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*Attorneys for the Debtors and
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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
 corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**NOTICE OF SALE OF SUBJECT
 PROPERTY 23570 ARNOLD DRIVE,
 AND 72, 100, AND 150 WAGNER ROAD,
 SONOMA, CA 95476**

In re

KS MATTSON PARTNERS, LP,

Debtor.

(LARGE ASSET SALE)

**LIEN HOLDER: LEFEVER MATTSON,
 A CALIFORNIA CORPORATION**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/IM>

1 PLEASE TAKE NOTICE THAT pursuant to the *Order Establishing Omnibus*
2 *Procedures for Real Property Sales* [Dkt. No. 971] (the “Sale Procedures Order”)² entered on
3 March 5, 2025, LeFever Mattson, a California corporation, and certain of its affiliates that are
4 debtors and debtors in possession (the “Debtors”)³ in the above-captioned chapter 11 cases propose
to sell certain of their real property in accordance with the approved Sale Procedures. The
proposed sale has the following terms:

5 The address of the property proposed to be sold (the “Subject Property”):

6 23570 Arnold Drive, and 72, 100, and 150 Wagner Road,
7 Sonoma, CA 95476

8 APN: 128-461-023-000; 128-461-081-000; 128-461-082-000; 128-461-084-000

9 The sale price is \$10,650,000.00.

10 Title holder of the Subject Property: Heacock Park Apartments, LP

11 LeFever Mattson, a California corporation (the “Secured Lender”) holds a lien against the
12 Subject Property in the amount of \$9,834,346. Upon closing of the sale, the Secured Lender’s lien
13 will be paid in full from sale proceeds through escrow by the title company. The Secured Lender’s
14 lien is undisputed. The sale free and clear of the lien is proper pursuant to section 363(f)(3) of the
15 Bankruptcy Code because the net proceeds of the sale are greater than the aggregate amount of
claims secured by the Subject Property and the Secured Lender will be paid in full. Moreover, the
sale is proper pursuant to section 363(f)(5) because the Secured Lender could be compelled to
accept a money satisfaction of its interest.

16 The Subject Property was marketed as follows: Since April 30, 2025, the Subject Property
17 has been listed with CBRE, Inc. (“CBRE”). It was listed on LoopNet and CoStar. The listing
18 recorded 32,000 views on LoopNet and CoStar combined. Marketing efforts included direct
19 mailings to over 500 hospitality-oriented firms in CBRE’s database as well as through the real
20 estate broker and community through LoopNet. Fifteen tours were held. As a result, 130 non-
disclosure agreements were executed, and disclosure materials were provided to those parties.
Five offers were received. The Buyer’s offer was determined to be the highest and best and was
subsequently accepted.

21 Proposed Buyer: Highland Pacific Capital, LLC, a California limited liability company
22 (the “Buyer”)

23 Known connections to the Debtors: *None known.*

24 Pursuant to section 363(f) of the Bankruptcy Code, the Debtors may sell the Subject
25 Property free and clear of all liens for the following reason(s): The holder of the lien will be paid
in full satisfaction of the lien from the proceeds of the sale of the Subject Property.

26 _____
27 ² Capitalized terms not otherwise defined herein shall have the meaning given to them in the
Sale Procedures Order.

28 ³ Unless otherwise indicated, “Debtors” as used herein excludes KSMP.

Broker: CBRE, Inc.

Known connections to the Debtors: *None known.*

Compensation: 2.5% of Sale Price (\$266,250.00)

Date and Docket Number of Employment Order: March 5, 2025 [Dkt. No. 969];
November 4, 2025 [Dkt. No. 2773]; November 11, 2025 [Dkt. No. 2807]

The following unexpired leases or executory contracts (the “Leases”) are associated with
the Subject Property:

Counter Party	Title	Treatment	Cure Amount (if any) ⁴
Leases			
Home Tax Service of America, Inc. (dba LeFever Mattson Property Management)	Management Agreement	Reject	None / \$0.00
Abel Hernandez – 72 Wagner Road, Sonoma, CA 95476	Month-to-Month Lease	Assume	None / \$0.00
STRATAap (VPRM, Inc.) – P.O. Box 1207, Sonoma, CA 95476	Month-to-Month Lease	Assume	None / \$0.00
Magito & Co., LLC (Tom Meadowcroft) – 23574 Arnold Drive, Sonoma CA 95476	Month-to-Month Lease	Assume	None / \$0.00
Cornerstone Sonoma/Harrow Cellars Barn Vendors and Contracts			
Jerry & Don’s Yager Pump & Well Service	Water treatment and testing, well service and repairs. Expires December 31, 2026	Assume	None / \$0.00
Avive Solutions	AED-Avive life saver plan with REALconnect (return product at end of contract) – Contract Expires October 25, 2028	Assume	None / \$0.00
CA Water Boards	Water System – annual fees for Transient Noncommunity system	Assume	None / \$0.00

⁴ Cure amount, if any, will be prorated based on the date escrow closes once the closing date
is known.

