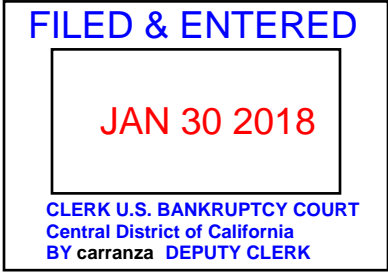


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13 Shiekh Shoes, LLC

CHANGES MADE BY COURT

14 **UNITED STATES BANKRUPTCY COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

16 In re
17 SHIEKH SHOES, LLC
18 a California limited liability company,
19
20 Debtor.

Case No. 2:17-bk-24626-VZ

Chapter 11

**ORDER ON DEBTOR'S MOTION
(I) ESTABLISHING BIDDING AND SALE
PROCEDURES; (II) SCHEDULING
AUCTION AND SALE HEARING; AND
(III) GRANTING RELATED RELIEF**

Date: January 25, 2018
Time: 11:00 a.m.
Place: Courtroom 1368
255 East Temple Street
Los Angeles, CA 90012

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1 This matter coming before the Court on the motion (the “Motion”)¹ of the above-captioned
2 debtor and debtor in possession (the “Debtor”) for the entry of an order pursuant to sections 105,
3 362, 363 and 365 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002,
4 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (as amended from time to time, the
5 “Bankruptcy Rules”), and Rules 6004-1 and 9013-1 of the Local Bankruptcy Rules of the United
6 States Bankruptcy Court for the Central District of California (the “Local Rules”): (i) approving
7 procedures in connection with the marketing of potential investments in the Debtor and the
8 auction and sale of the Debtor’s Assets; (ii) scheduling the related auction and hearing to consider
9 approval of sale; and (iii) granting related relief; the Court having found that (a) the Court has
10 jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157
11 and 1334; (b) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (c) this is a
12 core proceeding pursuant to 28 U.S.C. § 157(b); and (d) notice of the Motion was sufficient under
13 the circumstances; and after due deliberation the Court having determined that the relief requested
14 in the Motion is in the best interests of the Debtor, its Estate and its creditors; and good and
15 sufficient cause having been shown;

16 **IT IS FURTHER FOUND AND DETERMINED THAT:**

17 A. The Court has jurisdiction over this matter and over the property of the
18 Debtor and its bankruptcy estate pursuant to 28 U.S.C. §§ 157(a) and 1334. This matter is a core
19 proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M), (N), and (O). The statutory predicates for
20 the relief sought herein are 11 U.S.C. §§ 105, 363, 364, 365 and Fed. R. Bankr. P. 2002, 6004,
21 6006, 9008, 9014 and 9019. Venue of these Cases and the Motion is proper pursuant to 28 U.S.C.
22 §§ 1408 and 1409.

23 B. The Debtor has offered good and sufficient reasons for, and the best
24 interests of its Estate will be served by, this Court granting the Motion to the extent provided in
25 this Order, including approval of (i) the Bidding Procedures, attached hereto as Annex 1, (ii) the
26 procedures described below for the determination of the amounts necessary to cure defaults under
27 _____

28 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1 the Assumed and Assigned Agreements so as to permit the assumption and assignment under
2 section 365 of the Bankruptcy Code of the Assumed and Assigned Agreements, and (iii) the form
3 and manner of notice of the Auction and Sale Hearing described in the Motion and this Order.

4 C. Good and sufficient notice of the relief sought in the Motion has been given
5 under the circumstances, and no further notice is required except as set forth herein with respect to
6 the Auction and the Sale Hearing. Subject to the immediately preceding sentence, a reasonable
7 opportunity to object or to be heard regarding the relief requested in the Motion was afforded to all
8 interested persons and entities.

9 D. In accordance with Local Rule 6004-1(b), the Debtor has properly filed and
10 noticed the Motion. The issuance and immediate effectiveness of this Order as of the date hereof,
11 including approval of the Bidding Procedures, is supported by evidence of compelling business
12 justifications and other circumstances demonstrating that the relief granted by this Order is
13 necessary to avoid potential immediate and irreparable harm to the Debtor and the Estate.

14 E. The proposed notice of the Auction, the Sale Hearing and the Bidding
15 Procedures, as set forth in this Order, is appropriate and sufficient, and is reasonably calculated to
16 provide all interested parties with timely and proper notice of the Auction, the Sale Hearing and
17 the Bidding Procedures, and no other or further notice shall be required for a Sale Transaction or
18 the assumption and assignment of executory contracts and unexpired leases.

