

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Jointly Administered)

Hearing Date:

July 1, 2025, at 10:00 a.m. (ET)

Objection Deadline:

June 24, 2025, at 4:00 p.m. (ET)

**DEBTORS' SECOND OMNIBUS MOTION FOR ENTRY OF AN ORDER
(I) AUTHORIZING THE DEBTORS TO (A) REJECT CERTAIN UNEXPIRED LEASES
NUNC PRO TUNC TO THE PETITION DATE, AND (B) ABANDON ANY PERSONAL
PROPERTY THAT REMAINS AT LEASED PREMISES,
AND (II) GRANTING RELATED RELIEF**

THIS MOTION SEEKS TO, AMONG OTHER THINGS, REJECT CERTAIN UNEXPIRED LEASES OF NON-RESIDENTIAL REAL PROPERTY. PARTIES RECEIVING THIS MOTION SHOULD REVIEW THE MOTION TO SEE IF THEIR NAME(S) OR LEASE(S) ARE SET FORTH ON SCHEDULE 1 TO EXHIBIT A ATTACHED HERETO TO DETERMINE WHETHER THE MOTION AFFECTS THEIR LEASE(S).

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

RELIEF REQUESTED

1. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”): (i) authorizing the Debtors to (a) reject certain unexpired

¹ The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification number (if applicable), are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101, Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.



leases (the “Specified Lease”) of non-residential real property (the “Leased Premise”), identified on **Schedule 1** to the Proposed Order, effective as of April 20, 2025 (the “Petition Date”), and (b) to abandon any remaining personal property of the Debtors, including furniture, fixtures, and equipment located at the Leased Premise; and (ii) granting certain related relief.

JURISDICTION AND VENUE

2. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The Debtors consent pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (“Local Rules”) to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. The statutory bases for the relief requested herein are sections 105(a), 365, and 554 of title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by Rules 6004, 6006, and 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

5. On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee has been appointed in these cases.

6. On April 21, 2025, the Debtors filed the *Debtors' First Omnibus Motion for Entry of an Order (I) Authorizing the Debtors to (A) Reject Certain Unexpired Leases Nunc Pro Tunc to the Petition Date, and (B) Abandon any Personal Property that Remains at Leased Premises, and (II) Granting Related Relief* (the “First Rejection Motion”) (D.I. 22).

7. On May 7, 2025, the Court entered the *First Omnibus Order (I) Authorizing the Debtors to (A) Reject Certain Unexpired Leases Nunc Pro Tunc to the Petition Date, and (B) Abandon any Personal Property that Remains at Leased Premises, and (II) Granting Related Relief* (the “First Rejection Order”) (D.I. 68).

8. Additional details regarding the Debtors, their businesses, the events leading to the commencement of these cases, and the facts and circumstances supporting the relief requested herein is set forth in the *Declaration of Craig Jalbert in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) (D.I. 15).

FACTS RELEVANT TO THIS MOTION

9. Since the First Rejection Motion, the Debtors have continued to review their unexpired leases to identify those unexpired leases that: (i) do not enhance the value of their estates or assets, (ii) are burdensome to their estates, and/or (iii) are highly unlikely to be assumed and assigned to a third party on terms that would provide any net economic benefit to the Debtors.

10. As a result of this review, the Debtors have determined, in the exercise of their reasonable business judgment, that the Specified Lease identified on **Schedule 1** to the Proposed Order (i) does not enhance the value of their estates or assets, (ii) is burdensome to their estates and/or (iii) is highly unlikely to be assumed and assigned to a third party on terms that would provide any net economic benefit to the Debtors, and, thus, should be rejected as of the Petition Date.

11. Further, the Debtors have determined, in their reasonable business judgment, that: (a) any personal property remaining at the Leased Premise is of inconsequential value, or (b) the cost of removing and storing such personal property for future use, marketing, or sale exceeds its value to the Debtors' estates (the "Abandoned Property"). Moreover, any remaining personal property is no longer necessary for the Debtors' business operations or the administration of the Debtors' estates.

THE LEASE TO BE REJECTED

12. Following the First Rejection Order, the Debtors remained counterparties to a sub-sublease of non-residential real property pertaining to office and laboratory space in New York, New York that is currently not being used in the Debtors' business.

13. The Specified Lease provides no benefit to the Debtors or their estates, regardless of the restructuring path of these chapter 11 cases. Accordingly, the Debtors have determined, in their business judgment, that rejection of the Specified Lease identified on **Schedule 1** to the Proposed Order is beneficial to their estates and creditors and seek authority to reject the Specified Lease, effective as of the Petition Date.

