force and effect and there shall be no abatement of any item included in Rent except as expressly hereinafter in this Article 12 provided, and the following provisions of this Article 12 shall apply.

### 12.2 Insured Damage to Premises

- a. If there is Insured Damage to the Premises then the following provisions of this Section 12.2 shall apply.
- b. If such damage or destruction is such as to render the whole or any part of the Premises unusable for the purpose of Tenant's use and occupancy thereof, Landlord shall deliver to Tenant within 60 days following the occurrence of such Insured Damage or destruction its written opinion determined reasonably as to whether or not the same is capable of being repaired, to the extent of Landlord's repair obligations hereunder, within 180 days following such occurrence.
- c. If this Lease is not terminated as herein in this Article 12 provided, Landlord, to the extent of insurance proceeds which Landlord receives and to the extent that any mortgagee entitled to be paid such insurance proceeds consents to the use of the same for repair of such damage or destruction, shall diligently proceed to perform such repairs to the Premises to the extent of its express obligations pursuant to Section 10.7 hereof; and Tenant, commencing as soon as is practicable but without interfering with Landlord's repairs, shall diligently proceed to perform such repairs as are Tenant's responsibility pursuant hereto.
- d. If, in Landlord's reasonable opinion, the Premises are not capable of being repaired as aforesaid within 180 days following such occurrence or, if at the time of such damage or destruction the Premises were not being used by Tenant for their intended propose, Landlord may elect, by written notice to Tenant within 30 days after delivery by Landlord of the opinion provided for in subsection 12.2(b) above, to terminate this Lease, whereupon Tenant shall immediately surrender possession of the Premises and Basic Rent and all other payments for which Tenant is liable pursuant hereto shall be apportioned to the effective date of such termination.
- e. If the damage is such as to render the whole or any part of the Premises unusable in whole or in part for the purpose of Tenant's use and occupancy, as permitted hereby, and if immediately prior to the occurrence of such damage, Tenant was using substantially all of the Premises for the purposes as permitted by and as otherwise required pursuant to the terms of this Lease, then the Basic Rent (and the Basic Rent only) payable hereunder shall abate to the extent that Tenant's use and occupancy of the Premises is in fact thereby diminished, which determination shall be made by Landlord acting reasonably but in its sole discretion, until the earlier of: (i) the 30<sup>th</sup> day after the Premises are ready for Tenant to commence its repairs to the Premises as determined by Landlord; and (ii) the date on which Tenant first commences the conduct of business in any part of the Premises which had been damaged following the date of the occurrence of such damage or destruction.
- f. The respective obligations of Landlord and Tenant with respect to repair of the Premises following any damage or destruction as aforesaid shall be performed in accordance with all applicable obligations to repair contained herein and shall be performed with all reasonable speed. Tenant acknowledges that the obligations of Tenant to repair the Premises after such damage or destruction as aforesaid or otherwise shall be performed at Tenant's sole cost without any contribution thereto by Landlord whether or not the damage or destruction was caused by Landlord's fault or negligence and whether or not Landlord had at any time made any contribution to the cost of supply, installation or construction of any leasehold improvements in the Premises. In any event, within 30 days after Landlord has completed its repairs to the Premises as aforesaid, Tenant shall complete its repairs to the Premises and shall fully fixture, stock and staff the Premises and recommence the operation of Tenant's business as permitted and required pursuant hereto.

### 12.3 Uninsured Damage and Last Year

If there is damage or destruction to the Premises and if, in Landlord's reasonable opinion such damage is not capable of being repaired within 30 days following the occurrence of such damage or destruction, and if: (a) such damage or destruction is not Insured Damaged ("**Uninsured Damage**"); or (b) such damage or destruction occurs within one year prior to the expiry of the Term and either there are no remaining rights in any party hereto to extend or renew this Lease or any party hereto having the right to

renew or extend this Lease fails to do so within 15 days after such occurrence, Landlord, at its option to be exercised by written notice given to Tenant within 30 days after such occurrence, may terminate this Lease whereupon Tenant shall immediately surrender possession of the Premises and Basic Rent and all other payments for which Tenant is liable pursuant hereto shall be apportioned to the effective date of such termination. If this Lease is not terminated as aforesaid the parties shall repair as provided in subsection 12.2(c) hereof and there shall be no abatement of any portion of Rent unless the damage or destruction is Insured Damage and then only to the extent expressly provided in subsection 12.2(e) above.

#### **12.4 Restoration of Premises**

If there is damage or destruction to the Premises and if this Lease is not terminated pursuant hereto, Landlord, in performing its repairs to the Premises as required hereby, shall not be obliged to repair or rebuild in accordance with the plans or specifications for the Premises as they existed prior to such damage or destruction but Landlord may repair or rebuild the same in accordance with any plans and specifications chosen by Landlord in its sole and absolute discretion provided that Tenant's use and occupancy of and access to the Premises are not materially detrimentally affected by any difference in plans, specifications or form of the Premises from such plans, specifications and form as the same existed immediately prior to the occurrence of such damage or destruction.

#### **12.5 Determination of Matters**

For the purposes of this Article 12, all matters requiring determination such as, without limitation, the extent to which any area(s) of the Premises or the Premises are damaged or are not capable of being used, or the times within which repairs may be made, unless expressly provided to the contrary, shall be determined by Landlord in its sole discretion, such determination to be final and binding on the parties.

### **13. INSURANCE AND INDEMNITY**

#### **13.1 Landlord's Insurance**

Landlord may obtain and maintain such insurance coverage in respect of the Premises, Building and/or the Centre as Landlord deems necessary or advisable.

Such insurance shall be in such reasonable amounts, forms and with such reasonable deductions as would be carried by a prudent owner of a reasonably similar Premises, Building and Centre having regard to size, age and location. Notwithstanding any contribution by Tenant to the cost of the insurance premiums provided herein, Tenant acknowledges and agrees that: (i) Tenant is not relieved of any liability arising from or contributed to by its negligence or its wilful acts or omissions; ii) no insurable interest or financial interest is conferred upon Tenant under the Landlord's insurance policies; iii) Tenant has no right to receive proceeds from Landlord's insurance policies and iv) Landlord's insurer shall not be precluded from its rights of subrogation.

#### **13.2 Tenant's Effect On Other Insurance**

- a. Tenant shall not do and shall not cause, suffer or permit to be done or omitted to be done by any person in, on or about the Premises and shall not permit there to be on the Premises anything which might:
  - (i) result in any increase in the cost of any insurance policies of Landlord;
  - (ii) result in an actual or threatened cancellation of or adverse change in any policy of insurance of Landlord; or
  - (iii) be prohibited by any policy of insurance of Landlord.
- b. If the cost of any insurance policies of Landlord shall be increased as a result of:
  - (i) the use or occupancy of the Premises by Tenant or any other person on the Premises; or
  - (ii) anything kept or permitted to be kept by Tenant or by any person anywhere on the Premises; or
  - (iii) any act or omission of Tenant or any person on the Premises, Tenant shall pay the full amount of such increase in cost to Landlord forthwith upon demand, whether the increase is an increase in insurance cost payable by Landlord. In determining Tenant's responsibility for any increased cost of insurance as aforesaid, a statement issued by the organization, company or insurer establishing the insurance premiums or rates for the relevant policy shall be conclusive evidence of the

various components of such premiums or rates and the factors giving rise to any increase therein.

c. In the event of an actual or threatened cancellation of or adverse change in any policy of insurance of Landlord by reason of:

- (i) the use or occupancy of the Premises by Tenant or any other person permitted by Tenant on the Premises; or
- (ii) anything placed on or permitted by Tenant or any person on the Premises; or
- (iii) any act or omission of Tenant or any person in the Premises;

and if Tenant fails to remedy the situation, condition, use, occupancy or other factor giving rise to such actual or threatened cancellation or change within forty-eight (48) hours after notice thereof by Landlord, Landlord may, at its option, either:

- (A) terminate this Lease forthwith by written notice; or
- (B) remedy the situation, condition, use, occupancy or other factor giving rise to such actual or threatened cancellation or change,

all at the cost of Tenant to be paid to Landlord forthwith upon demand; for any or all of such purposes as set forth in this subsection Landlord shall have the right to enter upon the Premises without further notice.

### 13.3 Tenant's Insurance

a. Tenant shall, at its sole cost and expense, obtain and maintain in full force and effect at all times throughout the Term and such other times, if any, as Tenant occupies the Premises or any portion thereof:

- (i) commercial general liability insurance including, but not limited to property damage, public liability, personal injury liability, contractual liability, products and completed operations, non-owned automobile liability and owners' and contractors' protective insurance coverage, all on an occurrence basis, with respect to any use, occupancy, activities or things on the Premises and with respect to the use and occupancy of any other part of the Premises by Tenant or any of its servants, agents, contractors or persons for whom Tenant is in law responsible, with coverage for any one occurrence or claim of not less than \$5,000,000.00 or such other amount as Landlord may reasonably require upon not less than one month's notice at any time;
- (ii) insurance, in respect of such perils as are from time to time covered in an all risks policy not less broad than the standard commercial property floater policy with the exclusions relating to earthquake and flood removed therefrom, covering the Leasehold Improvements, trade fixtures, furnishings, equipment, stock-in-trade, storefront and store facing materials and all signs in, on or about the Premises, for not less than the full replacement cost thereof and with a replacement cost endorsement;
- (iii) broad form comprehensive boiler and machinery insurance on all insurable objects located on the Premises or which are the property or responsibility of Tenant on a blanket repair or replacement basis with a replacement cost endorsement and with limits for each accident in an amount not less than the full replacement cost of all Leasehold Improvements, trade fixtures, furnishings, equipment, stock-in-trade, storefront and store facing materials and all signs in, on or about the Premises;
- (iv) business interruption insurance either as an extension to or on the same form as the insurance referred to in subsections 13.3(a)(ii) and (iii) above, and in such amounts from time to time as necessary to fully compensate Tenant for direct or indirect loss of sales or earnings resulting from or attributable to any of the perils required to be insured against under the policies referred to in subsections 13.3(a)(ii) and (iii) above and all circumstances usually insured against by cautious tenants including losses resulting from interference with or prevention of access to the Premises as a result of such perils or for any other reason;
- (v) tenant's legal liability insurance for the full replacement cost of the Premises, and the loss of use thereof;
- (vi) leasehold interest insurance to fully protect Tenant for loss of its interest in this Lease and its Leasehold Improvements in the event of termination of this Lease

pursuant to Article 12 above, whether or not there is any damage or destruction to the Premises;