19 F. The Marketing Process is reasonable and sufficient under the circumstances
20 of this chapter 11 case.

21 G. The Bidding Procedures were negotiated in good faith and at arms' length.

22 H. The Bidding Procedures are reasonably designed to maximize value for the
23 Estate.

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1 **THEREFORE, IT IS HEREBY ORDERED THAT:**

2 1. The Motion is GRANTED to the extent provided herein.

3 2. All objections to the entry of this Order or to the relief provided herein that
4 that are not waived, resolved or settled are hereby denied and overruled on the merits.

5 3. The Bidding Procedures, as attached as Annex 1, are hereby approved, are
6 incorporated herein by reference, and shall govern all bids and bid proceedings in connection with
7 potential Transactions. The Sale Parties are authorized to take any and all actions necessary or
8 appropriate to implement the Bidding Procedures.

9 4. The deadline for submitting a Qualified Bid shall be February 20, 2018 at
10 4:00 p.m. prevailing Pacific Time (the "Bid Deadline"), subject to extension in accordance with the
11 Bidding Procedures.

12 5. The Auction will take place at the offices of Debtor's counsel on February
13 23, 2018, at 10:00 a.m. (prevailing Pacific Time) or such other time and place as the Sale Parties
14 may notify Qualified Bidders and the Debtor's secured lenders. Only Qualified Bidders will be
15 permitted to participate in the Auction. In the event the Sale Parties adjourn the Auction, the
16 Debtor shall file a notice setting forth the adjournment.

17 6. Each Qualified Bidder participating at the Auction will be required to confirm
18 in writing that (a) it has not engaged in any collusion with respect to the bidding process, and (b) its
19 Qualified Bid is a good faith *bona fide* offer that it intends to consummate if selected as the
20 Successful Bidder.

21 7. The Auction will be conducted openly and will be transcribed or
22 videotaped.

23 8. The Court shall convene the Sale Hearing on March 7, 2018 at 9:00 a.m.
24 (prevailing Pacific Time) or as soon thereafter as counsel and interested parties may be heard, at
25 which time the Court will consider any outstanding adequate assurance objections (if any) and
26 approval of a Sale Transaction(s) to the Successful Bidder(s) and the entry of the Sale Order. At
27 the Sale Hearing, the Debtor will seek the entry of the Sale Order approving and authorizing the
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1 Sale to the Successful Bidder(s), *provided, however*, approval of the Sale Transaction(s) may be
2 adjourned due to outstanding adequate assurance objections, in which case a supplemental
3 hearing will be scheduled at the Sale Hearing for final approval of the Sale Transaction(s).

4 9. Objections to approval of a Sale Transaction, including the sale of the
5 Debtor's assets free and clear of liens, claims, encumbrances and interests pursuant to section
6 363(f) of the Bankruptcy Code, must be in writing, state the basis of such objection with
7 specificity and be filed with this Court and served so as to be received on or before 4:00 p.m.
8 (prevailing Pacific Time) on February 16, 2018 (the "Objection Deadline") by: (a) Debtor's
9 counsel; (b) the U.S. Trustee; (c) the Debtor's secured lenders; and (d) counsel to the Committee
10 (collectively, the "Notice Parties"). Failure to timely file an objection in accordance with this
11 Order shall forever bar the assertion of any objection to the entry of the Sale Order(s), or
12 consummation of a Sale Transaction(s), and shall be deemed to constitute consent to entry of the
13 Sale Order(s) and consummation of the Sale Transaction(s) and all transactions related thereto
14 including, without limitation, for purposes of section 363(f) of the Bankruptcy Code; *provided*
15 that, for the avoidance of doubt, a party that files an objection relating to the assumption and
16 assignment of an executory contract or unexpired lease that is part of the Sale Transaction(s), in
17 accordance with paragraph 12 of this Order, shall not be construed as consenting to entry of the
18 Sale Order(s) or consummation of the Sale Transaction(s) and all transactions related thereto with
19 respect to the matters raised in such timely filed objection.

20 10. By no later than February 6, 2018, the Debtor will file the Cure Schedule.
21 The Cure Schedule will include a description of each executory contract and unexpired lease
22 potentially to be assumed and assigned by a potential buyer and the amount, if any, the Debtor
23 believes is necessary to cure such agreements pursuant to section 365 of the Bankruptcy Code (the
24 "Cure Costs"). A copy of the Cure Schedule, together with an assumption and assignment notice
25 (the "Assumption and Assignment Notice") will be served on each of the non-debtor parties listed
26 on the Cure Schedule by first class mail on the date that the Cure Schedule is filed with the Court.