Sonoma Valley Ground Water Agency	Water System – annual fees for Account #S020009 / PWSID #CA4901275	Assume	None / \$0.00
Permit Sonoma	Annual operational permit for sewage disposal OPR00-3356 / APN 128-461-021	Assume	None / \$0.00
EcoLab Hospitality Solutions	Rental Contract – dishwasher rental for Harrow Cellars Barn	Assume	None / \$0.00
Cornerstone Gardens and Harrow Cellars Barn Venue Events			
Conaway & Ackleson Wedding	Event Contract	Assume	None / \$0.00
Soloff & Beter Rehearsal Celebration	Event Contract	Assume	None / \$0.00
Edwards & Esteban Wedding	Event Contract	Assume	None / \$0.00
Lucas & Packard Wedding	Event Contract	Assume	None / \$0.00
Al Najjar & Darwish Wedding	Event Contract	Assume	None / \$0.00
Bombino & Ridge Wedding	Event Contract	Assume	None / \$0.00
Sethi Bruener Wedding	Event Contract	Assume	None / \$0.00
Avila & de la Guardia Wedding	Event Contract	Assume	None / \$0.00
Nat & Kali's Wedding	Event Contract	Assume	None / \$0.00
Emily & Will's Welcome Celebration	Event Contract	Assume	None / \$0.00
Gary & Kelly Wedding	Event Contract	Assume	None / \$0.00
Kanes & Levi Wedding	Event Contract	Assume	None / \$0.00
Chu & Hsieh Wedding	Event Contract	Assume	None / \$0.00
Forester & Kundig Wedding	Event Contract	Assume	None / \$0.00
Chiang & Thomas Wedding	Event Contract	Assume	None / \$0.00
Cline & Hernando Wedding	Event Contract	Assume	None / \$0.00
Segura & Flores Wedding	Event Contract	Assume	None / \$0.00

Egnal & Primavera Wedding	Event Contract	Assume	None / \$0.00
Fung & Kim Wedding	Event Contract	Assume	None / \$0.00

Adequate assurance information: See the *Declaration of Kabul Singh in Support of Adequate Assurance of Future Performance by Highland Pacific Capital, LLC with Respect to the Assumption and Assignment of Executory Leases and/or Unexpired Contracts in Connection with the Sale of 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, CA 95476*, filed concurrently herewith.

Title and escrow company: Commonwealth Land Title

Escrow number: 972500111

Closing payments and treatment of liens:

Secured Debt/Interest ⁵	\$9,834,346
Property Tax	\$369,654
Seller Broker Fees	\$266,250
FTI Fees	\$159,750
Est. Other Closing Costs	\$20,000
Disbursements	<u>\$10,650,000</u>

Estimated Net Proceeds of Sale: \$0

Auction Procedures: If a qualified overbid is received prior to the Objection Deadline (as defined below), the Debtors shall conduct an auction (the "Auction") according to the procedures (the "Auction Procedures") attached hereto as **Exhibit 2**.

PLEASE TAKE FURTHER NOTICE THAT this Sale Notice shall be served by mail upon (i) the United State Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any holders of interests in the Subject Property, including interest holders in the applicable Debtor; (iv) counter-parties to the Leases; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE THAT any objection to the proposed sale, the Auction Procedures, or the assumption of the Leases or request for hearing (the "Objection") must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE THAT parties wishing to submit to an overbid for the Subject Property must do so in writing on or before the Objection Deadline by emailing it

⁵ The amount of the secured obligation will be updated once the Sale is approved and the closing date is set.

to Greg Gotthardt at greg.gotthardt@fticonsulting.com and Larissa Gotguelf at larissa.gotguelf@fticonsulting.com. Overbids must be accompanied by a good faith deposit of 10% of the proposed sale price. Overbids must be for 1% for sales over \$10,000,000 plus Bid Protections (if any).

PLEASE TAKE FURTHER NOTICE THAT if a qualified overbid is received prior to the Objection Deadline, the Debtors shall provide notice of the Auction to the Stalking Horse Bidder, all overbidders, any parties filing objections prior to the Objection Deadline, and the Notice Parties not less than seven (7) days prior to the scheduled Auction.

PLEASE TAKE FURTHER NOTICE THAT if the Objection Deadline passes without the filing of an Objection or submission of a qualified overbid or any such response is withdrawn, the Debtors shall file a Certificate of No Objection and the Debtors shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the "Large Asset Sale Order"). The Debtors may proceed with closing the Sale of the Subject Property upon entry of the Large Asset Sale Order.