- (vii) standard owners' form of automobile insurance policy providing third party liability insurance on all automobiles owned by or registered in the name of Tenant with inclusive limits and on such terms as reasonably required by Landlord from time to time, covering all licensed vehicles owned by or operated by or on behalf of Tenant;
- (viii) plate glass insurance on all internal and external glass, with coverage for any one occurrence or claim of not less than \$500,000.00 or such other amount as Landlord may reasonably require upon not less than one month's notice at any time;
- (ix) by law compliance insurance; and
- (x) insurance against such risks and in such amounts as Landlord or any mortgagee, debenture holder or other secured creditor of Landlord may from time to time reasonably require upon not less than 30 days' written notice.

b. Each of Tenant's insurance policies shall name Landlord and Tenant and any others designated by Landlord as additional named insureds as their interests may appear with Landlord as loss payee under the policies referred to in subsections 13.3(a)(ii), (iii), (viii) and, where applicable, (x) above, and each of Tenant's insurance policies shall contain, as deemed appropriate by Landlord:

- (i) the mortgage clause as may be required by any mortgagee, debenture holder or other secured creditor of Landlord;
- (ii) a waiver by the insurer of any rights of subrogation, or indemnity, or any other claim over, to which such insurer might otherwise be entitled against Landlord or any agents or employees of Landlord or any other person for whom Landlord is in law responsible;
- (iii) an undertaking by the insurer that no material change adverse to Landlord or Tenant or the mortgagee, debenture holder or other secured creditor of Landlord or Tenant will be made and the policy will not lapse or be cancelled or terminated, except after not less than 30 days' written notice to Landlord and Tenant and the mortgagee, debenture holder or other secured creditor of either of them of the intended change, lapse, cancellation or termination;
- (iv) a provision stating that Tenant's insurance policy shall be primary and shall not call into contribution any other insurance available to Landlord;
- (v) a disputed loss endorsement or agreement, where applicable;
- (vi) a severability of interests clause and a cross-liability endorsement clause for liability policies, where applicable; and
- (vii) a waiver, in respect of the interests of Landlord and of any mortgagee, debenture holder or other secured creditor of Landlord, of any provision in any such insurance policies with respect to any breach of any warranties, representations, declarations or conditions contained in the said policies.

All of Tenant's insurance policies shall be taken out with insurers and shall be in such form and on such terms as are satisfactory to Landlord from time to time.

c. Tenant shall ensure that Landlord shall at all times be in possession of either certificates of insurance in the form designated or approved by Landlord or certified copies of Tenant's insurance policies which are current and in force in good standing including such certificates or other evidence satisfactory to Landlord as to Tenant's insurance in effect and its renewal or continuation in force together with such evidence as may be required by Landlord as to the method of determination of the full replacement cost of the Leasehold Improvements, trade fixtures, furnishings, equipment, stock-in-trade, plate glass, storefront and store facing materials and signs and full particulars of the full replacement cost of each of the same, and if Landlord reasonably concludes that the full replacement cost has been underestimated or understated, Tenant shall forthwith arrange for any consequent increase in coverage required pursuant to this Section 13.3.

d. Tenant hereby releases Landlord and its servants, agents, employees, contractors and those for whom Landlord is in law responsible from all losses, damages and claims of any kind in respect of which Tenant is required to maintain insurance or is otherwise insured.

#### 13.4 Landlord's Right to Place Tenant's Insurance

If Tenant at any time fails to take out, renew and keep in force, or pay any premiums for, any insurance as required to be obtained and maintained pursuant hereto, or if Tenant falls from time to time to deliver to Landlord satisfactory proof of the good standing of any such insurance or the payment of premiums therefor or if the evidence submitted in respect thereof to Landlord is unacceptable to Landlord, then, in any such event, Landlord, without prejudice to any of its other rights and remedies pursuant to this Lease, shall have the right but not the obligation to effect such insurance on behalf of Tenant and the cost thereof and all other reasonable expenses incurred by Landlord in respect thereof shall be paid by Tenant to Landlord forthwith upon demand.

### **13.5 Landlord's Non-Liability**

Tenant agrees that Landlord shall not be liable or responsible in any way for any injury or death to any person or for any loss or damage to any property at any time in, on or about the Premises no matter how the same shall be caused and whether or not any such death, injury, loss or damage is caused or contributed to by the negligence of Landlord, its servants, agents employees, contractors or persons for whom Landlord is in law responsible. Without limiting the generality of the foregoing, Landlord shall not be liable or responsible for any injury, death, loss or damage to any persons or property caused or contributed to by any of the following: fire, explosion steam, water, rain, snow, electricity, gas, or falling plaster; or by dampness or leaks from any pipes, appliances, plumbing works, roof, exterior walls or any other source whatsoever; and Landlord shall not be liable or responsible in any way for any injury, death, loss or damage to any person or property caused by any occupants of any adjoining property or by the public or by the construction of any public, quasi-public or private work or utilities. All property kept or stored in or about the Premises or kept shall be at the sole risk of Tenant and Tenant shall indemnify Landlord and save it harmless in respect of the same. Without in any way limiting or affecting the generality or interpretation of the foregoing provisions of this Section 13.5, it is agreed that Landlord shall in no event be liable for any indirect or consequential damages suffered by Tenant.

Notwithstanding anything contained herein to the contrary, it is understood and agreed that Landlord is liable for any death, injury or damage to property referred to in this Section 13.5 if any such death, injury or damage to property is caused by or to the extent contributed to by the negligence or wilful act or omission of Landlord, but only to the extent that:

- (i) Tenant is not required to have insurance coverage pursuant to Section 13.3 of this Lease;
- (ii) Tenant does not otherwise have insurance coverage for such death or injury or any such damage to property,

in either case, without taking into account any deductible or co-insurance provisions or other clauses; and,

- (iii) Landlord, having taken out insurance in accordance with its obligations under this Lease, is indemnified by its insurers for any such death or injury or any damage to property.

### **13.6 Indemnity of Landlord**

Subject to Section 13.5 herein, Tenant shall indemnify Landlord and all of its servants, agents, employees, contractors and persons for whom Landlord is in law responsible and shall hold them and each of them harmless from and against any and all liabilities, claims, damages, losses and expenses, including all legal fees and disbursements, due to, arising from or to the extent contributed to by:

- a. any breach by Tenant of any of the provisions of this Lease;
- b. any act or omission of any person on the Premises or any use or occupancy of or any property in the Premises;
- c. any act or omission of Tenant or any of its servants, agents, employees, invitees, licensees, sub-tenants, concessionaires, contractors or persons for whom Tenant is in law responsible on the Premises;
- d. any injury, death or damage to persons or property of Tenant or its servants, agents, employees, customers, contractors or any other persons in the Premises caused by any reason whatsoever.

### **13.7 Landlord's Employees**

It is agreed that every indemnity, exclusion or release of liability and waiver of subrogation herein contained for the benefit of Landlord shall extend to and benefit all of Landlord's servants, agents, employees and those for whom Landlord is in law responsible (collectively referred to in this Section 13.7

as "**Employees**"); solely for such purpose, and to the extent that Landlord expressly chooses to enforce the benefits of this Section 13.7 for its Employees, it is agreed that Landlord is the agent or trustee for its Employees.

#### **14. ASSIGNMENT, SUBLETTING AND CHANGE OF CONTROL**

##### **14.1 Consent Required**

- a. Tenant shall not assign this Lease in whole or in part and shall not sublet or part with or share possession of all or any part of the Premises and shall not grant any concessions, franchises, licences or other rights to others to use any portion of the Premises (all of the foregoing being hereinafter individually or collectively referred to as "**Transfer**"; a party making a Transfer is referred to as a "**Transferor**" and a party taking a Transfer is referred to as a "**Transferee**") without the prior written consent of Landlord in each instance, which consent may not be unreasonably withheld, delayed or conditioned.
- b. Notwithstanding and without in any way affecting or limiting the interpretation of the foregoing, it is agreed that it shall be reasonable for Landlord to withhold its consent to a Transfer unless it is shown to Landlord's satisfaction that:
  - (i) the proposed Transferee has a good business reputation;
  - (ii) the proposed Transferee and its principal shareholders have not been bankrupt or the holder of 20% or more of the issued shares of any class of shares of a corporation or of an interest in a partnership, either of which has been bankrupt in the 10 years preceding the date of the proposed Transfer;
  - (iii) the proposed Transferee and its principal shareholders have good financial strength at least equal to that of Tenant at the Commencement Date and as at the date of the request for Landlord's consent to the Transfer, and have financial strength at least sufficient to satisfy all of the obligations of Tenant hereunder; and
  - (iv) Tenant is not in default under this Lease or any other agreement affecting the Premises.
- c. No transfer may be made other than pursuant to an agreement in writing of which a copy is given to Landlord together with the request for consent. The provisions of this Article 14 shall apply to any Transfer which might occur by inheritance or operation of law.
- d. No Transfer may be made where any portion of Rent is lower than that provided for herein or otherwise on terms more favourable to the Transferee than the terms set forth herein.