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1 11. Objections to (a) the Cure Costs set forth in the Cure Schedule, and (b) the
2 assumption and assignment of any executory contract or unexpired lease identified in the Cure
3 Schedule, must be in writing, state the basis of such objection with specificity and be filed with the
4 Court, and be actually received on or before February 16, 2018 by the Notice Parties; *provided,*
5 *however,* that the Debtor shall file with the Court, within 12 hours of the conclusion of the
6 Auction, a notice identifying the Successful Bidder(s) and Next-Highest Bidder and serve such
7 notice upon each party identified in the Cure Schedules that requests such notice in writing
8 (including by email to Debtor’s counsel), and the deadline for objecting to the assignment of the
9 Assumed and Assigned Agreements to such Successful Bidder or Next-Highest Bidder on the
10 basis of adequate assurance of future performance shall be March 2, 2018. Objections to the Cure
11 Costs set forth in the Cure Schedule do not need to be accompanied by a declaration, but shall
12 include detailed accounts statements from the corresponding landlord’s records. The Debtor or the
13 Committee may file a reply to any objection on or before March 5, 2018 at 4:00 p.m. (prevailing
14 Pacific Time).

15 12. The form of the Auction and Hearing Notice and the Assumption and
16 Assignment Notice are hereby approved and appropriate and sufficient for all purposes and no other
17 or further notice shall be required if the Debtor serves such notices in the manner provided in this
18 Order. No finding or ruling is made in this Order as to the merits of any motion for approval of the
19 Sale. Within one (1) business day of the entry of this Order or as soon thereafter as practicable,
20 the Debtor shall cause the Auction and Hearing Notice to be served upon, without limitation: (a)
21 the office of the United States Trustee (the “U.S. Trustee”); (b) the Committee; (c) all parties who
22 have asserted a lien or security interest against any of the Assets; (d) all parties to the Debtor’s
23 executory contracts and unexpired leases that may be assumed and assigned in connection with the
24 Sale; (e) the Internal Revenue Service; and (f) all parties requesting notice in these chapter 11
25 cases.

26 13. Regarding the financial information necessary to demonstrate that any
27 Successful Bidder or Next-Highest Bidder, as applicable, can provide adequate assurance of future
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1 performance under section 365 of the Bankruptcy Code, the Debtor shall provide such information
2 as soon as possible after receiving it, and in any event no later than 24 hours after the Bid Deadline,
3 to those contract and lease counterparties who have (i) submitted a written request (which may be
4 by e-mail to Debtor's counsel) for such information, and (ii) confirmed in writing (by e-mail is
5 acceptable) their agreement to keep such information strictly confidential and use it solely for the
6 purposes of evaluating whether the bidder has provided adequate assurance of future performance
7 under the counterparty's contract or lease and filing an objection to the assignment of their contract
8 or lease on that basis. When providing information concerning adequate assurance of future
9 performance, each Qualified Bidder shall designate the information (if any) that it considers
10 confidential. Counterparties objecting on adequate assurance grounds shall file any such
11 designated information under seal or redact such information without the need for further order of
12 the Court.

13 14. All Interested Parties (whether or not Qualified Bidders) that participate in
14 the Bidding Process shall be deemed to have knowingly and voluntarily (a) consented to the entry of
15 a final order by this Court in connection with the Motion or this Order (including any disputes
16 relating to the Bidding Process, the Auction, and/or the Sale) to the extent that it is later determined
17 that the Court, absent consent of the parties, cannot enter final orders or judgments in connection
18 herewith consistent with Article III of the United States Constitution, and (b) waived any right to
19 jury trial in connection with any disputes relating to the any of the foregoing matters.

20 15. In the event that a Successful Bidder fails to close a Sale Transaction prior
21 to such date as specified in the applicable Purchase Agreement (or such date as may be extended
22 by the Debtor), the Debtor, upon written notice to the Next-Highest Bidder, may designate the
23 applicable Next-Highest Bid as the Successful Bid for the Assets (or subset thereof), in which
24 case, the Next-Highest Bidder will be deemed to be the Successful Bidder for such Assets. The
25 Sale Hearing shall proceed only as a status conference on the potential sale of Assets to the Next-
26 Highest Bidder and the actual hearing to consider the sale of Assets to the Next-Highest Bidder
27 shall be rescheduled for a date no earlier than seven (7) days after the Sale Hearing. If the Debtor
28

1 pursues a sale of the Assets to the Next-Highest Bidder, the Debtor shall promptly file a notice of
2 the intended Sale Transaction to the Next-Highest Bidder and then the deadline for contract and
3 lease counterparties to object to the Next-Highest Bidder's adequate assurance of future
4 performance information shall be two (2) days before the rescheduled hearing.

