

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

GRACIOUS HOME LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 16-13500 (MKV)

(Jointly Administered)

**NOTICE OF SALE, BIDDING PROCEDURES, AUCTION, AND SALE HEARING**

1. On, May 24, 2017, the above-captioned debtors and debtors-in-possession (the “Debtors”) filed with the Bankruptcy Court for the Southern District of New York, filed their motion for entry of (I) an Order (A) Approving the Bidding Procedures for the Sale of the Assets, (B) Establishing the Notice Procedures and Approving the Form and Manner of Notice Thereof, and (C) Scheduling a Sale Hearing, and (D) Granting Related Relief and (II) an Order (A) Approving the Sale of the Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Leases Related Thereto, and (C) Granting Related Relief (the “Motion”).<sup>2</sup>

2. The Debtors are seeking to sell all or substantially all of the Debtors’ 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 the business currently operated by the Debtors, but excluding causes of action arising under chapter 5 of the Bankruptcy Code (the “Assets”).

3. Pursuant to the Bidding Procedures Order, in the event that the Debtors timely receive one or more Qualified Bids for the Purchased Assets, including any Stalking Horse Bid, the Auction for the Assets shall be held on **June 22, 2017 at 10:00 a.m. (prevailing Eastern Time)** at 45 Rockefeller Plaza, Suite 2000, New York, New York 10111, or such other location and time as the Debtors timely communicate to all entities entitled to attend the Auction, including

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<sup>1</sup> The Debtors in these chapter 11 cases and the last four digits of their tax identification numbers are: Gracious Home LLC (6822); Gracious Home Holdings LLC (3251); Gracious Home Payroll LLC (3681); GH East Side LLC (3251); GH West Side LLC (3251); GH Chelsea LLC (3251) and Gracious (IP) LLC (3251). The latter four entities are disregarded for tax purposes and do not have their own tax identification numbers, but use that of Gracious Home Holdings LLC. The address of the Debtors’ corporate headquarters is 1210 Third Avenue, New York, New York 10021.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion. Any summary of the Bidding Procedures and the Bidding Procedures Order contained herein or in the Motion are qualified in their entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control. An amended Motion was filed on June 2, 2007 to conform to the requirements of the Bidding Procedures Order. No changes were made to the substantive relief sought in the Motion.

all Qualified Bidders, the Stalking Horse Bidder and its counsel, the United States Trustee, and counsel for the Committee.

4. Only Qualified Bidders will be entitled to make bids at the Auction. Each bidder who submits a Qualified Bid shall be a “Qualified Bidder.” A Qualified Bidder, that desires to make a bid shall deliver a written offer to the Bid Notice Parties **by no later than June 16, 2017 at 4:00 p.m. prevailing Eastern Time (the “Bid Deadline”)** and otherwise comply with the Bidding Procedures. **FAILURE TO ABIDE BY THE BIDDING PROCEDURES MAY RESULT IN A BID FOR THE PURCHASED ASSETS TO NOT BE CONSIDERED.** A bid must be submitted to (a) the Debtors, 1210 Third Avenue, New York, New York Attn: Robert Morrison ([rmorrison@gracioushome.com](mailto:rmorrison@gracioushome.com)); (b) counsel for the Debtors, Trenk, DiPasquale, Della Fera & Sodono, P.C., 347 Mt. Pleasant Ave., Suite 300, West Orange, New Jersey 07052, Attn: Joseph J. DiPasquale ([jdipasquale@trenklawfirm.com](mailto:jdipasquale@trenklawfirm.com)) and Irena M. Goldstein ([igoldstein@trenklawfirm.com](mailto:igoldstein@trenklawfirm.com)); (c) financial advisor and investment banker to the Debtors, B. Riley & Co., 420 Lexington Avenue, Suite 3001, 420 Lexington Avenue, New York, New York 10022, Attn: Perry M. Mandarino ([pmandarino@brileyco.com](mailto:pmandarino@brileyco.com)) and Adam M. Rosen ([arosen@briley.com](mailto:arosen@briley.com)); (d) counsel for the Committee, Seward & Kissel LLP, One Battery Park Plaza, New York, New York 10004, Attn: John R. Ashmead ([ashmead@sewkis.com](mailto:ashmead@sewkis.com)) and Robert J. Gayda ([gayda@sewkis.com](mailto:gayda@sewkis.com)); and (e) financial advisor to the Committee, Wyse Advisors LLC, 85 Broad Street, 18<sup>th</sup> Floor, New York, NY 10004, Attn: Mike Wyse, ([mwyse@wyseadvisorsllc.com](mailto:mwyse@wyseadvisorsllc.com)) (collectively, the “Bid Notice Parties”). Instructions for how to submit a “Qualified Bid” can be found in the Bidding Procedures Order and the Bidding Procedures, which are available for download at <https://cases.primeclerk.com/GraciousHome>. The failure to abide by the procedures and deadlines set forth in the Bidding Procedures Order and the Bidding Procedures may result in the denial of your bid. The Debtors, in their sole and absolute discretion in consultation with the respective representatives and advisors for the Committee (and the DIP Lender if it does not submit a Bid), shall make a determination regarding whether a bid is a Qualified Bid and whether any of the Bidding Procedures may be waived and will notify all bidders before the Auction whether their bids have been determined to be Qualified Bids.