PLEASE TAKE FURTHER NOTICE THAT if an Objection is filed or a qualified overbid is submitted prior to the Objection Deadline and not withdrawn, the Debtors will set a Sale Hearing giving no less than seven (7) days' notice to (i) the Buyer; (ii) any party that filed an Objection or submitted a qualified overbid; (iii) and the Notice Parties.

PLEASE TAKE FURTHER NOTICE THAT to the extent that any counterparty to a Lease fails to timely object to the Sale of the Subject Property or the assumption and assignment of its Lease to the Buyer, such counterparty is deemed to have consented to the assignment of its Lease to the Buyer.

PLEASE TAKE FURTHER NOTICE THAT the Sale pursuant to these Sale Procedures shall be free and clear of liens and encumbrances to the extent provided under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which they had immediately prior to Sale as against the Subject Property.

Dated: December 19, 2025

KELLER BENVENUTTI KIM LLP

By: /s/ Gabrielle L. Albert

Gabrielle L. Albert

Attorneys for the Debtors and Debtors in Possession

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Exhibit 1
(Proposed Sale Order)

KELLER BENVENUTTI KIM LLP
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*Attorneys for the Debtors and
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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

In re

KS MATTSON PARTNERS, LP,

Debtor.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER APPROVING
ASSET SALE OF THE PROPERTY
LOCATED AT 23570 ARNOLD
DRIVE, AND 72, 100, AND 150
WAGNER ROAD, SONOMA, CA
95476**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon submission of the Certificate of No Objection regarding the proposed sale (the “Sale”) of the property located at 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, California 95476 (the “Subject Property”) as contemplated by the Sale Procedures approved by the *Order Establishing Omnibus Procedures for Real Property Sales* [Dkt. No. 971] (the “Sale Procedures Order”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”)³; the Court having reviewed the *Notice of Sale of Subject Property Located at 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, CA 95476* dated December 19, 2025 [Dkt. No. •] (the “Sale Notice”) and the *Declaration of Kabul Singh in Support of Adequate Assurance of Future Performance by Highland Pacific Capital, LLC with Respect to the Assumption and Assignment of Executory Leases and/or Unexpired Contracts in Connection with the Sale of 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, CA 94576* (the “Buyer’s Declaration”); and the Court having found that (i) the Court has jurisdiction to consider the proposed sale pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) the Sale Notice was sufficient under the circumstances; and (v) all Notice Parties have been served with the Sale Notice; and after due deliberation the Court having determined that the relief requested in the Sale Notice is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The proposed Sale of the Subject Property located at 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, California 95476, APNs 128-461-023-000; 128-461-081-000; 128-461-082-000; 128-461-084-000, owned by Debtor Heacock Park Apartments, LP, to

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Sale Procedures Order.

³ Unless otherwise indicated, “Debtors” as used herein excludes KSMP.

Highland Pacific Capital, LLC, a California limited liability company (the “Buyer”), pursuant to the terms of the purchase agreement attached hereto as Exhibit A, is approved.

2. The Buyer’s offer was the highest and otherwise best offer for the Subject Property.

3. The Sale Notice has been served on all Notice Parties.

4. Pursuant to the Sale Notice and section 363(f) of the Bankruptcy Code, the Sale shall be free and clear of liens and encumbrances to the extent provided under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature, to the extent not paid pursuant to paragraph 8 below, to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which they had immediately prior to Sale as against the Subject Property.

5. The Debtors are authorized to fully assume, perform under, consummate and implement the sale agreement and all additional instruments and documents that may be reasonably necessary or desirable to implement the Sale, including the purchase and sale agreement and escrow instructions.

6. Pursuant to Bankruptcy Code section 365(a), the Debtors are authorized to assume the Leases identified in the Sale Notice.

7. Pursuant to Bankruptcy Code section 365(f), the Debtors are authorized to assign the Leases to the Buyer and, pursuant to Bankruptcy Code section 365(k), the Debtors shall be relieved from any liability for any breach of the lease after such assignment, both effective upon the closing of the Sale.

8. The Debtors, and any escrow agent upon the Debtors’ written instruction, shall pay directly from escrow upon closing (i) all Closing Costs, including but not limited to, the real estate commission of the Brokers and FTI’s advisory and transaction fee in the indicated amounts, costs of sale, and escrow costs, (ii) any outstanding property taxes, and (iii) any liens of any secured creditor for which there are no objections pending at the time of closing.

9. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the

1 implementation, enforcement or realization of the relief granted in this Order, and may, in their
2 discretion and without further delay, take any action and perform any act authorized under this
3 Order.

4 10. Nothing contained in the Sale Notice or this Order is intended to be or shall be
5 construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of
6 the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or
7 validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action that may
8 exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection
9 of any agreement, contract, lease, program, or policy, other than those identified in the Sale Notice,
10 between the Debtors and any third party under section 365 of the Bankruptcy Code.