5 16. In the event (i) the Debtor seeks to assume and assign an unexpired lease to
6 a Successful Bidder who does not intend to operate the business as a going concern and is instead
7 seeking a "one-off" assignment to such bidder and (ii) the applicable lease counterparty contests
8 such assumption and assignment, then (a) the parties shall work together to attempt to
9 consensually resolve the issues and (b) if a consensual resolution is not possible, the Debtor shall
10 schedule a hearing to consider the contested assignment on not less than fourteen (14) days' notice
11 to the applicable lease counterparty.

12 17. The Committee's professionals shall have the ability to disseminate,
13 provide, and otherwise discuss confidential information of the Debtor with any Potential Bidder in
14 accordance with the Marketing Process in consultation with the Debtor and its representatives.

15 18. The requirements set forth in Local Rules 6004-1 and 9013-1 are hereby
16 satisfied or waived.

17 19. Notwithstanding any applicability of Bankruptcy Rule 6004(h), 6006(d),
18 7062 or 9014, this Order shall be immediately effective and enforceable upon entry of this Order.
19 All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule
20 9006(a).

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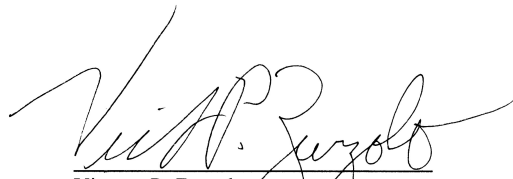
20. In consultation with the Consultation Parties, the Debtor may discontinue the marketing and sale process at any time. If the Debtor elects to discontinue the marketing and sale process prior to the Sale Hearing, the Debtor shall file a notice of termination with the Court.

21. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

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Date: January 30, 2018

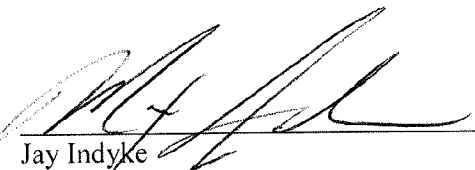


Vincent P. Zurzolo
United States Bankruptcy Judge

1 APPROVED AS TO FORM:

2 Dated: January 29, 2018

COOLEY LLP

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4
5 By: 
6 Jay Indyke
7 Robert Winning
8 Max Schlan
9 Attorneys For The Official Committee of
10 Unsecured Creditors

11 Dated: January __, 2018

ANGLIN, FLEWELLING, RASMUSSEN,
CAMPBELL & TRYTTEN LLP

12 By: _____
13 Dean G. Rallis Jr.
14 Attorneys for CAPREF Burbank LLC and
15 CAPREF Lloyd II LLC

16 Dated: January __, 2018

BALLARD SPAHR LLP

17 By: _____
18 Dustin P. Branch
19 Brian D. Huben
20 Attorneys For Landlord Creditors
21 Centennial Real Estate Company, LLC,
22 Passco Companies, LLC, Starwood Retail
23 Partners LLC, The Macerich Company,
24 Vintage Real Estate, LLC, and Westfield, LLC

25 Dated: January __, 2018

KELLEY DRYE & WARREN LLP

26 By: _____
27 Eric R. Wilson
28 Robert L. LeHane
Jennifer D. Raviele
Attorneys For Rouse Properties, LLC

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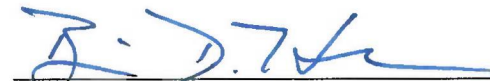
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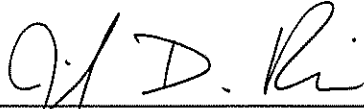
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By:  _____

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Dated: January 30, 2018

ALLEN MATKINS LECK GAMBLE MALLORY &
NATSIS LLP

By: Will W. Huckins

Ivan M. Gold
William W. Huckins
Attorneys For GGP and Taubman Landlords

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ANNEX 1

Bidding Procedures

BIDDING PROCEDURES

Set forth below are the bidding procedures (the “Bidding Procedures”) to be used with respect to potential investments in, and/or the sale or disposition (the “Sale”) of the Assets (as defined below) of, Shiekh Shoes, LLC (the “Debtor”).

Additional information regarding the Debtor and Assets can be obtained by contacting Edward Kim at Province at ekim@provincefirm.com.