5. The Debtors will review and evaluate each Qualified Bid and determine, after consultation with the respective representatives and advisors for the DIP Lender (if it does not submit a Bid) and the Committee, which offer is the highest or otherwise best offer from among the Qualified Bids submitted at the auction (such bid, the “Successful Bid,” and the Qualified Bidder submitting such Successful Bid, the “Successful Bidder”), which shall be subject to Bankruptcy Court approval.

6. The Bankruptcy Court will conduct a hearing (the “Sale Hearing”) to consider the proposed sale on **June 27, 2017 at 10:00 a.m. (prevailing Eastern Time)**.

7. Copies of any Stalking Horse Agreement, Form APA and the proposed Sale Order are available upon request to the Debtors’ noticing agent, Prime Clerk, at (855) 410-7360 for U.S. – based parties or (646) 795-6965 for International parties, and are available for download at <https://cases.primeclerk.com/GraciousHome>.

8. **ANY INTERESTED BIDDER SHOULD CONTACT THE DEBTORS’ ADVISORS AT:** B. Riley & Co., 420 Lexington Avenue, Suite 3001, 420 Lexington Avenue,

New York, New York 10022, Attn: Perry M. Mandarino and Adam M. Rosen and by e-mail at [pmandarino@brileyco.com](mailto:pmandarino@brileyco.com) and [arosen@brileyco.com](mailto:arosen@brileyco.com).

9. The deadline to file an objection with the Bankruptcy Court to the proposed sale of the Assets (the “Objection Deadline”) is **June 23, 2017 at 5:00 p.m. (prevailing Eastern Time)**.

10. Objections must be filed and served in accordance with the Bid Procedures Order and be served on the Bid Notice Parties.

**THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION BY THE OBJECTION DEADLINE SHALL BE A BAR TO THE ASSERTION BY SUCH PERSON OR ENTITY OF ANY OBJECTION TO THE SALE MOTION, THE SALE ORDER, THE SALE TRANSACTION, OR THE SELLERS’ CONSUMMATION AND PERFORMANCE OF ANY STALKING HORSE AGREEMENT.**

**THE FAILURE OF ANY PERSON OR ENTITY WITH AN ENCUMBRANCE ON THE PURCHASED ASSETS WHO DOES NOT FILE AND SERVE AN OBJECTION BY THE OBJECTION DEADLINE, SHALL BE DEEMED TO CONSENT TO THE SALE TRANSACTION BEING FREE AND CLEAR OF ALL ENCUMBRANCES (OTHER THAN ASSUMED LIABILITIES). UPON THE CLOSING, SUCH ENCUMBRANCES WILL ATTACH TO THE PROCEEDS OF THE SALE TRANSACTION WITH THE SAME VALIDITY, PRIORITY, AND FORCE AND EFFECT AS SUCH ENCUMBRANCE HAD IMMEDIATELY PRIOR TO THE CLOSING OF THE SALE TRANSACTION. IN ADDITION, ALL SUCH PERSONS COULD BE COMPELLED TO ACCEPT MONEY SATISFACTION FOR THEIR INTERESTS.**

Dated: New York, New York  
June 2, 2017

**TRENK, DiPASQUALE,  
DELLA FERA & SODONO, P.C.**

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