11 11. The Debtors are hereby authorized to take such actions and to execute such
12 documents as may be necessary to implement the relief granted by this Order.

13 12. The Court retains exclusive jurisdiction with respect to all matters arising from or
14 related to the implementation, interpretation, and enforcement of this Order.

15 ** END OF ORDER **
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Exhibit 2
(Overbid and Auction Procedures)

OVERBID AND AUCTION PROCEDURES

Pursuant to the *Order Establishing Omnibus Procedures for Real Property Sales* [Dkt. No. 971] (the “Sale Procedures Order” approving the “Sale Procedures”)¹ entered on March 5, 2025, Seller Heacock Park Apartments, LP and Highland Pacific Capital (the “Proposed Buyer”) entered that certain Purchase and Sale Agreement and Joint Escrow Instructions dated December 5, 2025 (the “Purchase and Sale Agreement”) to sell 23570 Arnold Drive, and 72, 100, and 150 Wagner Road, Sonoma, California 95476, commonly known as Cornerstone Sonoma and the Barn at Harrow Cellars (the “Property”). A copy of the Purchase and Sale Agreement is attached to the Sale Notice (as defined in the Sales Procedures Order and to which these Auction Procedures are attached as Exhibit 2) as Exhibit 1 to the Proposed Order.

On or about September 12, 2024, Seller and certain affiliates of Seller (collectively, the “Debtors”)² filed voluntary petitions for bankruptcy relief under Chapter 11 of the Bankruptcy Code, jointly administered under Case No. 24-10545 (the “Bankruptcy Case”) in the United States Bankruptcy Court for the Northern District of California, Santa Rosa Division (the “Bankruptcy Court”).

In accordance with the approved Sale Procedures, the following bid procedures shall apply to the auction to be conducted in the event that the Debtors receive any Qualified Bids (as defined below):

- a. Provisions Governing Qualifications of Bidders. Unless otherwise ordered by the Court, in order to participate in the bidding process for the Property, prior to the Bid Deadline (as defined below), each entity who wishes to participate in the bidding process for the Property (a “Potential Bidder”) must do so in writing and deliver the following, **by electronic mail**, to Greg Gotthardt and Larissa Gotguelf, FTI Consulting (“FTI”), at greg.gotthardt@fticonsulting.com and larissa.gotguelf@fticonsulting.com, respectively:
 - (i) an executed confidentiality agreement (to be delivered prior to the distribution of any confidential information by the Debtors to a Potential Bidder) in the form attached hereto as **Exhibit A**;
 - (ii) sufficient information, as determined by the Debtors (in consultation with the Official Committee of Unsecured Creditors appointed in these chapter 11 cases (the “Committee”)) to demonstrate proof of financial wherewithal, including:
 - (A) Disclosure of Identity. Fully disclose the identity of each Potential Bidder, including any principal or representative that will be bidding for the Property on behalf of the Potential Bidder or otherwise participating in connection with such bid, and the complete terms of any such participation, as well as any of Debtors’ creditors or Insiders (as defined under 11 U.S.C. § 101) associated with the Potential Bidder;
 - (B) Proof of Financial Wherewithal. Demonstration (to the reasonable satisfaction of the Debtors, in consultation with the Committee) of sufficient financial wherewithal to be able to close on a purchase of the Property, which may include:
 - (1) current audited financial statements and latest unaudited financial statements of the potential bidder, or, if the potential bidder is an entity formed for the purpose of acquiring the Property, current audited

¹ Capitalized terms not otherwise defined herein shall have the meaning given to them in the Sale Procedures Order, a copy of which is attached hereto as **Exhibit B**.

² Unless otherwise indicated, “Debtors” as used herein excludes KS Mattson Partners, LP.

financial statements and latest unaudited financial statements of the equity holders of the potential bidder who will guarantee the obligations of the potential bidder;

- (2) current financial bank statements, screenshot(s) of bank account balance(s), a letter from the bank of the potential bidder indicating the availability of the funds, including the immediate availability of the 10% deposit;
- (3) written evidence of a firm, irrevocable commitment for financing; and/or
- (4) such other form of financial disclosure and credit-quality support or enhancement that will allow the Debtors and their financial advisors to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the Sale; and

(iii) if the Potential Bidder is represented by a broker, the broker's retention agreement.

A Potential Bidder that has executed a confidentiality agreement and has otherwise complied with the requirements described above, and that the Debtors determine in their reasonable business judgment, after consultation with their counsel, financial and other advisors, and the Committee, is likely (based on availability of financing, experience and other considerations) to be able to consummate the sale of the Property (the "Sale"), will be deemed a "Qualified Bidder." The Debtors shall notify a Potential Bidder if it qualifies as a Qualified Bidder prior to the Auction, as defined below.