I. Description of the Assets to be Sold

The Debtor, in concert with the Official Committee of Unsecured Creditors appointed in the Debtor’s chapter 11 bankruptcy case (the “Committee”, and together with the Debtor, the “Sale Parties”) is evaluating the sale of all or substantially all of its assets, including but not limited to the inventory, receivables, equipment, intellectual property, unexpired leases, contract rights and other assets related to or necessary to operate its business, but excluding cash and causes of action arising under chapter 5 of the Bankruptcy Code (as defined below) (the “Assets”), in each case free and clear of all liens, claims and encumbrances thereon. The Sale Parties may consider proposals for joint ventures, licensing agreements, or other proposals or investments involving the Debtor, as well as bids for the Assets (or any portion thereof) in a single bid from a single bidder, or in multiple bids from multiple bidders.

II. Confidentiality Agreement

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the Bidding Process (as defined below), each person or entity must enter into (unless previously entered into) with the Debtor, on or before the Bid Deadline (as defined below), an executed confidentiality agreement in form and substance reasonably satisfactory to the Sale Parties (the “Confidentiality Agreement”). Each person or entity that enters into the Confidentiality Agreement with the Debtor on or before the Bid Deadline is hereinafter referred to as a “Potential Bidder.”

After a Potential Bidder enters into the Confidentiality Agreement with the Debtor, the Sale Parties shall deliver or make available (unless previously delivered or made available) to each Potential Bidder certain designated information (including, if applicable, financial data) with respect to the Debtor and its Assets.

III. Determinations by the Sale Parties

The Sale Parties will consult with the Debtor’s prepetition and postpetition secured lenders (the “Consultation Parties”) on the process set forth herein, and shall (a) coordinate the efforts of Potential Bidders in conducting their respective due diligence, (b) evaluate proposals from Potential Bidders, (c) negotiate revisions to bids received, and (d) following consultation with the Consultation Parties, make such other determinations as are provided in these Bidding Procedures (collectively, the “Bidding Process”).

IV. Due Diligence

Up to and including the Bid Deadline (as defined below) (such period, the “Diligence Period”), the Sale Parties shall afford any Potential Bidder, and any Consultation Party, such available due diligence access or additional information as may be reasonably requested by the Potential Bidder or Consultation Party, as applicable, that the Sale Parties determine to be reasonable and appropriate under the circumstances. The Sale Parties have designated Province, Inc. to coordinate all reasonable requests for additional information and

due diligence access from Potential Bidders.

The Debtor shall not be required to provide information they deem overly burdensome or sensitive, including identifiable store level financial information.¹

Each Potential Bidder shall be required to acknowledge that it has had an opportunity to conduct any and all due diligence regarding the Debtor and its Assets in conjunction with submitting its Bid (as defined below).

V. Bid Deadline

A Potential Bidder that desires to make a Bid shall deliver copies of its Bid to the Sale Parties by no later than February 20, 2018 at 4:00 p.m. (prevailing Pacific Time) (the "Bid Deadline"). The Debtor or the Committee may extend the Bid Deadline for any and all Potential Bidders up to the beginning of the Auction.

VI. Bid Requirements

All bids (each hereinafter, a "Bid", and collectively, the "Bid Requirements") must:

- (i) set forth the proposed transaction with specificity, and, if the proposal contemplates a sale (a "Sale Transaction"), it must set forth with specificity the Assets (including the specific executory contracts and unexpired leases) such Potential Bidder wishes to bid on and the liabilities and obligations (including applicable cure costs) to be assumed by the Potential Bidder in the Sale Transaction;
- (ii) for a Sale Transaction, include the following:
 - (A) a duly executed purchase agreement (the "APA") and the applicable schedules and exhibits;
 - (B) a redline of the APA marked to reflect any proposed amendments and modifications to the form asset purchase agreement appended to these Bidding Procedures; and
 - (C) with respect to bids for a liquidation transaction, be consistent with the terms of the proposed agency agreement provided by the Sale Parties to prospective liquidation transaction bidders (and any such bid shall include such an agency agreement (the "Agency Agreement"));
- (iii) acknowledge that the bid is binding and irrevocable until March 16, 2018;
- (iv) provide that such Bid is not subject to any due diligence or financing contingency; and

¹ For the avoidance of doubt, the Debtor contemplates providing prospective bidders with financial information concerning the Debtor's operations and performance on a store by store basis, but store addresses and certain other identifying information will not be disclosed unless and until the prospective bidder submits a letter of intent satisfactory to the Debtor, and the Sale Parties unanimously determine that such information should be provided in their reasonable discretion.