14. Specifically, the Specified Lease is a sub-sublease between the Debtors and a sub-subtenant (the "Sub-Subtenant") that the Debtors seek to reject out of an abundance of caution. The Debtors have stopped receiving rent payments from the Sub-Subtenant and believe that the sub-subleased premise is currently vacant. Moreover, the Debtors have already rejected their sublease with their sublandlord pursuant to the First Rejection Order. Accordingly, out of an abundance of caution and to eliminate any potential obligations or liabilities, the Debtors file this Motion to formally reject the Specified Lease.

BASIS FOR RELIEF

I. Rejecting the Specified Lease Is a Sound Exercise of the Debtors' Business Judgment and Should Be Authorized.

15. Section 365(a) of the Bankruptcy Code provides that a debtor may, with court approval, assume or reject an executory contract or unexpired lease. 11 U.S.C. § 365(a). In determining whether to approve a debtor's request to assume or reject an executory contract or unexpired lease, courts generally defer to the debtor's business judgment. *See Sharon Steel Corp. v. Nat'l Fuel Distrib. Corp. (In re Sharon Steel Corp.)*, 872 F.2d 36, 40 (3d Cir. 1989); *N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (stating that the traditional standard applied by courts to authorize the rejection of an executory contract is that of "business judgment"); *see also In re Taylor*, 913 F.2d 102 (3d Cir. 1990); *In re Buckhead Am. Corp.*, 180 B.R. 83 (Bankr. D. Del. 1995).

16. Courts generally will not second-guess a debtor's business judgment concerning rejection of an executory contract or unexpired lease. *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) ("A debtor's decision to reject an executory contract must be summarily affirmed unless it is the product of bad faith, or whim or caprice.") (internal citation omitted). The "business judgment" test is not a strict standard; it merely requires a showing that either assumption or rejection of the executory contract or unexpired lease will benefit the debtor's estate. *In re Bildisco*, 682 F.2d at 79 (noting that the "usual test for rejection of an executory contract is simply whether rejection would benefit the estate") *aff'd*, 465 U.S. 513 (1984). Further, "[s]ection 365 enables the [debtor] to maximize the value of the debtor's estate by assuming executory contracts and unexpired leases that benefit the estate and rejecting those that do not." *L.R.S.C. Co. v. Rickel Home Centers, Inc. (In re Rickel Home Centers, Inc.)*, 209 F.3d 291, 298 (3d Cir. 2000); *see also Stewart Title Guar. Co. v. Old Republic Nat'l Title Ins. Co.*,

83 F.3d 735, 741 (5th Cir. 1996) (section 365 of the Bankruptcy Code “allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed”).

17. Under the circumstances, the rejection of the Specified Lease is an appropriate exercise of the Debtors’ business judgment that will reduce financial, administrative and other burdens on the Debtors’ estates. The Specified Lease is unnecessary to the administration of the bankruptcy cases or the preservation of the estates’ value. Indeed, the Specified Lease creates a financial burden for the Debtors and provides no benefit to the Debtors’ business. For these reasons, the Court should authorize the Debtors to reject the Specified Lease.

II. Rejection of the Specified Lease *Nunc Pro Tunc* to the Petition Date Is Warranted.

18. The Court should authorize rejection of the Specified Lease *nunc pro tunc* to the Petition Date because the Debtors stated unequivocally their intention to reject the Specified Lease by filing this Motion. Courts in this district and elsewhere recognize that *nunc pro tunc* rejection is appropriate where the balance of the equities favors such relief. *See SCS Co. v. Peter J. Schmitt Co.*, 1995 WL 1772010, at *2 (D. Del. May 15, 1995) (noting that a bankruptcy court has authority to select a retroactive date for the effective date of a lease’s rejection); *In re Rupari Holding Corp.*, 2017 WL 5903498, at *6 (Bankr. D. Del. Nov. 28, 2017) (J. Carey) (authorizing rejection of employment agreements *nunc pro tunc* to a date before the debtor filed the motion to reject the same where debtor unequivocally communicated to the employees that it no longer required their services at the closing of the sale); *In re Chi-Chi’s, Inc.*, 305 B.R. 396, 399 (Bankr. D. Del. 2004) (acknowledging that a bankruptcy court may approve retroactive rejection to the date the motion is filed after balancing the equities in the particular case); *In re Fleming Cos.*, 304 B.R. 85, 96 (Bankr. D. Del. 2003) (stating that rejection has been allowed *nunc pro tunc* to the later of the date of the motion or the date the premises were surrendered); *see also Thinking Machs.*

Corp. v. Mellon Fin. Servs. Corp. (In re Thinking Machs. Corp.), 67 F.3d 1021, 1028 (1st Cir. 1995) (finding that, in the context of rejections of executory contracts, “bankruptcy courts may enter retroactive orders of approval, and should do so when the balance of equities preponderates in favor of such remediation”).