For the sake of clarity, the fact that a bidder has been deemed a "Qualified Bidder" does not, by itself, entitle such bidder to participate at the Auction. In order to participate in the Auction or any other overbidding process pursuant to these Bid Procedures, a Qualified Bidder must also submit, by the Bid Deadline, a Bid that is determined to be a Qualified Bid, as defined in, and in accordance with, these Bid Procedures.

- b. Bid Deadline. A Qualified Bidder that desires to make a Bid (as defined below) will deliver written copies of its Bid **by electronic mail** to the Debtors' representative at the address set forth in (a) above, so as to be received not later than **January 9, 2025, at 4:00 p.m. (PT)** (as may be extended as set forth herein, the "Bid Deadline"). As soon as practicable after receipt of a Bid, but in no event more than 24 hours after receipt of a Bid, FTI shall provide copies of the Bid and all related documents to counsel for the Debtors and the Committee. The Debtors, in consultation with the Committee, may extend the Bid Deadline to address any inadequacies in an otherwise sufficient Bid submitted by the Bid Deadline.
- c. Provisions Governing Qualified Bids. An offer, solicitation, or proposal (each, a "Bid") that is submitted in writing by a Qualified Bidder and satisfies each of the following requirements, as determined by the Debtors, in their reasonable business judgment and in consultation with the Committee, shall constitute a "Qualified Bid":
 - (i) *Property*. Each Bid must state that the applicable Qualified Bidder offers to purchase the Property, upon the terms and conditions substantially as set forth in the form of the Purchase and Sale Agreement, and any addenda thereto, including without limitation, with respect to certainty and timing of closing, or pursuant to

an alternative structure, or upon alternative terms and conditions that the Debtors, in consultation with the Committee, reasonably determine are no less favorable than the terms and conditions of the Purchase and Sale Agreement. Each Bid must specifically identify the particular property or properties to which it relates.

- (ii) *Purchase Price.* Each Bid must clearly set forth the purchase price to be paid (the “Bid Price”) which shall include: (a) cash in an amount not less than any minimum bid amount previously identified by the Debtors for the Property or relevant portion thereof (the “Cash Consideration”); (b) all amounts that are necessary to cure any defaults owed under any contract or unexpired lease that the Qualified Bidder identifies in the Bid for assumption and assignment (the “Cure Amounts”); and (c) all other estimated prorations and other expenses to be paid by Buyer at closing.
- (iii) *Minimum Bid.* Overbids must be accompanied by a good faith deposit of 10% of the Bid Price sent to Commonwealth Land Title to the escrow identified on the Sale Notice.
- (iv) *Planned Closing Date.* Each Bid must require that the Sale close on the date assigned in the Purchase and Sale Agreement, but in no event later than the “Scheduled Closing Date” in the Purchase and Sale Agreement (the “Planned Closing Date”).
- (v) *Binding and Irrevocable.* Each Bid must be unconditional and irrevocable, subject only to Bankruptcy Court approval, and include a letter, signed by an authorized representative of the Qualified Bidder who has authority to bind the Qualified Bidder, stating that the Qualified Bidder’s Bid is irrevocable until the Court approves the selection of the Successful Bidder (as defined below) and the Back-Up Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder or the Back-Up Bidder, its offer shall remain irrevocable until the earlier of (i) closing of the Sale to the Successful Bidder, and (ii) (x) with respect to the Successful Bidder only, the Planned Closing Date, subject to further extensions as may be agreed to pursuant to the applicable purchase agreement, and (y) with respect to the Back-Up Bidder only, 45 days following the Planned Closing Date (collectively, the “Bid Lifetime”). Failure to close during the Bid Lifetime will result in forfeiture of the applicable bidder’s deposit.
- (vi) *Marked Agreement.* Each Bid must include a duly authorized and executed Purchase and Sale Agreement, and any addenda thereto, which agreement shall include, among other things, the Bid Price for the Property expressed in U.S. Dollars, which must be accompanied by all exhibits and schedules thereto, as well as such additional ancillary agreements as may be required by the Qualified Bidder, with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), as well as copies of such materials marked to show those amendments and modifications to the Purchase and Sale Agreement (collectively, a “Marked Agreement”), and the proposed order for approval of the Sale by the Court proposed by the Qualified Bidder substantially in the form attached as Exhibit 1 to the Sale Notice. To be deemed a Qualified Bid, a Bid may not contain additional termination rights, covenants, financing or due diligence contingencies, shareholder, board of director or other internal approval contingencies, or closing conditions, other than as are included in the Purchase and Sale Agreement (it being agreed and understood that such

Bid shall modify the Purchase and Sale Agreement as needed to comply in all respects with the Sale Procedures Order).