- (v) provide that the Potential Bidder agrees to serve as a backup bidder (the “Next-Highest Bidder”) if the Potential Bidder’s Qualified Bid (as defined below) is the next highest and best bid after the Successful Bid (as defined below) (the “Next-Highest Bid”);
- (vi) be accompanied by adequate assurance of future performance information (the “Adequate Assurance Information”), including, without limitation: (i) the name of the prospective bidder and the relationship of the proposed assignee to the prospective bidder (if not the prospective bidder); (ii) the exact name of the entity that will be designated as the proposed assignee of the lease and the exact name of any proposed guarantor; (iii) the proposed trade-name under which the assignee intends to operate the leased premises if not a current trade-name of the Debtor and all trade names used by the proposed assignee and any guarantor; (iv) the number of stores currently operated by the proposed assignee and any guarantor; (v) the proposed assignee’s intended use for the space if different from the present operation (including whether it does not intend to operate the business as a going concern); (vi) audited (or un-audited, if audited is not available) financial statements, including any supplemental schedules, and annual reports, if available, of the Potential Bidder, any other assignee, and any guarantor for the past two (2) years; (vii) if available, cash flow projections for the proposed assignee, and any financial projections, calculations and/or *pro formas* prepared in contemplation of purchasing the assets, including the leases; (viii) all documents and other evidence of the proposed assignee’s retail experience and experience operating in a shopping center, and specific experience operating men’s and women’s apparel and shoe stores; (ix) 2018 business plans, including sales and cash flow projections, for the proposed assignee and any guarantor; and (x) a contact person for the proposed assignee whom non-Debtor parties may contact directly in connection with adequate assurance of future performance; and
- (vii) as and to the extent applicable, be accompanied by a proposed Letter of Intent sufficient for purposes of any required filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”) and a statement indicating that the Potential Bidder would cover any filing fees under the HSR Act;
- (viii) be accompanied by (a) a deposit in the form of a certified check or wire transfer, payable to the order of the Debtor, in the amount of ten percent (10%) of the Bid, which funds will be deposited into a segregated account to be identified and established by the Debtor (a “Good Faith Deposit”) and (b) written evidence, documented to the Sale Parties’ satisfaction, that demonstrates the Potential Bidder has available cash and/or a commitment for financing if selected as the Successful Bidder (as defined below) and such other evidence of ability to consummate the transaction(s) as the Sale Parties may request, including proof that such funding commitments or other financing are not subject to any internal approvals, syndication requirements, diligence or credit committee approvals. The Sale Parties reserve the right to increase the Good Faith Deposit for one or more Qualified Bidders (as defined below) in their reasonable discretion.

The Sale Parties will review each Bid to determine whether it meets the requirements set forth above. A Bid received from a Potential Bidder that meets the above requirements or is otherwise satisfactory to the Sale Parties, will be considered a “Qualified Bid”

and each Potential Bidder that submits a Qualified Bid will be considered a “Qualified Bidder.” The Sale parties will consult with the Consultation Parties in connection with the determination of Qualified Bids and satisfaction or waiver of the requirements to be a Qualified Bidder.

A Qualified Bid will be valued by the Sale Parties, in consultation with the Consultation Parties, based upon any and all factors that the Sale Parties reasonably deem pertinent, including, among others, (a) the value of the Qualified Bid, (b) the risks and timing associated with consummating the transaction(s) with the Qualified Bidder, (c) any excluded assets or executory contracts and leases, and (d) any other factors that the Sale Parties may reasonably deem relevant.

The Sale Parties reserve the right to reject any Bid if such Bid, among other things:

- (a) requires any indemnification of the Potential Bidder in its APA;
- (b) is not received by the Bid Deadline;
- (c) is subject to any contingencies (including representations, warranties, covenants and timing requirements) of any kind or any other conditions precedent to such party’s obligation to acquire the relevant Assets; or
- (d) does not, in the Debtor’s determination (after consultation with the Committee and Consultation Parties), include a fair and adequate price or the acceptance of which would not be in the best interests of the Debtor’s Estate.

The Sale Parties may, in consultation with the Consultation Parties, among other things, (i) extend the Bid Deadline, (ii) postpone the Auction, and/or (iii) cancel the Auction and marketing process.

VII. Auction

Unless otherwise ordered by the Bankruptcy Court for cause shown, only the Qualified Bidders are eligible to participate at the Auction (as defined below), provided that the Consultation Parties and landlords shall be permitted to attend the Auction. At least one (1) day prior to the Auction, each Qualified Bidder must inform the Sale Parties in writing whether it intends to participate in the Auction. If the Debtor receives only one Qualified Bid with regard to any particular Assets (or all of the Assets), (a) the Debtor shall not hold an Auction with respect to such Assets; (b) the Qualified Bid, as applicable, will be deemed the Successful Bid with respect to such Assets; and (c) the Qualified Bidder will be named the Successful Bidder with respect to such Assets.