19. The balance of equities favors the relief requested herein. The Debtors have given notice to the counterparties to the Specified Lease that: (i) the Debtors have vacated and surrendered the leased premise and abandoned personal property remaining on the premise, and (ii) the landlords and counterparties should immediately begin efforts to relet or re-contract the premise to mitigate their damages. The Debtors intend to serve this Motion on the respective counterparties to the Specified Lease to be rejected and acknowledge that they will not have the right to withdraw this Motion prior to a hearing on the Motion. Moreover, pursuant to the First Rejection Order, the Debtors have already rejected the sublease between the Debtors, as subtenant, and New York University, as sublandlord. For these reasons, the Debtors respectfully submit that it is fair and equitable for the Court to order that the Specified Lease be rejected retroactively to the Petition Date.

20. Courts in this jurisdiction have approved relief similar to that requested herein. *See, e.g., In re Number Holdings, Inc. et al.*, Case No. 24-10719 (JKS) (Bankr. D. Del. May 9, 2024) (authorizing the rejection of unexpired leases effective as of the petition date); *In re PGX Holdings, Inc.*, Case No. 23-10718 (CTG) (Bankr. D. Del. July 19, 2023) (same); *In re Winc, Inc.*, Case No. 22-11238 (LSS) (Bankr. D. Del. Jan 4, 2023) (authorizing the rejection of contracts as of the date of filing motion); *In re MobiTV, Inc.*, Case No. 21-10457 (LSS) (Bankr. D. Del. May 20, 2021) (same); *In re Town Sports Int’l, LLC*, Case No. 20-12168 (CSS) (Bankr. D. Del. Oct. 16, 2020) (authorizing the rejection of unexpired leases effective as of the rejection date); *In re*

Bluestem Brands, Inc., Case No. 20-10566 (MFW) (Bankr. D. Del. Apr. 15, 2020) (same); *In re Forever 21, Inc.*, Case No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019) (authorizing the rejection of unexpired leases effective as of the petition date); *In re PES Holdings, LLC*, Case No. 19-11626 (KG) (Bankr. D. Del. Sept. 19, 2019) (authorizing the rejection of unexpired leases and executory contracts effective as of specified dates); *In re Charming Charlie Holdings, Inc.*, Case No. 17-12906 (CSS) (Bankr. D. Del. Jan. 10, 2018) (authorizing the rejection of unexpired leases effective as of a specified date).

III. Abandonment of Personal Property Is Authorized by Section 554(a) of the Bankruptcy Code and Should Be Approved.

21. Section 554(a) of the Bankruptcy Code provides that “[a]fter notice and a hearing, the [debtor] may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a). The right to abandon is virtually unfettered, unless abandonment of the property will contravene laws designed to protect public health and safety and the property poses an imminent threat to the public’s welfare. *See Midlantic Nat’l Bank v. N.J. Dep’t of Env’tl. Prot. (In re Midlantic Nat’l Bank)*, 474 U.S. 494, 501 (1986). Neither of these limitations is relevant here.

22. Out of an abundance of caution, the Debtors request authority from the Court to abandon any personal property located at the Leased Premises. To the extent there is any personal property located at the Leased Premises that belongs to the Debtors, such Abandoned Property is of inconsequential value and would prove burdensome to the Debtors’ estates to remove. Moreover, the Debtors have determined in their business judgment that the Abandoned Property does not pose a threat to public health or safety and that abandoning any such Abandoned Property, effective as of the Petition Date, is necessary and in the best interests of the Debtors, their estates and creditors. The Debtors do not believe that any personal property located at the

Leased Premises belongs to them, after all, the Debtors sub-subleased the Leased Premises to the Sub-Subtenant and the Debtors did not enjoy possession of the Leased Premises.