- (vii) *As-Is, Where-Is.* Each Bid must include an acknowledgement and representation that the Qualified Bidder: (a) has had an opportunity to conduct any and all required due diligence regarding the Property prior to making its offer; (b) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; (c) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property or the completeness of any information provided in connection therewith or the Auction (as defined below), except as expressly stated in the Marked Agreement; and (d) is not entitled to any expense reimbursement or break-up fee in connection with its bid unless expressly agreed in writing to the contrary by the Debtors, in consultation with the Committee, prior to the Bid Deadline.
- (viii) *Affirmative Statement.* Each Bid shall be accompanied by an affirmative statement that: (i) the Qualified Bidder submitting such Bid has and will continue to comply with the Sale Procedures Order; and (ii) the Qualified Bidder submitting such Bid waives any substantial contribution (administrative expense) claims under section 503(b) of the Bankruptcy Code related to the bidding for the Debtors' assets or otherwise participating in the Auction, except as expressly agreed to the contrary by the Debtors, in consultation with the Committee, prior to the Bid Deadline.
- (ix) *Authorization.* Each Bid must include evidence, in form and substance reasonably satisfactory to the Debtors, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery, and closing of the transactions contemplated by the Marked Agreement and the Sale. The Bid must also designate at least one individual who will be authorized to act on behalf of the Qualified Bidder at the Auction.
- (x) *Deposit.* Each Bid must be accompanied by a cash deposit in the form of a wire transfer (to a bank account specified by the Debtors), certified check, or such other form acceptable to the Debtors, payable to the order of the Debtors (or such other party as the Debtors may determine) in an amount equal to ten percent (10%) of the Bid Price, which shall be held by Commonwealth Land Title, to be dealt with as provided for under "Deposits" herein.
- (xi) *Executory Contracts.* Each Bid must identify with particularity which executory contracts or unexpired leases the Qualified Bidder wishes to assume, include an acknowledgment and representation that the Qualified Bidder will assume the Debtors' obligations under such executory contracts and unexpired leases, including all Cure Amounts, and identify with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing. It is expected that the Qualified Bidder will assume at least as many of the executory contracts and unexpired leases as designated in the Purchase and Sale Agreement.
- (xii) *Adequate Assurance.* Each Bid must include evidence of the Qualified Bidder's ability to comply with section 365 of the Bankruptcy Code (to the extent applicable), including providing adequate assurance of such Qualified Bidder's

ability to perform in the future under the contracts and leases proposed in its Bid to be assumed by the Debtors and assigned to the Qualified Bidder, in a form that will permit the immediate dissemination of such evidence to the counterparties to such contracts and leases.

- (xiii) *Consent to Jurisdiction.* Each Bid must state that the Qualified Bidder consents to the jurisdiction of the Bankruptcy Court.
- (xiv) *Additional Information.* Each Bid must contain any other information reasonably requested by the Debtors.
- (xv) *Bid Deadline.* Each Bid must be received by the Bid Deadline.

The Debtors will determine, in their reasonable business judgment, and in consultation with the Committee, whether to entertain Bids for the Property that do not conform to one or more of the requirements specified herein and deem such bids to be Qualified Bids. The Debtors reserve the right, in consultation with the Committee, to continue to negotiate the terms of any Qualified Bid with the applicable Qualified Bidder after the Bid Deadline and prior to the Auction.

- d. [Intentionally Left Blank]
- e. Evaluation of Competing Bids. A Qualified Bid, and the determination of the highest or otherwise best Qualified Bid(s), will be valued based upon several factors including, without limitation, items such as the Purchase Price and the net value (including assumed liabilities and the other obligations to be performed or assumed by the Qualified Bidder) provided by such Bid, the claims likely to be created by such Bid in relation to other Bids, the counterparties to the transactions, the proposed revisions to the relevant transaction documents, other factors affecting the speed, certainty, and value of the transactions (including any regulatory approvals, if any, required to close the transactions), the transition services required from the Debtors post-closing and any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Debtors, in consultation with the Committee.
- f. No/Insufficient Qualified Bids. If the Debtors do not receive any Qualified Bids, the Auction shall be cancelled. The Debtors shall report the same to the Court and request the immediate entry of the Sale Order approving the Purchase and Sale Agreement with the Proposed Buyer.
- g. Auction Process. If the Debtors receive any Qualified Bids, the Debtors will file and serve notice (the “Auction Notice”) of the time and date of the auction (the “Auction”) on, all overbidders, any parties filing objections prior to the Objection Deadline, and the Notice Parties (as defined in the Sale Procedures Order). The Auction shall be transcribed or recorded on video and shall be conducted by virtual meeting which Auction may be cancelled or adjourned by the Debtors, in consultation with the Committee. The Auction shall run in accordance with the following procedures:
 - (i) The Debtors, the Proposed Buyer, the Committee, and any Qualified Bidder that has timely submitted a Qualified Bid, and each of their respective advisors, shall be permitted to attend the Auction, in person or by virtual meeting, whichever is appropriate at that time.
 - (ii) Only the Proposed Buyer and the Qualified Bidders who timely submitted Qualified Bids will be entitled to make any subsequent Bids at the Auction.