If at least two Qualified Bids are received by the Bid Deadline with regard to any particular Assets, the Sale Parties will conduct an auction (the “Auction”) with respect to such Assets and shall determine, after consultation with the Consultation Parties, which Qualified Bid is the highest or otherwise best Qualified Bid for the relevant Assets (the “Starting Bid”), which determination will be communicated to Qualified Bidders prior to the commencement of the Auction. The Auction shall take place on February 23, 2018 at 10:00 a.m. (prevailing Pacific Time) at the offices of the Debtor’s counsel, SulmeyerKupetz, or such later time or such other place as the Sale Parties shall designate and notify to all Qualified Bidders who have submitted Qualified Bids. Professionals and principals for the Debtor, the Stalking Horse Bidder(s) (if any), each Qualified Bidder, landlords, and the Consultation Parties shall be able to attend and observe

the Auction, along with any other parties the Sale Parties deem appropriate.

Each Qualified Bidder participating in the Auction will be required to confirm, in writing, and on the record at the Auction, that (a) it has not engaged in any collusion with respect to the Bidding Process, and (b) its Qualified Bid is a good faith *bona fide* offer that it intends to consummate if selected as the Successful Bidder.

Bidding at the Auction for the Assets (or subset thereof) that are subject to Qualified Bids 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 (defined below) is submitted by a Qualified Bidder that (i) improves on such Qualified Bidder's immediately prior Qualified Bid (a "Subsequent Bid") and (ii) the Sale Parties reasonably determine, in consultation with the Consultation Parties, 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 Subsequent Bid at the Auction shall provide net value to the Estate of at least \$100,000 ("Incremental Overbid") over the Starting Bid or the Leading Bid (as defined below), *provided* that the Incremental Overbid may be adjusted by the Sale Parties at any time. After the first round of bidding and between each subsequent round of bidding, the Sale Parties shall announce the bid that they believe to be the highest or otherwise best offer for the subject Assets (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, subject to the Sale Parties' authority to revise the Auction procedures as set forth below. Qualified Bidders may pass only once with respect to the subsequent rounds of bidding without forfeiting their standing in the Auction.

The Sale Parties may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (*e.g.*, the amount of time to make Subsequent Bids, the amount of the Incremental Overbid, or the requirement that parties submit "best and final" Bids) for conducting the Auction or otherwise modify these Bid Procedures; *provided* that such rules (1) are not materially inconsistent with these Bid Procedures, the Bankruptcy Code, or any order of the Bankruptcy Court, and (2) are disclosed to each Qualified Bidder during the Auction. The bidding at the Auction shall be transcribed or videotaped.

Immediately prior to the conclusion of the Auction, the Debtor, in consultation with the Committee and Consultation Parties, will, for the Assets (or subset thereof) that were subject to the Auction: (a) determine, consistent with the Bid Procedures, which bid constitutes the highest or otherwise best bid (the "Successful Bid"); and (b) notify all Qualified Bidders at the Auction for the subject Assets, prior to its conclusion, of the name of the maker of the Successful Bid (the "Successful Bidder") with respect to the subject Assets, and the amount and other material terms of the Successful Bid. The Debtor may designate the Next-Highest Bid (and the corresponding Next-Highest Bidder) to close with respect to the subject Assets in the event that the Successful Bidder does not close the Sale. Unless the Bankruptcy Court orders otherwise upon application by the Debtor, the Debtor shall not consider any Bids or Subsequent Bids for the Assets that were the subject of the Auction submitted after the conclusion of the Auction and any and all such Bids and Subsequent Bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

No later than twelve (12) hours following conclusion of the Auction, the Debtor shall file a notice on the Bankruptcy Court's docket identifying (with specificity) the Successful Bidder(s) for the Assets (or subset thereof) and any applicable Next-Highest Bidders.

All bidders at the Auction will be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to jury trial in connection with any disputes relating to the Auction and all agreements entered into in connection with any

proposed Sale Transaction.

VIII. Acceptance of Qualified Bids

The Debtor, in consultation with the Committee and Consultation Parties, may reject at any time, before entry of an order of the Bankruptcy Court approving a Sale Transaction, any Bid that, in the Debtor's judgment, upon consultation with the Consultation Parties, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or (iii) contrary to the best interests of the Debtor and its estate.