##### **14.2 Obtaining Consent**

All requests to Landlord for consent to any Transfer shall be made to Landlord in writing, not less than 30 days prior to the projected completion date for the proposed Transfer, together with a copy of the agreement pursuant to which the proposed Transfer will be made and payment to Landlord of a deposit in the amount of one thousand five hundred dollars (\$1,500.00) on account of all costs incurred by Landlord in considering and processing the request for consent including legal costs and an administrative fee which Landlord shall be entitled to charge for the processing of such request for consent and including all costs of completing any documentation to implement any Transfer and all other agreements contemplated hereby, all of which shall be prepared by Landlord or its solicitor if required by Landlord. All costs incurred by Landlord in respect of any such request for consent, including legal costs and Landlord's administrative fee, shall be the responsibility of and shall be paid by Tenant forthwith upon demand, whether or not Landlord grants its consent to any proposed Transfer.

All such requests to Landlord for consent to any Transfer shall also be accompanied by such information in writing as a landlord might reasonably require respecting a proposed Transferee and which might be required to provide Landlord with all the information necessary to determine whether the aforementioned factors are satisfied, and which information shall include, without limitation, the name, business and home addresses and telephone numbers, business experience, credit information and rating, financial position, banking and personal references and a description of business to be conducted by the Transferee on the Premises and parking requirements for such business.

##### **14.3 Landlord's Option**

After Landlord receives any notice from Tenant in respect of a Transfer, including any request for consent to a Transfer, accompanied by any deposit, information and copy of agreement as hereinabove required, Landlord shall have the options, to be exercised by written notice to Tenant within 15 days after

the receipt of such notice and such information, deposit and agreement, to: (a) take a Transfer from Tenant of the Transferred Premises on the same terms as the Transfer in respect of which Tenant had requested Landlord's consent, as aforesaid; or, (b) to refuse the proposed Transfer.

#### 14.4 Terms of Transfer

In the event of any Transfer, Landlord shall have the following rights, in default of any of which no such Transfer shall occur or be effective:

- a. to collect a deposit or further deposit such that the deposit held by Landlord shall be equivalent to at least two months' Basic Rent payable in respect of the Transferred Premises;
- b. to require Tenant and the Transferee and any indemnifier in respect of Tenant's obligations hereunder to enter into an agreement in writing and under seal to implement any reasonable amendments to this Lease to give effect to Landlord's exercise of any of its rights hereunder;
- c. to require the Transferee to enter into an agreement with Landlord in writing and under seal to be bound by all of Tenant's obligations under this Lease and to waive any right it, or any person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding-up or other creditors proceeding, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), and to agree that in the event of any such proceeding Landlord will comprise a separate class for voting purposes;
- d. to receive all amounts to be paid to Tenant under the agreement in respect of such Transfer in excess of the Rent payable under this Lease (for which Landlord is entitled to 100%) less only any consideration which is bona fide being paid to Tenant for the going concern value of the business operated from the Premises and the equipment, furnishings and other property to be conveyed by Tenant as part of or together with the transaction of Transfer and which is not reasonably attributable to Tenant's interest in this Lease and less, in the case of a sublease, all amounts receivable by Tenant under the sublease equal to the amounts payable by Tenant hereunder each month during the term of the sublease in respect of the Transferred Premises;
- e. to require the Transferee to waive any rights pursuant to subsections 21 and 39(2) of the *Commercial Tenancies Act* (Ontario) and any amendments thereto and any other statutory provisions of the same or similar effect, to retain the unexpired Term of the Lease, or any portion thereof or obtain any right to enter into any lease or other agreement directly with Landlord for the Premises or any portion thereof, or otherwise remain in possession of any portion of the Premises; and
- f. to require, if the Transfer is a sublease or other transaction not including an assignment, that all amounts payable by the Transferee each month be paid directly to Landlord who shall apply the same on account of Tenant's obligations under this Lease.

#### 14.5 Effect of Transfer

- a. No consent of Landlord to a Transfer shall be effective unless given in writing and executed by Landlord under seal and no such consent shall be deemed or presumed by any act or omission of Landlord or by Landlord's failure to respond to any request for consent or by Landlord's accepting any payment of any amount payable hereunder from any party other than Tenant. Without limiting the generality of the foregoing, Landlord may collect Rent and any other amounts from any Transferee and apply the net amount collected to any Rent and the collection or acceptance of any Rent shall not be deemed to be a waiver of Landlord's rights under this section nor an acceptance of or consent to any such Transfer or a release of any of Tenant's obligations under this Lease. No Transfer and no consent by Landlord to any Transfer shall constitute a waiver of the necessity to obtain Landlord's consent to any subsequent or other Transfer.
- b. In the event of any Transfer or any consent by Landlord to any Transfer, Tenant shall not thereby be released from any of its obligations hereunder but shall remain bound by all such obligations pursuant to this Lease for the balance of the Term.
- c. Every Transferee shall be obliged to comply with all of the obligations of Tenant under this Lease. Tenant shall enforce all of such obligations against each Transferee. Any default of any Transferee shall also constitute a default of Tenant hereunder.

- d. Tenant agrees that if this Lease is ever disclaimed, repudiated or terminated by or on behalf of a Transferee pursuant to any bankruptcy, insolvency, winding-up or other creditors' proceeding, including any proceeding under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), or if Landlord terminates this Lease as a result of any act or default of any Transferee, Tenant shall nonetheless remain responsible for fulfilment of all obligations of Tenant hereunder for what would have been the balance of the Term but for such disclaimer, repudiation or termination and shall, upon Landlord's request, enter into a new lease of the Premises for such balance of the Term and otherwise on the same terms and conditions as in this Lease subject to such amendments hereto to which Tenant had agreed at any time prior to such disclaimer, repudiation or termination, and with the exception that Tenant will accept the Premises in "as is" condition.

#### **14.5A Permitted Transfers**

Notwithstanding anything herein to the contrary, Tenant shall be entitled to assign this Lease or sublet all or part of the Premises without the Landlord's consent to:

- (i) any holding body corporate, subsidiary body corporate or affiliate of the Tenant, as those terms are defined in the Canada *Business Corporations Act*; or
- (ii) a corporation formed as a result of a merger or amalgamation with another corporation.

#### **14.6 No Advertising of Premises**

Tenant shall not advertise this Lease or all or any part of the Premises or the business or fixtures or contents therein for sale without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold subject to the other provisions hereof.

#### **14.7 Mortgage of Lease**

Tenant shall not assign, sublet, mortgage, charge or otherwise transfer the Premises or this Lease for the purpose of securing any loan or the repayment thereof by Tenant or any other obligation of Tenant.

#### **14.8 Corporate Tenant**

- a. If Tenant or any occupant of the Premises at any time is a corporation, no: (I) transfer of the issued shares in the capital stock or transfer, issuance or division of any shares of the corporation or of any affiliate of the corporation sufficient to transfer control to others than the then present shareholders of the corporation (collectively called "Sale"); or (II) merger, amalgamation, consolidation or other corporate restructuring or reorganization (collectively called "Reorganization") shall take place, without first obtaining the prior written consent of Landlord which shall not be unreasonably withheld or delayed. Tenant acknowledges that, in addition to Landlord's rights under this Lease and at Law to withhold consent to any Transfer, Landlord may withhold consent to any Sale or Reorganization unless it is shown to Landlord's reasonable satisfaction that the financial strength of Tenant will not be adversely affected by such Sale or Reorganization.
- b. This Section shall not apply to a Sale by Tenant if and as long as Tenant is in occupancy of the Premises and is a corporation whose shares are listed and traded on any recognized public stock exchange in Canada or the United States.

#### **14.9 Assignment by Landlord**

Landlord shall have the right to sell, lease, convey, mortgage, or otherwise dispose of the Premises or any part thereof and to assign this Lease and any interest of Landlord pursuant to this Lease without any restriction. If Landlord shall sell, lease, convey, mortgage or otherwise dispose of the Premises or any part thereof or shall assign this Lease and any interest of Landlord pursuant to this Lease, then to the extent that the purchaser or assignee agrees with Landlord to assume the covenants and obligations of Landlord hereunder, Landlord shall thereupon and without further agreement be released of all liability pursuant to the terms of this Lease.

### **15. STATUS AND SUBORDINATION OF LEASE**

#### **15.1 Status Statement**

Tenant shall, within fifteen (15) days after written request from Landlord, execute and deliver to Landlord, or to any actual or proposed lender, purchaser or assignee of Landlord, a statement or certificate in such form as requested by Landlord stating with reasonable particularity (if such is the case, or stating with reasonable particularity the manner in which such may not be the case):

- a. that this Lease is unmodified and in full force and effect, or particulars of any such modifications or stating that this Lease is not in full force and effect if such is the case;
- b. the date of commencement and expiry of the Term and the dates to which Basic Rent and any other Rent, including any prepaid rent have been paid;
- c. whether or not there is any existing default by either party under this Lease and, if so, specifying such default;
- d. that there is no reason why the obligations of Tenant under this Lease may not be fully enforced in accordance with their terms and that there are no defences, counter claims or rights of set-off in respect of any of the same;
- e. details of any matters in respect of which the party giving the statement or certificate currently has a claim or right to setoff, defence or counterclaim against the other party hereto;
- f. particulars of any outstanding obligations, if any, or default, if any, under any other agreement between the parties which would affect the obligations of any of the parties pursuant hereto; and
- g. full details of the financial and credit standing and details of the corporate organization of Tenant including audited financial statements for such period of time as Landlord may require, it being intended that any statement(s) delivered pursuant hereto may be relied upon by an actual or prospective lender, purchaser and assignee of any interest of Landlord under this Lease or in the Premises.

