

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

In re:

F21 OPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10469 (MFW)

(Jointly Administered)

Related Docket No. 426

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS IN SUPPORT OF DEBTORS' AMENDED JOINT PLAN**

The Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), by and through its undersigned counsel, hereby submits this statement (this “Statement”)² in support of the *Debtors’ Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 426] (the “Amended Plan”).³ The Committee respectfully states as follows in support of the Amended Plan:

1. Shortly after its appointment, the Committee commenced a fulsome investigation into potential estate claims that could be brought against, among others, the SPARC Parties, the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: F21 OpCo, LLC (8773); F21 Puerto Rico, LLC (5906); and F21 GiftCo Management, LLC (6412). The Debtors’ address for purposes of service in these Chapter 11 Cases is 110 East 9th Street, Suite A500, Los Angeles, CA 90079.

² The Committee Letter included with the Solicitation Order (as defined herein) stated that the Committee would “update the unsecured creditors regarding its views on the Plan by posting another letter on the Debtors’ website at <https://www.veritaglobal.net/forever21> approximately one week before the June 16, 2025 Voting Deadline.” Committee Letter, at 2. This Statement shall serve as the subsequent letter providing the Committee’s views on the Amended Plan.

³ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Amended Plan, the *Disclosure Statement for Debtors’ Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 344] (the “Disclosure Statement”), the *Plan Support Agreement* [Docket No. 17] (the “PSA”), and the *Order (I) Approving (A) the Adequacy of the Disclosure Statement; (B) the Solicitation and Notice Procedures with Respect to Confirmation of the Debtors’ Joint Chapter 11 Plan; and (C) the Forms of Ballots and Notices in Connection Therewith; (II) Scheduling Certain Dates With Respect Thereto; and (III) Granting Related Relief* [Docket No. 335] (the “Solicitation Order”) as applicable.



Secured Parties (as defined herein), the Debtors' members, directors, managers, and officers, and Simon Property Group (in its capacity as affiliate to certain of the Debtors' landlords as well as an equity holder of the Debtors). In connection therewith, the Committee served comprehensive discovery requests on the Debtors, SPARC Group Holdings LLC, the ABL Agent, the Term Loan Agent, the Subordinated Loan Agent, and Simon Property Group and investigated, among other things, potential claims and causes of action against:

- (i) the ABL Lenders, the Term Loan Lenders, and the Subordinated Loan Lenders (together with the Agents, the "Secured Parties") in connection with the respective prepetition financing transactions and collective \$1.582 billion in purported secured claims asserted against the estates;
- (ii) certain of the SPARC Parties in connection with the transfer and subsequent licensing of the Debtors' intellectual property and the Cash Pooling Arrangement;
- (iii) Simon Property Group⁴ and certain affiliates thereof related to the Debtors' leasehold transactions with these parties in their capacities as landlords to the Debtors; and
- (iv) the Debtors' members, directors, managers, officers, and equity holders in connection with their operation of the Debtors' business prior to these Chapter 11 Cases and the Debtors' entry into the aforementioned transactions.

2. The Committee's investigation did not reveal any colorable claims that would, in the Committee's view, materially improve recoveries for general unsecured creditors. As a result of its investigation findings, the Committee determined to engage the Debtors, the SPARC Parties, and the ABL Agent (collectively, the "Settlement Parties") in negotiations regarding a consensual resolution of all issues raised by these Chapter 11 Cases. Those negotiations ultimately culminated in a global settlement between the Settlement Parties (the "Committee Settlement") that maximizes recoveries for the Debtors' unsecured creditors. The Committee Settlement is incorporated in the Amended Plan and provides for materially improved treatment

⁴ Simon Property Group is one of the indirect equity holders of the Debtors.

for unsecured creditors than what was provided for in the initial chapter 11 plan filed at Docket No. 343 (the “Initial Plan”), as set forth below:

- (i) Net Proceeds. General unsecured creditors will now receive their *pro rata* share of 70% of Net Proceeds.⁵ Under the Initial Plan, general unsecured creditors were to receive their *pro rata* share of 3% to 6% of Net Proceeds, depending on whether the class voted to accept the Initial Plan.⁶
- (ii) Insurance Assets and Other Post-Confirmation Recoveries. General unsecured creditors will now receive their *pro rata* share of 70% of (a) recoveries on insurance assets in connection with the Cyber Claims and (b) post-confirmation recoveries on any other estate assets on which the Secured Parties have valid liens. Under the Initial Plan, general unsecured creditors would not receive any recoveries on these assets.⁷
- (iii) SPARC Payable. The SPARC Parties will waive 100% of their asserted \$323 million unsecured claim arising from the SPARC Payable against the estates. Under the Initial Plan, the SPARC Parties agreed to waive 75% of the SPARC Payable.⁸

3. As outlined above, the Committee Settlement provides material value for general unsecured creditors. More critically, however, the Committee Settlement provides a runway towards confirmation of a consensual chapter 11 plan and payment in full of Allowed Administrative Claims, including claims arising under section 503(b)(9) of the Bankruptcy Code and priority claims. The resolution also avoids costly litigation that, in the Committee’s view, would very likely result in the immediate conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code. The Committee strongly believes conversion would yield materially lower recoveries or no recoveries to general unsecured creditors, and that the Committee Settlement represents a far superior outcome to conversion.

⁵ “Net Proceeds” are defined as “all Cash held by the Estates as of the Effective Date, minus (a) the Plan Administration Amount and (b) funding of the Professional Fee Escrow Account.” See Amended Plan, Art. I(A)(72).

⁶ See Amended Plan, Art. III(B)(6)(b)(i); Initial Plan, Art. III(B)(6)(b)(ii).

⁷ See Amended Plan, Art. III(B)(6)(b)(iv); Initial Plan, Art. III(B)(3)(c)(iv).

⁸ See Amended Plan, Art. IV(B)(2); Initial Plan, Art. IV(B)(2).

4. In light of the foregoing, the Committee supports the Amended Plan and recommends that general unsecured creditors vote in favor of the Amended Plan.

Dated: June 11, 2025
Wilmington, Delaware

COLE SCHOTZ P.C.

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