The Debtor's presentation to the Bankruptcy Court for approval of a selected Qualified Bid as a Successful Bid does not constitute the Debtor's acceptance of such Bid. The Debtor will have accepted a Successful Bid only when such Successful Bid has been approved by the Bankruptcy Court at the Sale Hearing.

IX. Sale Hearing

Each Successful Bid and any Next-Highest Bid (or if only one Qualified Bid is received with respect to the Assets (or subset thereof), then the Qualified Bid) will be subject to approval by the Bankruptcy Court. The hearing to approve a Sale Transaction shall take place on March 7, 2018 at 9 a.m. (prevailing Pacific Time) (the "Sale Hearing"). The Sale Hearing may be adjourned due to outstanding adequate assurance objections or by the Debtor from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice on the docket of the Debtor's chapter 11 case.

X. Return of Good Faith Deposit

The Good Faith Deposits of all Potential Bidders shall be held in a segregated account and shall not become property of the Debtor's Estate absent further order of the Bankruptcy Court. The Debtor shall retain any Good Faith Deposit submitted by each Successful Bidder. At the closing of a Transaction, the applicable Successful Bidder will be entitled to a credit for the amount of its Good Faith Deposit to the extent such a deposit was provided. The Good Faith Deposits of each Next-Highest Bidder shall be retained until three (3) days after the applicable closing date. The Good Faith Deposits of the other Qualified Bidders will be returned as soon as practicable but no later than seven (7) days following the Auction.

If a Successful Bidder (or, if the Sale is to be closed with a Next-Highest Bidder, then the Next-Highest Bidder) fails to consummate the Sale Transaction because of a breach or failure to perform on the part of such bidder, then the Debtor and its Estate shall be entitled to retain the Good Faith Deposit of such Successful Bidder (or, if the Sale Transaction is to be closed with the Next-Highest Bidder, then such Next-Highest Bidder) as part of the damages resulting to the Debtor and its Estate for such breach or failure to perform.

XI. Reservation of Rights and Modifications

Notwithstanding any of the foregoing, the Sale Parties, in consultation with the Consultation Parties, reserve the right to modify these Bid Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth herein, modify bidding increments, waive terms and conditions set forth herein with respect to any or all Potential Bidders (including, without limitation, the Bid Requirements), impose additional terms and

conditions with respect to any or all potential bidders, and adjourn or cancel the Auction at or prior to the Auction, and/or adjourn the Sale Hearing.

The Sale Parties shall consult with the Consultation Parties as explicitly provided for in these Bid Procedures; *provided, however*, that the Sale Parties shall not be required to consult with any Consultation Party (or its advisors) that submits a Bid or has a Bid submitted on its behalf for so long as such Bid remains open if the Sale Parties determine that consulting with such Consultation Party regarding any issue, selection, or determination is (a) likely to have a chilling effect on the potential bidding, or (b) otherwise contrary to the goal of maximizing value for the Debtor's Estate, its creditors, and all other parties in interest. Should a member of the Committee submit a Bid, the Committee shall sequester that member from any discussion of the marketing process so that the Committee may continue as a Sale Party.

XII. Next-Highest Bidder

Notwithstanding any of the foregoing, in the event that a Successful Bidder fails to close a Sale Transaction prior to such date as specified in the applicable Purchase Agreement (or such date as may be extended by the Debtor), the Debtor, upon written notice to the Next-Highest Bidder, may designate the applicable Next-Highest Bid as the Successful Bid for the Assets (or subset thereof), in which case, the Next-Highest Bidder will be deemed to be the Successful Bidder for such Assets. The Sale Hearing shall proceed only as a status conference on the potential sale of Assets to the Next-Highest Bidder and the actual hearing to consider the sale of Assets to the Next-Highest Bidder shall be rescheduled for a date no earlier than seven (7) days after the Sale Hearing. If the Debtor pursues a sale of the Assets to the Next-Highest Bidder, the Debtor shall promptly file a notice of the intended Sale Transaction to the Next-Highest Bidder and then the deadline for contract and lease counterparties to object to the Next-Highest Bidder's adequate assurance of future performance information shall be two (2) days prior to such rescheduled hearing.

XIII. Non-Going Concern Bidder

Notwithstanding any of the foregoing, if (i) the Debtor seeks to assume and assign an unexpired lease to a bidder who does not intend to operate the business as a going concern and is instead seeking a "one-off" assignment to such bidder and (ii) the applicable lease counterparty contests such assumption and assignment, then (a) the parties shall work together to attempt to consensually resolve the issues and (b) if a consensual resolution is not possible, the Debtor shall schedule a hearing to consider the contested assignment on not less than fourteen (14) days' notice to the applicable lease counterparty.

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