#### **15.2 Subordination**

At the option of Landlord to be expressed in writing from time to time this Lease and the rights of Tenant hereunder are and shall be subject and subordinate to any and all mortgages, trust deeds and charges (any of which are herein called "**Mortgage**" or "**Mortgages**") on or in any way affecting the Premises or any part thereof now or in the future, including all renewals, extensions, modifications and replacements of any Mortgages from time to time. Tenant shall at any time on notice from Landlord or holder of a Mortgage attorn to and become a tenant of the holder of any of such Mortgages upon the same terms and conditions as set forth herein, and shall execute promptly on request by Landlord any certificates, agreements, instruments of postponement or attornment, or other such instruments or agreements as requested from time to time to postpone or subordinate this Lease and all of Tenant's rights hereunder to any of such Mortgages or to otherwise give full effect to any of the provisions of this Article 15.

Tenant agrees to attorn to and become the tenant of any party whose title to the Premises is superior to that of Landlord or to any assignee from Landlord of Landlord's interest under this Lease upon the same terms and conditions as are set forth in this Lease and shall execute promptly on request any agreements or instruments of attornment to give effect to such attornment as shall be requested by Landlord at any time and from time to time.

Provided Tenant is not in default hereunder, Landlord shall use reasonable efforts to obtain from the holder of any Mortgage, in respect of which Tenant has executed and delivered an instrument of postponement, subordination or attornment as required hereby, its agreement to permit Tenant to continue in occupation of the Premises in accordance with and subject to the terms of this Lease.

#### **15.3 Tenant's Failure to Comply**

If Tenant fails to execute any certificate, agreement, instrument, or other document as required by the foregoing provisions of this Article 15 within 10 days after request by Landlord, then Landlord shall have the right to exercise all rights against Tenant in respect of Tenant's default as aforesaid as Landlord might otherwise have pursuant to this Lease or at law, included in which is a claim for damages.

#### **15.4 Registration**

The Tenant shall not register this Lease on title to the Lands; however, the Tenant after having paid to the Landlord the sum of \$200.00 as an additional deposit which the Landlord may use to defer costs

incurred in removing such registration at the end of the Term, may register a notice of lease on title to the Lands, at its sole cost, provided such notice of lease shall describe only the parties, the Premises, the Term of this Lease, and any renewals. Such notice of lease shall be prepared by the Tenant's solicitors, and shall be subject to the prior written approval of the Landlord and its solicitors, and shall be registered at the Tenant's expense. Upon expiry or termination of this Lease, the Tenant shall forthwith remove or discharge from title any such notice of lease whereupon the deposit shall be returned to the Tenant upon request. If Tenant registers or causes or permits there to be registered against the title to the Premises a notice of this Lease or other document, Tenant shall forthwith provide to Landlord details of such registration and a duplicate registered copy of the registered document.

## 16. DEFAULT AND REMEDIES

### 16.1 Default and Remedies

If any of the following shall occur:

- a. Tenant shall fail, for any reason, to make any payment of Rent as and when same is due to be paid hereunder and fails to remedy the default within five (5) days of when same is due to be paid hereunder;
- b. Tenant shall fail, for any reason, to perform any other covenant, condition, agreement or other obligation on the part of Tenant to be observed or performed pursuant to this Lease (other than the payment of any Rent) or any other agreement between the parties, whether or not related to the Premises, and such default shall continue for twenty (20) days after written notice thereof or such shorter period as expressly provided herein;
- c. any of Landlord's policies of insurance on the Premises or any part or contents thereof shall be actually or threatened to be cancelled or adversely changed as a result of any use of or articles on or about or occupancy of or contents in the Premises;
- d. Tenant shall purport to make a Transfer affecting the Premises, or the Premises shall be used by any person or for any purpose, other than in compliance with and as expressly authorized by this Lease;
- e. Tenant or any other occupant of the Premises makes an assignment for the benefit of creditors or becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment, arrangement or compromise with its creditors, Tenant makes any sale in bulk of any property on the Premises (other than in conjunction with a Transfer approved in writing by Landlord and made pursuant to all applicable legislation), or steps are taken or action or proceedings commenced by any person for the dissolution, winding up or other termination of Tenant's existence or liquidation of its assets;
- f. a trustee, receiver, receiver-manager, manager, agent or other like person shall be appointed in respect of the assets or business of Tenant or any other occupant of the Premises;
- g. Tenant attempts to or does abandon the Premises or remove or dispose of any goods and chattels from the Premises so that there would not, in the event of such removal or disposal, be sufficient goods of Tenant on the Premises subject to distress to satisfy all arrears of Rent payable under this Lease and all Rent payable hereunder for a further period of at least 12 months;
- h. Tenant makes any sale in bulk affecting any property on the Premises (other than in conjunction with a Transfer approved in writing by Landlord and made pursuant to all applicable legislation);
- i. this Lease or any goods or other property of Tenant shall at any time be seized or taken in execution or attachment which remains unsatisfied for a period of five days or more;
- j. termination or re-entry by Landlord is permitted under any provision of this Lease or at law; or
- k. a writ of execution has been filed against the Tenant with respect to the Premises.

then, without prejudice to and in addition to any other rights and remedies to which Landlord is entitled pursuant hereto or at law, the then current and the next three months' Rent shall be forthwith due and payable

and Landlord shall have the following rights and remedies, all of which are cumulative and not alternative, to:

- (i) terminate this Lease in respect of the whole or any part of the Premises by written notice to Tenant (it being understood that actual possession shall not be required to effect a termination of this Lease and that written notice, alone shall be sufficient); if this Lease is terminated in respect of part of the Premises, this Lease shall be deemed to be amended by the appropriate amendments, and proportionate adjustments in respect of Rent and any other appropriate adjustments shall be made;
- (ii) terminate this Lease by notice to Tenant without re-entering the Premises provided that such termination notice permits Tenant to remain on the Premises as a tenant at will; Tenant agrees that, if Landlord serves a notice of termination which, among other things, permits Tenant to remain in possession of the Premises as a tenant at will, this Lease will thereupon be terminated and Tenant shall be a tenant at will and Landlord may re-enter the Premises at any time thereafter without further notice;
- (iii) enter the Premises as agent of Tenant and as such agent to re-let them for whatever term (which may be for a term extending beyond the Term) and on whatever terms and conditions as Landlord in its sole discretion may determine and to receive the rent therefor and, as the agent of Tenant, to take possession of any furniture, fixtures, equipment, stock or other property thereon and, upon giving written notice to Tenant, to store the same at the expense and risk of Tenant or to sell or otherwise dispose of the same at public or private sale without further notice, and to make such alterations to the Premises in order to facilitate their re-letting as Landlord shall determine, and to apply the net proceeds of the sale of any furniture, fixtures, equipment, stock or other property or from the re-letting of the Premises, less all expenses incurred by Landlord in making the Premises ready for re-letting and in re-letting the Premises, on account of the Rent due and to become due under this Lease and Tenant shall be liable to Landlord for any deficiency and for all such expenses incurred by Landlord as aforesaid; no such entry or taking possession of or performing alterations to or re-letting of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention or termination is given by Landlord to Tenant;
- (iv) remedy or attempt to remedy any default of Tenant in performing any repairs, work or other covenants of Tenant hereunder and, in so doing, to make any payments due or claimed to be due by Tenant to third parties and to enter upon the Premises, without any liability to Tenant therefor or for any damages resulting thereby, and without constituting a re-entry of the Premises or termination of this Lease, and without being in breach of any of Landlord's covenants hereunder and without thereby being deemed to infringe upon any of Tenant's rights pursuant hereto, and, in such case, Tenant shall pay to Landlord forthwith upon demand all amounts paid by Landlord to third parties in respect of such default and all reasonable costs of Landlord in remedying or attempting to remedy any such default plus 10% of the amount of such costs for Landlord's inspection and supervision plus a further 10% for overhead and profit; and
- (v) obtain damages from Tenant including, without limitation, if this Lease is terminated by Landlord, all deficiencies between all amounts which would have been payable by Tenant for what would have been the balance of the Term, but for such termination, and all net amounts actually received by Landlord for such period of time.

## 16.2 Interest and Costs

- a. All amounts of Rent shall bear interest from their respective due dates until the actual dates of payment at a rate which shall be 3% per annum in excess of the rate of interest known as the prime rate of interest charged by Landlord's bank in Ontario and which serves as the basis on which other interest rates are calculated for Canadian dollar loans in Ontario from time to time ("**Prime Rate**").
- b. Further, on each occurrence of default in the payment of Rent, Tenant shall pay to Landlord on demand in addition to the aforesaid interest an administration fee of \$500.00.
- c. The amounts payable pursuant to subsections 16.2(a) and (b) above shall only become payable upon demand but shall, for clarification, accrue from the respective due dates of the relevant payments, whether demanded or not, to the date of payment.

- d. Tenant shall be responsible for and pay to Landlord forthwith upon demand all costs incurred by Landlord, including, without limitation and without duplication of subsection 16.2(b), reasonable compensation for all time expended by Landlord's own personnel, legal costs substantial indemnity basis, and all other costs of any kind whatsoever, arising from or incurred as a result of any default of Tenant or any enforcement by Landlord of any of Tenant's obligations under this Lease or any other agreement or obligation of Tenant to Landlord, whether or not related to the Premises including, but not limited to, witness costs (such as transportation, accommodation and the like).

### 16.3 Bankruptcy and Insolvency

Tenant hereby waives any right it, or any person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding-up or other creditors proceeding, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), and agrees that in the event of any such proceeding Landlord will comprise a separate class for voting purposes. If this Lease is disclaimed, repudiated, terminated or compromised pursuant to any Insolvency Proceedings, the Tenant shall pay to the Landlord the Termination Payment to be calculated as of the day prior to the date of such disclaimer, repudiation, termination or compromise.

### 16.4 Allocation of Payments

Tenant agrees that Landlord may, at its option to be exercised by written notice to Tenant at any time, and without regard to and notwithstanding any instructions given by or allocations in respect of such amounts made by Tenant apply all sums received by Landlord from Tenant or any other persons in respect of any Rent to any amounts whatsoever payable by Tenant and it is further agreed that any allocation made by Landlord, on its books and records or by written notice to Tenant or otherwise, may subsequently be re-allocated by Landlord as it may determine in its sole discretion, and any such allocation and re-allocation from time to time shall be final and binding on Tenant unless and to the extent subsequently re-allocated by Landlord.