23. Accordingly, the Court should authorize the Debtors to abandon the Abandoned Property as of the Petition Date.

WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)

24. To the extent that it applies to the relief requested in this Motion, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen (14) day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As set forth above, the relief requested herein is essential to prevent harm to the Debtors' business, their estates, and their efforts to pursue a resolution to these chapter 11 cases.

RESERVATION OF RIGHTS

25. Nothing contained herein or any actions taken by the Debtors pursuant to the relief granted in the order granting the requested relief, is intended (and should not be construed) as: (i) an admission as to the amount of, basis for, priority, or validity of any particular claim under the Bankruptcy Code or applicable non-bankruptcy law; (ii) a waiver of the Debtors' or any other party's right to dispute any claim; (iii) a promise or requirement to pay any particular claim; (iv) an implication or admission that any particular claim is of a type described in this Motion or the order granting the relief requested herein; (v) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (vi) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on the property of, the Debtors' estates, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection, or to seek avoidance of any and all liens, security interests, and other encumbrances; or (vii) a waiver of any claims or causes of action

which may exist against any entity under the Bankruptcy Code or any other applicable law.

NOTICE

26. Notice of this Motion will be provided to: (a) the Office of the United States Trustee (Attn: Jane M. Leamy, jane.m.leafy@usdoj.gov); (b) counsel to K2 HealthVentures LLC; (c) the Sub-Subtenant; (d) New York University, as Sub-Sublandlord; and (e) any party that requests service pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an Order, substantially in the form attached hereto as **Exhibit A**, and grant the Debtors such other relief as this Court deems appropriate under the circumstances.

Dated: June 17, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Luke Brzozowski
Eric D. Schwartz (No. 3134)
Andrew R. Remming (No. 5120)
Luke Brzozowski (No. 7377)
1201 N. Market Street, 16th Floor
Wilmington, Delaware 19801
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
eschwartz@morrisnichols.com
aremring@morrisnichols.com
lbrzozowski@morrisnichols.com

Counsel to the Debtors and Debtors in Possession

Exhibit A

Proposed Order

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Jointly Administered)

Re: D.I. ____

**SECOND OMNIBUS ORDER (I) AUTHORIZING THE DEBTORS TO
(A) REJECT CERTAIN UNEXPIRED LEASES *NUNC PRO TUNC* TO THE PETITION
DATE, AND (B) ABANDON ANY PERSONAL PROPERTY THAT REMAINS AT
LEASED PREMISES, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (the “Debtors”), pursuant to sections 105(a), 365 and 554(a) of the Bankruptcy Code and Bankruptcy Rules 6006 and 6007, for entry of an order (this “Order”): (i) authorizing them to (a) reject certain unexpired leases of non-residential real property and executory contracts listed on **Schedule 1** annexed hereto as of the Petition Date and (b) abandon the Abandoned Property; and (ii) granting certain related relief, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* of the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the notice of the Motion and of the

¹ The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification number (if applicable), are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101, Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

opportunity to be heard at the hearing thereon were appropriate under the circumstances and that no other notice need be provided, except as set forth herein; and this Court having reviewed the Motion and having heard the statements and argument in support of the relief requested at a hearing before this Court (the “Hearing”), if any; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Specified Lease listed on Schedule 1 attached hereto is hereby rejected as of the Petition Date.
3. Pursuant to sections 105(a) and 554(a) of the Bankruptcy Code, any Abandoned Property remaining at the Leased Premise or in the possession of a counterparty to the Specified Lease is hereby abandoned by the Debtors, as of the Petition Date.
4. Notwithstanding anything to the contrary contained in the Motion or this Order, any payment to be made hereunder, and any authorization contained herein, shall be subject to and in accordance with the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to the Prepetition Lender, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* (the “DIP Order”) (D.I. 113). To the extent there is any inconsistency between the terms of the applicable DIP Order and any action taken or proposed to be taken hereunder, the terms of the applicable DIP Order shall control.

5. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (i) an admission as to the amount of, basis for, or validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any other party's right to dispute any claim; (iii) a promise or requirement to pay any particular claim; (iv) an admission that any particular claim is of a type described in the Motion; (v) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (vi) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (vii) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law.

6. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon its entry.

7. The Debtors are authorized to take all actions that are necessary and appropriate to effectuate the relief granted in this Order.

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

Schedule 1

Rejected Lease

No.	Contract Counterparty	Description of Lease	Lease Location
1.	TracerDx	Sub-Sublease	180 Varick Street, Suite 806, New York, New York 10014