- (iii) If the Qualified Bid of a Qualified Bidder relates only to a portion of the Property, the Debtors will have discretion, in consultation with the Committee, to consider whether to permit such Qualified Bidder to make subsequent Bids at the Auction for other or more portions of the Property than those that were in the Qualified Bidder's original Qualified Bid.
- (iv) The Debtors reserve the right, in consultation with the Committee, to conduct one or more Auctions for the Property.
- (v) Each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale transactions.
- (vi) At least two (2) days prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction; provided that in the event a Qualified Bidder elects not to participate in the Auction, such Qualified Bidder's Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder for the Bid Lifetime. At least one (1) day prior to the Auction, the Debtors will provide to all Qualified Bidders who have timely submitted a Qualified Bid and timely informed the Debtors that they intend to participate in the Auction a copy of the Qualified Bid or combination of Qualified Bids that the Debtors believe, in their reasonable business judgment, in consultation with their counsel, financial advisors, and other advisors, and the Committee, is the highest or otherwise best offer (the "Starting Bid"), along with the starting minimum bid increments for each lot to be offered for sale at Auction (the "Starting Bid Notice"). The starting and subsequent minimum bid increments shall be **\$106,500**.
- (vii) All Qualified Bidders who have timely submitted Qualified Bids will be entitled to be present for all Subsequent Bids (as defined below) at the Auction with the understanding that the true identity of each Qualified Bidder at the Auction will be fully disclosed to all other Qualified Bidders at the Auction, and that all material terms of each Subsequent Bid will be fully disclosed to all other bidders throughout the entire Auction; provided that all Qualified Bidders wishing to participate in the Auction must have at least one individual representative with authority to bind such Qualified Bidder attending the Auction in person.
- (viii) The Debtors, after consultation with the Committee and each of their respective advisors, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (*e.g.*, the amount of time allotted to make Subsequent Bids or requiring that Subsequent Bids be the Qualified Bidders' final and best bids) for conducting the Auction, provided that such rules are (i) not inconsistent with these Bid Procedures, the Sale Procedures Order, the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the "Bankruptcy Local Rules"), the Bankruptcy Code, or any order of the Court entered in connection herewith, and (ii) disclosed to each participating Qualified Bidder at the Auction.
- (ix) Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid (a "Subsequent Bid"), and (ii) the Debtors determine, in consultation with their advisors and the Committee, that such Subsequent Bid is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) for subsequent rounds, a higher or otherwise better offer

than the Leading Bid (as defined below). Each incremental bid at the Auction shall provide net value to the estates over the Starting Bid or the Leading Bid, as the case may be, of at least the bid increment(s) for the lot(s) bid on as set forth in the Starting Bid Notice, provided that the Debtors shall retain the right, in consultation with their counsel, financial advisors, and other advisors, and the Committee, to modify the increment requirements at any time at or prior to the Auction after informing each participating Qualified Bidder. After the first round of bidding and between each subsequent round of bidding, the Debtors and the Committee shall announce the bid or combination of bids (and the value of such bid(s)) that they believe, in consultation with each of their respective advisors to be the highest or otherwise better offer (the "Leading Bid"). A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid.

- (x) Each Bid made at the Auction shall be irrevocable until the Court approves the selection of the Successful Bidder (as defined below) and the Back-Up Bidder (as defined below), provided that if a Bid is selected as the Successful Bid or the Back-Up Bid (as defined below), it shall remain irrevocable for the Bid Lifetime. Failure to close during the Bid Lifetime will result in forfeiture of the applicable bidder's deposit.
- h. Reservation of Rights. Except as otherwise provided in the Bid Procedures or the Sale Procedures Order, the Debtors, after consultation with their advisors and the Committee: (i) may determine after each round of bidding at the Auction which Qualified Bid, if any, is the highest or otherwise best offer and the value thereof; (ii) may reject, at any time, any Bid that the Debtors determine, in consultation with the Committee, is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the Sale, or (c) contrary to the best interests of the Debtors, their estates, and stakeholders; (iii) except as otherwise specifically set forth herein, may modify the Bid Procedures or impose, at or prior to the Auction, additional customary terms and conditions on the Sale of the Property; (iv) may extend the deadlines set forth herein, including, without limitation, the Bid Deadline; and (v) may continue or cancel the Auction without further notice.
- i. Selection of Successful Bid. Prior to the conclusion of the Auction, the Debtors, in consultation with the Committee and their respective advisors, will (i) review each Qualified Bid and evaluate each Qualified Bid as set forth in the section titled "Evaluation of Competing Bids" herein, (ii) identify the highest or otherwise best offer or offers for the Property or portions thereof received at the Auction (one or more such Bids, collectively the "Successful Bid" and the bidder(s) making such Bid, collectively, the "Successful Bidder"), and (iii) communicate to the Qualified Bidders the identity of the Successful Bidder, the Back-Up Bidder, if any, and the details of the Successful Bid and Back-Up Bid, if any. Within three (3) business day of the conclusion of the Auction, the Debtors will serve written notice of the results of the Auction to all Qualified Bidders, the Committee, the holders of secured claims against the Property, if any, and all other parties who have timely elected to receive notices related to the sale process. The determination of the Successful Bid and Back-Up Bid by the Debtors, in consultation with the Committee, at the conclusion of the Auction, shall be final, subject to approval by the Court. The Debtors' selection of and presentation to the Court of the Successful Bid and, if applicable, the Back-Up Bid will not constitute the Debtors' acceptance of either of such Bids, which acceptance will only occur upon the approval of such bids by the Court at the Sale Hearing.
- j. Sale Hearing. The Debtors will file a Notice of Completed Auction and seek a Sale Hearing at the earliest date and time convenient to the Court, the Debtors and the Successful Bidder