### 16.5 Landlord's Right of Distress

- a. For the purposes of Landlord's right to distrain, Tenant's trade fixtures shall be treated as chattels notwithstanding their level of affixation to the Premises.
- b. Tenant hereby waives and renounces the benefit of any present or future statute taking away or limiting or purporting to limit Landlord's right of distress and agrees with Landlord that, notwithstanding any such statute, all goods and chattels from time to time on the Premises shall be subject to distress for Rent and the fulfilment of all of Tenant's obligations under this Lease in the same manner as if such statute had not been passed.
- c. In addition to any other rights of Landlord to distrain, Landlord shall have the right to distrain for any arrears of Rent all goods and chattels, including without limitation all heavy or connected machinery and equipment. Landlord may exercise any right of distress on the Premises and for such purpose may lock the Premises, change any locks on the Premises and by any means exclude Tenant from all or any parts of the Premises and Landlord shall not thereby be terminating this Lease in the absence of express written notice terminating this Lease. Tenant consents to being excluded by Landlord from all or any parts of the Premises for purposes of Landlord's exercising any right of distress.
- d. Tenant further agrees that distress of all or any goods and chattels may be effected by written notice whether or not Landlord locks or otherwise secures such goods or chattels from Tenant on the Premises or elsewhere.
- e. If Landlord effects distress by written notice or any other means, Tenant agrees not to remove or permit to be removed any distrained goods or chattels and not to interfere with the exercise of any right of distress.
- f. Tenant agrees that Landlord's exercise of any right of distress as permitted hereby or at law shall not constitute a trespass or breach of any express or implied term of this Lease. Landlord shall not be liable for loss or damage to goods or chattels against which distress is levied no matter how caused except to the extent of direct (and not indirect or consequential) damage caused by the gross negligence of Landlord or its employees; but Landlord shall not be liable for any loss or damage caused by its bailiff or any agent through negligence or otherwise.

- g. In exercising any right of distress, Landlord may distrain against all or any goods or chattels, irrespective of whether or of the degree to which the same may be excessive and Tenant waives any and all rights and remedies in respect thereof, including all rights under the *Commercial Tenancies Act* (Ontario).
- h. In exercising any right of distress, Landlord may hold all distrained goods or chattels without limit in time and Tenant waives all rights and remedies in respect thereof.
- i. In addition to others entitled to do so, Landlord and its agents and employees shall have the right to purchase any goods or chattels on the Premises distrained by Landlord so long as the price paid by Landlord or its agents or employees is reasonably comparable to that which might reasonably be obtained by sale under distress to an arm's length third party.
- j. If any goods or chattels of Tenant shall be removed from the Premises, Landlord shall have the right to follow the same and exert against the same all of its rights as if such goods and chattels had remained on the Premises, such right of Landlord to include, without limitation, the right to follow such goods and chattels for 30 days in the same manner as is provided for in the *Commercial Tenancies Act* (Ontario).
- k. Tenant agrees that all of its personal property of any kind on the Premises shall at all times during the Term be the unencumbered property of Tenant.

#### **16.6 Financial Covenants and Letter of Credit**

Tenant shall deliver to Landlord when requested by any lender of or to the Landlord an audited (or unaudited if permitted by such lender) financial statement of Tenant for the immediately preceding fiscal year accompanied by an unqualified opinion of Tenant's independent auditor, and duly certified by the board of directors of Tenant to be correct.

#### **16.7 Tenant to Inform Landlord**

Tenant shall keep Landlord fully informed on a current basis of all need of repair, environmental problems or any other matter regarding the Premises which would be relevant to a prudent and cautious owner of such property. This Section 16.7 and any information given to Landlord pursuant hereto is for the information of Landlord only and does not create any obligation on Landlord.

#### **16.8 Remedies to Subsist**

- a. No waiver of any of Tenant's obligations under this Lease and no waiver of any of Landlord's rights hereunder in respect of any default by Tenant hereunder shall be deemed to have occurred or be given as a result of any condoning, excusing, overlooking or delay in acting upon by Landlord in respect of any default by Tenant or by any other act or omission of Landlord including, without limitation, the acceptance of any Rent less than the full amount thereof, the acceptance of any Rent after the occurrence of any default by Tenant, or any verbal or written statements or agreements made by any employee of Landlord other than an agreement in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. No waiver of any of Tenant's obligations or any of Landlord's rights hereunder shall be effective except and only to the extent of any express waiver in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. The waiver by Landlord of any default of Tenant or of any rights of Landlord in respect of any term, covenant or condition herein shall not be deemed to be a waiver of any subsequent default of Tenant or rights of Landlord in respect of such term, covenant or condition.
- b. All rights and remedies of Landlord under this Lease and at law shall be cumulative and not alternative, and the exercise by Landlord of any of its rights pursuant to this Lease or at law shall at all times be without prejudice to any other rights of Landlord, whether or not they are expressly reserved. Tenant's obligations under this Lease shall survive the expiry or earlier termination of this Lease and shall remain in full force and effect until fully complied with.
- c. If Landlord assigns this Lease to a mortgagee or holder of other security on the Premises or the Premises or any part thereof or to any other person whatsoever Landlord shall nonetheless be entitled to exercise all rights and remedies available to it pursuant to this Lease and at law without providing evidence of the approval or consent of such mortgagee, holder of other security or other person whatsoever.

- d. All Rent shall be paid by Tenant to Landlord without deduction, abatement or set-off whatsoever, and Tenant hereby waives any rights of deduction, abatement or set-off available to it now or at any time in the future, including any right to deduction, abatement or set-off contained in any statute.

#### **16.9 Impossibility of Performance**

If and to the extent that either Landlord or Tenant shall be unable to fulfil or shall be delayed or restricted in the fulfilment of any obligation under this Lease, other than the payment by Tenant of any Rent, by reason of unavailability of material, equipment, utilities, services or labour required to enable it to fulfil such obligation or by reason of any Laws, or by reason of any strike, lock out, civil commotion, war-like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations, or its not being able to obtain any permission or authority required pursuant to any applicable Laws or by reason of any other such cause beyond its control and not the fault of the party being delayed and not avoidable by the exercise of reasonable foresight (excluding the inability to pay for the performance of such obligation), then the party being delayed shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the other party shall not be entitled to any compensation for any loss, inconvenience, nuisance or discomfort occasioned thereby. The party delayed will, however, use its best efforts to fulfil the obligation in question as soon as is reasonably practicable by arranging an alternate method of providing the work, services or materials being delayed subject, in the case of performance by Tenant, to the approval of Landlord in its sole and absolute discretion. In any event, the provisions of this Section 16.9 shall not apply to permit any delay in any payment by Tenant of any Rent.

#### **16.10 Tenant's Licences**

- a. Tenant shall during the whole of the Term maintain in good standing and in accordance with all Laws all licences and permits of any kind whatever required for the proper conduct by Tenant of its business pursuant to the terms hereof (all of which licences and permits are hereinafter in this Section 16.10 referred to as "Licences"). Landlord shall be entitled to receive copies of all correspondence and notices between Tenant and all relevant licensing authorities and Tenant shall co-operate with Landlord to seek to arrange for copies of all such correspondence and notices from all such authorities to be forwarded to Landlord automatically.
- b. If this Lease is terminated for any reason whatsoever, including Tenant's failure to maintain the said Licences in good standing as set out herein, or if Landlord takes possession of the Premises during the Term for any reason whatsoever as permitted by this Lease or by law, including Tenant's default, then, in any such events, Tenant covenants to and does hereby transfer to Landlord or as Landlord directs in writing all of such Licences subject to the approval of the relevant licensing authorities. For such purposes, Tenant agrees to execute or cause to be executed by the shareholders of Tenant all documents necessary to effect such transfers of Licences. Upon the execution and delivery of this Lease or at any time thereafter as requested by Landlord from time to time, Tenant shall execute and shall cause the shareholders of Tenant to execute such documents as are necessary to effect the prospective transfer of Licences referred to herein, and shall lodge the same in escrow with Landlord, with authority to date and use such documents as may be desired by Landlord in the event of Landlord being entitled to a transfer of the Licences. If Tenant or any of the shareholders of Tenant fail to execute any documents as required pursuant hereto within two days after written notice from Landlord, Landlord shall thereupon be and is hereby appointed attorney for Tenant and the shareholders of Tenant to execute and deliver any and all of such documents in their names and on their behalves, such appointment being made pursuant to the *Powers of Attorney Act* (Ontario) and shall survive and be exercisable during any subsequent legal incapacity of the party granting such power of attorney.
- c. It shall be a condition precedent of any Transfer in respect of this Lease or the Premises that the Transferee and shareholders thereof, as the case may be, grant to Landlord a power of attorney in such form as Landlord may reasonably require to give to it the rights in respect of the Transferee and the shareholders thereof as is intended to be given to Landlord in respect of Tenant and its shareholders pursuant to the provisions of this Section 16.10.

### **17. ACCESS TO PREMISES**

#### **17.1 Access to Premises**

- a. Landlord, without limiting any other rights Landlord may have pursuant hereto or at law, shall have the right, but not the obligation, to enter the Premises upon forty-eight (48) hours prior written notice to Tenant for any of the following purposes:
- (i) to examine the Premises and to perform any maintenance, repairs and alterations to the same or any part thereof as may be required or permitted by this Lease and to perform any maintenance, repairs and alterations to the Premises and to any mechanical, electrical, heating, ventilating, air conditioning and humidity control equipment and services located therein serving the Premises, and for all of such purposes, Landlord may take such material and equipment into the Premises as Landlord may require;
  - (ii) to protect the Premises or any part of the Premises in respect of any construction or other work being performed in premises adjoining or in the vicinity of the Premises;
  - (iii) for any purposes as determined by Landlord in cases of emergency;
  - (iv) to read any utility or other similar meters located in the Premises;
  - (v) during the last 12 months of the Term to place "For Rent" signs on the Premises and to show the Premises to prospective tenants and to permit prospective tenants to make inspections, measurements and plans;
  - (vi) at any time during the Term, to show the Premises to prospective purchasers, mortgagees or lenders; and
  - (vii) to exercise any of the rights available to Landlord pursuant to this Lease.
- b. Provided Tenant's use and enjoyment of the Premises are not materially affected, Landlord shall have the right to run through the Premises conduits, wires, pipes, ducts and other elements of any systems for utilities, heating, ventilating, air conditioning and humidity control, telephone and other communications systems and any other such systems to serve the Premises and Landlord shall have access for itself and those designated by it to the Premises for the purpose of inspecting, maintaining, repairing, replacing, altering and any services in respect of any of the same.
- c. Landlord shall exercise its rights pursuant to this Section 17.1 in such manner and at such times as Landlord, acting reasonably but in its sole discretion, shall determine; at any time that entry by Landlord is desired in case of emergency, and if no personnel of Tenant are known by Landlord to be present on the Premises or if such personnel fail for any reason to provide Landlord immediate access at the time such entry is desired, Landlord may forcibly enter the Premises without liability for damage caused thereby.

## 17.2 Landlord's Consent

If Landlord withholds, delays or refuses to give consent as provided by the terms of this Lease, whether or not Landlord is entitled to do so, Landlord shall not be liable for any losses or damages in any way resulting therefrom and Tenant shall not be entitled to terminate this Lease or exercise any remedy whatever in respect thereof except to seek the order of a court of competent jurisdiction compelling Landlord to grant any such consent which Landlord is obliged to grant pursuant to the terms of this Lease.

## 17.3 Demolition or Substantial Alterations – Intentionally deleted.

## 18. EXPROPRIATION

If the whole or any material part of the Premises shall be expropriated (which term shall for the purposes of this Article 18 include expropriation, condemnation or sale by Landlord to an authority with the power to expropriate, condemn or take) by any competent authority, then:

- (i) Landlord and Tenant shall co-operate with each other in respect of such expropriation so that Tenant may receive the appropriate award to which it is entitled in law for relocation costs and business interruption and so that Landlord may receive the maximum award to which it may be entitled in law for all other compensation arising from such expropriation, including, without limitation, all compensation for the value of Tenant's leasehold interest in the Premises, all of which shall be the property of Landlord, and all of such Tenant's rights in respect of such expropriation, excluding only rights in respect of relocation costs and business interruption, shall be and are hereby assigned to Landlord; to give effect to such assignment to Landlord, Tenant shall execute such further documents as are necessary, in Landlord's opinion, to effect such assignment, and in default of Tenant's

completing such documents within 10 days after demand, Landlord shall be and is hereby appointed the attorney for Tenant to execute such documents for and on behalf of Tenant and in its name, such appointment being hereby made pursuant to the *Powers of Attorney Act* (Ontario) and shall survive and may be exercised during any subsequent legal incapacity of Tenant;

- (ii) Landlord shall have the option, to be exercised by written notice to Tenant, to terminate this Lease, such termination to be effective on the date the expropriating authority takes possession of the whole or any material portion of the Premises; and
- (iii) this Lease shall continue in full force and effect in accordance with its terms until the date on which this Lease is terminated in accordance with the provisions of this Article 18, if terminated in accordance with the express provisions hereof and, if terminated, Rent and all other obligations under this Lease shall be adjusted as of the date of such termination.

## 19. MISCELLANEOUS

### 19.1 Notices

All notices, demands, requests or other instruments ("**Notices**") which may be or are required to be given under this Lease shall be in writing and shall be delivered in person or sent by prepaid registered Canadian mail or by facsimile transmission ("**fax**") if to Tenant, at the Address for Service of Notice on Tenant, and if to Landlord at the Address for Service of Notice on Landlord, all as provided in subsection 1 (i) hereof.

All such Notices shall be conclusively deemed to have been given and received upon the day the same is personally delivered or delivered by fax (but only upon sender's receipt of a transmission report generated by sender's facsimile machine) or, if mailed as aforesaid, two business days (excluding Saturdays, Sundays, holidays and days upon which regular postal service is interrupted or unavailable for any reason provided in the case of postal disruption of postal services, such notices shall be delivered personally) after the same is mailed as aforesaid. Any party may at any time by notice in writing to the other change the Address for Service of Notice on it. If two or more persons are named as Tenant, any Notice given hereunder shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such persons.

### 19.2 Planning Act

This Lease is subject to the *Planning Act*, R.S.O. 1990, c.P-13, as amended (the "**Act**"), and Landlord and Tenant agree and declare that the provisions of the Act be complied with if necessary. It is agreed if the Term, including any rights of renewal under this Lease, shall be expressed to extend for a period in excess of the maximum period for which a lease may be granted pursuant to the Act, the Term shall be such maximum period less one day. The Tenant shall be responsible, at its sole cost and expense, for obtaining any required Act consent. Tenant shall provide to Landlord copies of all applications, correspondence and other documents in respect of any application for consent pursuant to such legislation and shall keep Landlord informed of all matters relating to the prosecution of such application. Notwithstanding the foregoing, Landlord shall have the right, at its option, to apply for any such consent and if Landlord does so, Tenant shall bear the full cost thereof and shall be responsible for all costs, levies and other charges charged or imposed as a result of such application or in order to obtain such consent.

### 19.3 Complete Agreement

It is understood and agreed that other than and to the extent that any other written agreement between Landlord and Tenant respecting the Premises expressly by its terms remains in force, this Lease constitutes the complete agreement between the parties and that there are no covenants, representations, agreements, warranties or conditions in any way relating to the subject matter of this Lease or the tenancy created hereby, expressed or implied, collateral or otherwise, except as expressly set forth herein. Tenant acknowledges that no representatives of Landlord are authorized to make on Landlord's behalf any covenants, representations, agreements, warranties or conditions of any kind or in any manner whatsoever other than as expressly set forth in writing in this Lease in the form in which it is executed by Landlord.

No amendment to this Lease shall be binding upon Landlord unless the same is in writing and executed by Landlord.

### 19.4 Use Prior to Commencement Date

If Tenant uses or occupies the whole or any part of the Premises in any way prior to the Commencement Date without entering into a lease with Landlord in respect of such use or occupancy, then during the period of such use or occupancy, Tenant shall be a tenant of Landlord subject to all the terms and conditions as contained in this Lease which shall apply to such tenancy *mutatis mutandis*; the inclusion

of this paragraph shall not be deemed to authorize or permit Tenant to use or occupy the whole or any portion of the Premises in any way prior to the Commencement Date.

#### **19.5 Acceptance of Premises**

The Tenant accepts the Premises in the state and condition in which they are received from Landlord and, Tenant's entering into possession of all or any part of the Premises shall be conclusive evidence of the acceptance by Tenant of the condition and state of repair of the Premises and Tenant shall have no rights in respect thereof.

Notwithstanding anything herein to the contrary, until the forty-fifth (45<sup>th</sup>) day after the Commencement Date, Tenant shall be entitled to deliver to the Landlord a written list of items which Tenant may discover were not completed in accordance with Section 5 of Schedule "B" whether or not Tenant has previously delivered a list or lists of other deficiencies to be corrected by Landlord. Landlord shall commence correction of such deficiencies within fifteen (15) days after Landlord's receipt of such list and shall complete the correction of such deficiencies within thirty (30) days of Tenant's notice. In the event that Landlord fails to commence or complete correction of such deficiencies to the satisfaction of Tenant within the time period required for Landlord to do so, Tenant may cause such deficiencies to be corrected at Landlord's expense and Landlord shall reimburse such expenses to Tenant upon demand. Notwithstanding anything herein to the contrary, Landlord shall also correct any latent defects to the Premises when and as discovered by Tenant.

#### **19.6 Time of the Essence**

Time is of the essence of this Lease and all parts hereof.

#### **19.7 Applicable Law**

This Lease shall be governed by and interpreted in accordance with the laws of the Province of Ontario. The parties agree that the Courts of Ontario shall have jurisdiction to determine any matters arising hereunder, except to the extent, if any, expressly provided to the contrary herein, and the parties hereby attorn to the jurisdiction of the Courts of Ontario.

#### **19.8 Severability**

If any provision of this Lease or any portion thereof or the application of any of the same is illegal, unenforceable or invalid, it shall be considered separate and severable from this Lease and all of the remaining provisions hereof shall remain in full force and effect as though any such provision of this Lease or any portion thereof had not been included in this Lease but such provision of this Lease or portion hereof shall nonetheless continue to be enforceable to the full extent permitted by law.

Neither party is obliged to enforce this Lease to the extent that by so doing they would be contravening any applicable Laws.

#### **19.9 Section Numbers and Headings**

The table of contents of this Lease and all section numbers and all headings are inserted as a matter of convenience only and shall in no way limit or affect the interpretation of this Lease.

#### **19.10 Interpretation**

Whenever a word importing singular or plural is used in this Lease such word shall include the plural and singular respectively. Where any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Words importing either gender or firms or corporations shall include persons of the other gender and firms or corporations as applicable. Subject to the express provisions contained in this Lease, words such as "hereof", "herein", "hereby", "hereinafter", and "hereunder" and all similar words or expressions shall refer to this Lease as a whole and not to any particular section, or portion hereof being less than the whole.

#### **19.11 Successors**

This Lease and all portions hereof shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, assigns and other legal representatives excepting only that this Lease shall not enure to the benefit of any of such parties unless and only to the extent expressly permitted pursuant to the provisions of this Lease.