to, among other things, approve and authorize the sale transaction to the Successful Bidder on terms and conditions determined in accordance with the Bid Procedures. The Debtors reserve the right, in consultation with the Committee, to seek to continue or reschedule the Sale Hearing to a later date.

- (i) If the Debtors receive one or more additional Qualified Bid(s), then, at the Sale Hearing, the Debtors will seek approval of the Successful Bid, and, at the Debtors' election, the next highest or otherwise best Qualified Bid (the "Back-Up Bid" and, such bidder, the "Back-Up Bidder").
 - (ii) The Debtors will sell the Property to the applicable Successful Bidder pursuant to the terms of the Successful Bid (or, under certain circumstances described herein, the Back-Up Bidder) upon the approval of such Successful Bid (or Back-Up Bid if applicable) by the Court at the Sale Hearing.
 - (iii) The Debtors may, after consultation with the Committee, seek authorization to pay the broker(s) of the Successful Bidder(s) (the "Successful Bidder's Broker"), if the Successful Bidder is not the Proposed Buyer, a commission (the "Commission") upon the closing of the Sale to the Successful Bidder(s). The Debtors will pay the Commission from the proceeds of the Sale. Any proposed Commission must be disclosed by a Qualified Bidder in its Qualified Bid prior to the Bid Deadline.
- k. Closing with Back-Up Bidders. Following Court approval of the Sale to the Successful Bidder, if the Successful Bidder fails to consummate the Sale for any reason, then the Back-Up Bid will be deemed to be the Successful Bid and the Debtors will be authorized, but not directed, to effectuate a Sale to the Back-Up Bidder subject to the terms of the Back-Up Bid of such Back-Up Bidder without further order of the Court. The Back-Up Bid shall remain open until the earlier of (i) 45 days following the Planned Closing Date or (ii) the consummation of the Sale to the Successful Bidder (the "Back-Up Bid Expiration Date"). Any provision in the Back-Up Bid conditioning such bid on a closing prior to the Back-Up Bid Expiration Date shall be void. All the Qualified Bids other than the Successful Bid and the Back-Up Bid shall be deemed rejected by the Debtors on and as of the date of approval of the Successful Bid and the Back-Up Bid by the Court. The Debtor, at its sole discretion, may elect to extend the Planned Closing Date and Back-Up Bid Expiration Date with the consent of the Successful Bidder and the Back-Up Bidder, as applicable.
- l. Failure to Close. If the Successful Bidder or Back-Up Bidder, as applicable, fails to consummate the transaction in accordance with the terms of the applicable agreement executed by the Successful Bidder or Back-Up Bidder, except for the Debtor's default or inability to close, during the Bid Lifetime, the Debtors shall: (i) solely to the extent provided for in the applicable purchase agreement, retain the Successful Bidder's or Back-Up Bidder's Deposit; (ii) solely to the extent provided for in the applicable purchase agreement, maintain the right to pursue all available remedies, whether legal or equitable; and (iii) if applicable, be free to consummate the proposed transaction with the Back-Up Bidder at the Back-Up Bid, without the need for an additional hearing or Order of the Court.
- m. Deposits. The Deposit of any Back-Up Bidder shall be retained by the Debtors until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder within five (5) Business Days thereafter or, if the Back-Up Bid becomes the Successful Bid, shall be applied to the Purchase Price to be paid by the Back-Up Bidder in accordance with the terms of the Back-Up Bid. The Deposits of Qualified Bidders not selected as either the Successful Bidder or Back-Up Bidder shall be returned to such bidders within five (5) Business Days

of the date of the selection of the Successful Bidder and the Back-Up Bidder. The Deposit of the Successful Bidder will be dealt with in accordance with the terms of the Successful Bid.