#### **20. Limitation Of Liability**

If Landlord or any assignee of the beneficial rights of Landlord is ever a Real Estate Investment Trust (a "**REIT**"), then Tenant acknowledges and confirms that the obligations of Landlord hereunder are not and will not be binding on a trustee of the REIT, any registered or beneficial holder of one or more units of a REIT ("**Unitholder**") or any annuitant under a plan of which such a Unitholder acts as trustee or carrier, or any officers, employees or agents of the REIT and that resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing or the private property of any of the foregoing and for clarity, Tenant's recourse, if any, in respect of the obligations of the REIT shall be limited to the REIT's interest in the Premises.

**21. Independent Legal Advice**

Tenant acknowledges the suggestion of Landlord that, before executing this Lease, Tenant should obtain independent legal advice and acknowledges that same has been received.

**22. INDEMNITY – Intentionally Deleted**

**23. Counterparts**

Landlord and Tenant agree that this Lease may be executed in counterpart and transmitted by facsimile or email and that the reproduction of signatures in counterpart and by way of facsimile or email will be treated as though such reproduction were executed originals and each party undertakes to provide the other with a copy of this Lease bearing original signatures within a reasonable time after the date of execution.

[signatures on following page]

IN WITNESS WHEREOF the parties have executed this Lease.

**ROSEBERRY DEVELOPMENTS INC.**

Per:   
Name: NICK MELATTI  
Title: A.S.O

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the Corporation.

**AMSCAN CANADA INC.**

Per:   
Name:  
Title:

Per: EVP-Canada  
Name:  
Title:

I/We have authority to bind the Corporation.

**SCHEDULE "A"**

**LEGAL DESCRIPTION OF PREMISES**

**PIN:** 03276-0739 (LT)

**Legal Description:** PT LOTS 13 & 14, CON 4 (VGN) PTS 4 & 5, 65R20649; EXCEPT PT 2, 65R27084; VAUGHAN; T/W R735185; T/W EASE OVER PT LOT 14 CON 4 (VGN) PT 3, 65R20649 AS IN YR1379798; T/W EASE OVER PT LOT 13 CON 4 PT 2, 65R27583 AS IN YR573206; S/T EASE OVER PT 1, 65R27583 IN FAVOUR OF PT LOT 13 CON 4 PT 2, 65R27084 AS IN YR573206.

**SCHEDULE "B"****SPECIAL PROVISIONS****1. Construction of Premises**

Subject to Section 19.5, occupancy of the Premises by Tenant shall be conclusive evidence against Tenant that, at the time Tenant assumed occupancy, the Premises were in good order and satisfactory condition and that Tenant has accepted the Premises "as is".

**2. Conditions to Tenant's Rights**

If:

- (a) Tenant is not then in default of this Lease beyond any applicable notice and/or cure period and has not been in repeated (which for clarity is a minimum of four (4) times) default throughout the Term;
- (b) Tenant has not become insolvent or bankrupt, and has not made any assignment for the benefit of creditors and has not, becoming bankrupt or insolvent, taken the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors;
- (c) a petition in bankruptcy has not been filed against Tenant and a receiving order has not been made against Tenant, and no proceedings have been commenced respecting the winding-up or termination of the existence of Tenant;
- (d) no receiver or other person has taken possession or effective control of the assets or business of Tenant or a substantial portion thereof pursuant to any security or other agreement or by any other means whatsoever, and there are no outstanding writs of execution against Tenant;

then, and only then, Tenant shall have the rights conferred under Section 3 of this Schedule "B".

**3. Option to Extend**

- (a) Subject to Section 2 of this Schedule "B", Tenant shall have one option to extend this Lease for a further term of five (5) years (the "**Extension Term**"). Such extension shall be on the same terms and conditions as contained in this Lease, except that: (i) there shall be no further right to extend after the expiry of the Extension Term; (ii) the Basic Rent shall be such increased amount as determined pursuant to subsection (b) of this section; and (iii) there shall be no tenant's allowance or rent-free period for the Extension Term and the Premises shall be accepted by Tenant in "as is" condition at the commencement of the Extension Term without Landlord being required to perform any work. Such right to extend shall be exercisable by notice to Landlord by not later than six (6) months, and not earlier than nine (9) months, prior to the expiry of the original Term hereof, failing which such right shall be null and void and forever extinguished.
- (b) The Basic Rent for the Extension Term shall be the greater of: (i) the Basic Rent payable hereunder in respect of the twelve (12) months immediately preceding the commencement of the Extension Term; and (ii) the market rent for the Premises ("**Market Rent**"). As used herein, "Market Rent" means the annual rental which could reasonably be obtained by Landlord for the Premises from a willing tenant or willing tenants dealing at arms' length with Landlord in the market prevailing for a term commencing on the commencement date of the Extension Term, having regard to all relevant circumstances including the size and location of the Premises, the facilities afforded, the terms of the lease thereof (including its provisions for Additional Rent), the condition of the Premises and the extent and quality of the improvements therein (disregarding Tenant's trade fixtures and also disregarding any deficiencies in the condition and state of repair of the Premises as a result of Tenant's failure to comply with its obligations hereunder in respect of the maintenance and repair of the Premises) and the use of the Premises and having regard to rentals currently being obtained for space in the Building and for comparable space in other buildings comparably located. The Market Rent for the Extension Term shall be as agreed upon between Landlord and Tenant or, failing agreement by Landlord and Tenant by not later than three (3) months prior to the expiry of the Term hereof, the Market Rent shall be established in the manner set out in Section 4 of this Schedule "B". In the event that the Basic Rent payable during the Extension Term has not been determined prior to the commencement of the Extension Term, then until such determination has been made, Tenant shall pay Basic Rent at a rate equal to one hundred and twenty percent (120%) of the Basic Rent payable during the last

year of the original Term hereof. Upon determination of the Basic Rent for the Extension Term, either Landlord shall pay to Tenant any excess, or Tenant shall pay to Landlord any deficiency, in the payments of Basic Rent previously made by Tenant.

- (c) The Tenant shall execute such documentation as is reasonably required by the Landlord to give effect to the foregoing.

#### 4. **Dispute Resolution**

Any dispute between the Landlord and Tenant arising under any provisions of this Lease shall be governed by arbitration in accordance with the *Arbitration Act, 1991* (Ontario) (the "**Arbitration Act**"). Arbitration proceedings shall be commenced by an initiating party (the "**Initiating Party**") giving notice to the other party (the "**Responding Party**") specifying the matter in dispute and requesting that it be resolved. Within ten (10) days of delivery of such notice, the parties shall meet and shall attempt to agree upon a resolution to the dispute. If the parties cannot agree upon a resolution within such ten (10) day period, the Initiating Party shall, by written notice to the Responding Party, designate an arbitrator. The Responding Party shall, within fifteen (15) days thereafter, be entitled to appoint an arbitrator by written notice to the Initiating Party, and the two arbitrators so appointed shall meet and select a third arbitrator acceptable to both of them. If the Responding Party fails to appoint an arbitrator within the fifteen (15) day period, then the arbitration will proceed before the arbitrator appointed by the Initiating Party who will act as a sole arbitrator. If the two arbitrators so appointed are unable to agree upon a third arbitrator within ten (10) days of the appointment of the second arbitrator, then the Initiating Party shall make an application to the appropriate court pursuant to the Arbitration Act for the selection of a third arbitrator, and the provisions of the Arbitration Act shall govern such selection. The resulting arbitration panel shall thereupon proceed to hear the submissions of the parties and shall render a decision within thirty (30) days after the appointment of the third arbitrator, if applicable. The decision of a majority of the arbitration panel shall be deemed to be the decision of the arbitration panel, and that decision shall be final and binding upon the parties and not subject to appeal. The arbitration panel shall have the authority to assess the costs of the arbitration panel against either or both of the parties; however, each party shall bear its own witness and counsel fees.

#### 5. **Landlord's Work**

The Landlord shall complete the following work by the Commencement Date at its sole cost and expense and in accordance with all applicable codes:

- (a) Inspect and repair, if necessary, all existing electrical, heating, plumbing including washrooms, lighting including outside lighting fixtures, windows, roof and the roof membrane, mechanical and other equipment supplied with the Premises and warrants that all of the said equipment shall be in good working order;
- (b) Ensure that the building is water right, including all windows and roof surfaces, repair any existing leaks as required;
- (c) Paint unit in a neutral colour to be selected by the Tenant;
- (d) Replace carpet throughout with a neutral colour to be selected by the Tenant from the Landlord's standard samples;
- (e) Remove any furniture currently in the Premises; and
- (f) Deliver the Premises clean and move in ready.

#### 6. **Parking**

The Tenant shall be provided with eight (8) reserved parking spots, located in front of the Premises. For greater clarity, currently designed parking spaces for unit #201 in front of the Building shall remain for the Tenants use. The Landlord has no obligation to supervise or in any way police the use of the parking areas and the Landlord shall not be responsible for any damage to or loss of property of the Tenant which occurs in the parking areas. The Tenant shall indemnify and hold harmless the Landlord from and against any and all losses, costs, claims, expenses, damages, suits, and liability for any loss of life or injury to persons or loss of or damage to any property of the Tenant located in the parking areas or of others which loss or damage is caused by the Tenant. The Tenant shall obtain access to the parking areas by way of parking passes, if any, issued by the Landlord or the parking operator.

7. **Occupancy**

Notwithstanding anything contained in this Lease to the contrary, the Tenant shall not be permitted occupancy of the Premises for any purpose until the Landlord is in receipt of the following information:

- (i) Lease is mutually executed;
- (ii) An insurance certificate which reflects all of the insurance the Tenant is required to maintain;
- (iii) Post-dated cheques for the Rent payable during the first year of the Term; and
- (iv) Evidence, satisfactory to the Landlord, that the utilities for the Premises capable of being transferred have been transferred into the name of the Tenant.

The Landlord shall not be liable to the Tenant for any damages incurred by the Tenant (including consequential damages) by reason of the Tenant's failure to deliver all of the above-referenced documentation to the Landlord and the resulting delay in occupancy by the Tenant of the Premises provided, however, that any such delay is not caused by the Landlord or by those for whom the Landlord is, in law, responsible.

**SCHEDULE "C"**

**ENVIRONMENTAL QUESTIONNAIRE**

Tenant's Name: \_\_\_\_\_ Premises: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_

Person Responsible: \_\_\_\_\_

a) Describe the business activities carried on in the Premises and specify raw materials used, goods manufactured and any resulting waste materials or by-products that are generated;

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) Will the business activities to be carried on in the Premises entail the use, generating or storing of any Hazardous Materials (as hereinafter defined) in any quantity? (including but not limited to chemical products, degreasers, corrosives, flammable or combustibles, fuels, solvents, paints, medication, oil, gas, batteries, extinguisher, etc.)  
NO  YES  (If so, describe...)

\_\_\_\_\_  
\_\_\_\_\_

c) Indicate the approximate amounts of Hazardous Materials which will be used or generated, monthly or annually, in the Premises.

\_\_\_\_\_  
\_\_\_\_\_

d) How do you intend to store the Hazardous Materials described in c)?

\_\_\_\_\_  
\_\_\_\_\_

e) How will you dispose of the Hazardous Materials generated in the Premises by your business and who will be the carrier?

\_\_\_\_\_  
\_\_\_\_\_

f) Will the business activities to be carried on in the Premises require that you obtain any certificate of authorization, permit, environmental approvals, or provide environmental data (ie NPRI or Ontario Reg. 127) to government agencies?  
NO  YES  (If so, give details and attach your certificate)

\_\_\_\_\_  
\_\_\_\_\_

g) Will the business activities to be carried on in the Premises entail the discharge of Hazardous Materials into the sewer system, water system or into the air? If so, will pollution control equipment be required in the Premises to comply with Environmental Legislation (as hereinafter defined) and Applicable Laws (as hereinafter defined)?  
 NO  YES  (If so, give details and list standards to be met)

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h) Will the business activities to be carried on in the Premises necessitate the installation of an underground or surface storage tank in the Premises or on the Common Facilities?  
 NO  YES  (If so, describe in detail the tank to be installed and material to be stored)

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i) Do you intend to have a prevention training or emergency plan in place to prevent an environmental incident or to deal with one if it occurs?  
 NO  YES  (If so, give details and attach a copy of the plan and/or training procedure)

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j) Does your firm have an environmental management program in place?  
 NO  YES  (If so, give details and attach a copy of the program)

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k) Do you have appropriate insurance to handle Hazardous Materials?  
 NO  YES  (If so, give details and attach a copy of the policy or certificate of such policy)

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DATE: \_\_\_\_\_ TENANT'S SIGNATURE: \_\_\_\_\_

All defined terms where used herein shall have the meaning ascribed to them in the Lease of which this Schedule forms part.

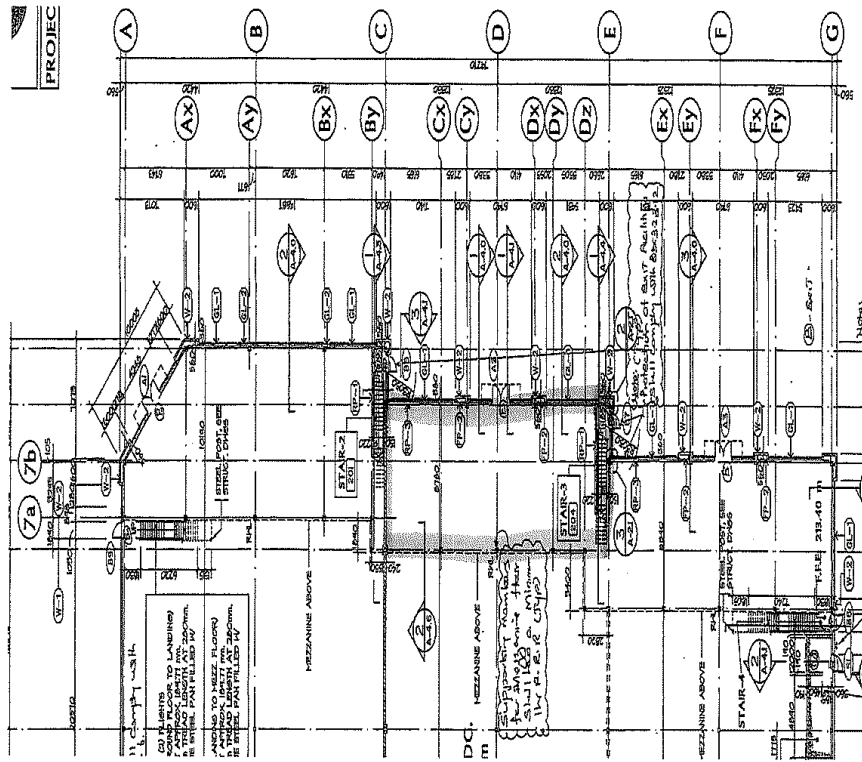
Where used herein the following defined terms shall have the following meaning:

"Applicable Laws" means all applicable statutes, regulations, by-laws, orders, rules, requirements and directions of all governmental authorities having jurisdiction.

"Environmental Legislation" means all statutes, laws, ordinances, codes, rules, regulations, orders, notices and directives, now or at any time hereafter in effect, made or issued by any municipal, provincial or federal government, or by any department, agency, board or office thereof, or by any board of fire insurance underwriters or any other agency or source whatsoever, regulating, relating to or imposing liability or standards of conduct concerning any matter which may be relevant to the use or occupancy of the Premises or any part thereof or the conduct of any business or activity in, on, under or about the Premises or any part thereof, or any material, substance or thing which may at any time be in, on, under or about the Premises or any part thereof or emanate therefrom.

"Hazardous Materials" means any substance or thing or mixture of them which alone, or in combination, or in concentrations, are flammable, corrosive, reactive or toxic or which might cause adverse effects or be deemed detrimental to living things or to the environment, including, but not limited to, any pollutant, contaminant, toxic or hazardous substance, such as by way of example, urea formaldehyde, asbestos, polychlorinated biphenyl, pesticides, mold, mildew, mycotoxins or microbial growths or any other substance the removal, manufacture, preparation, generation, use, maintenance, storage, transfer, handling or ownership of which is subject to Applicable Laws.

SCHEDULE "D"  
OUTLINE OF PREMISES



This is Exhibit "F" referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

James Aston

1A2AA57E782B49B  
*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON  
(LSO #82118H)**



## SECRETARY'S CERTIFICATE

I, Ian R. Heller, Secretary of Party City Holdings Inc., a Delaware corporation, delivers this Secretary's Certificate and hereby certify that:

1. I am the duly appointed and qualified Secretary of Party City Holdings Inc., a Delaware corporation ("PCHI"), with a principal office and place of business at 1 Celebration Square, Woodcliff Lake, New Jersey 07677; and

2. PCHI is the parent company of a number of entities, including but not limited to, Amscan Canada Inc. ("ACI"); and

3. PCHI is the sole shareholder of ACI; and


4. ACI is no longer operating; and

5. It is in the best interests of ACI and its stakeholders that a liquidator be appointed to wind up ACI; and

6. PCHI hereby authorizes ACI by special resolution to apply to the court to be wound up pursuant to section 207(1)(c) of the *Business Corporation Act*, RSO 1990, c B-16.

IN WITNESS WHEREOF, the Secretary of PCHI has caused this Secretary's Certificate to be executed and delivered as of this 24<sup>th</sup> day of February 2025.

**PCHI:**  
**PARTY CITY HOLDINGS INC.**  
**a Delaware corporation**

By:  \_\_\_\_\_  
Ian R. Heller  
Secretary

This is Exhibit “G” referred to in the Affidavit of Kevin Trolaro sworn by Kevin Trolaro of the City of Metuchen, in the State of New Jersey, before me at the City of Toronto, in the Province of Ontario, on February 27, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*James Aston*

---

1A2AA67E782B49B  
*Commissioner for Taking Affidavits (or as may be)*

**JAMES ASTON  
(LSO #82118H)**

Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF** an application under Section 207 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

**AND IN THE MATTER OF** the liquidation and dissolution of **AMSCAN CANADA INC.**

**CONSENT TO ACT**

**ALBERT GELMAN INC.** consents to the following:

1. To act as Liquidator of Amscan Canada Inc. ("**Amscan Canada**") for the purposes of winding up Amscan Canada.

**DATED** at Toronto, Ontario this 19<sup>th</sup> day of February 2025

**ALBERT GELMAN INC.,**  
Licensed Insolvency Trustee  
Per:



Adam Zeldin, CPA, CA, CIRP, LIT

Amscan Canada Inc.

Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF KEVIN TROLARO**

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

Tel: 416-862-7525  
Fax: 416-862-7661

**C. Haddon Murray (LSO#61640P)**

Tel: 416-862-3604  
[Haddon.murray@gowlingwlg.com](mailto:Haddon.murray@gowlingwlg.com)

**James Aston (LSO#82118H)**

Tel: 416-369-6659  
[james.aston@gowlingwlg.com](mailto:james.aston@gowlingwlg.com)

Lawyers for the Applicant

Amscan Canada Inc.  
Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT  
TORONTO

**APPLICATION RECORD**

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors  
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100 King Street West, Suite 1600  
Toronto ON M5X 1G5

Tel: 416-862-7525  
Fax: 416-862-7661

**C. Haddon Murray (LSO#61640P)**

Tel: 416-862-3604  
[Haddon.murray@gowlingwlg.com](mailto:Haddon.murray@gowlingwlg.com)

**James Aston (LSO#82118H)**

Tel: 416-369-6659  
[james.aston@gowlingwlg.com](mailto:james.aston@gowlingwlg.com)

Lawyers for the Applicant