

**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 CANCELLATION OF AUCTION AND DESIGNATION  
OF STALKING HORSE BIDDER AS THE SUCCESSFUL BIDDER**

1. Motion to Approve Bidding Procedures and Sale of Assets. 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 (the “Court”) 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 Bidding Procedures Order. On May 31, 2017, the Court entered the Bidding Procedures Order. 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.

3. Designation of the Stalking Horse Bidder. On June 16, 2017, the Debtors filed a *Notice of Designation of Stalking Horse Bidder* [ECF No. 328], which designated NEWGH, LLC

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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, 2017 to conform to the requirements of the Bidding Procedures Order. No changes were made to the substantive relief sought in the Motion.

(the “Stalking Horse Bidder”) as the Stalking Horse Bidder and deemed the NEWGH Bid (the “Stalking Horse Bid”) a Qualified Bid in accordance with the Bidding Procedures Order.

4. Designation of Successful Bidder and Cancellation of the Auction for the Assets. Pursuant to the Bidding Procedures approved by the Court, “If the Debtors do not receive any Qualified Bids other than a Stalking Horse Bid by the Bid Deadline, the Debtors will not hold an Auction, and any Stalking Horse Bidder will be named the Successful Bidder . . . .” In consultation with the Committee and the DIP Lender, the Debtors have determined that (a) as of the filing of this Notice, the Stalking Horse Bid is the sole bid that the Debtors deem to be a Qualified Bid for the Assets; and (b) the Stalking Horse Bidder should be, and hereby is, designated as the Successful Bidder for the Assets without conducting an Auction for these assets. After consultation with the Committee and DIP Lender, the Debtors have determined in their business judgment that designating the Stalking Horse Bidder as the Successful Bidder for the Assets on the terms of the Stalking Horse Agreement, without an Auction for the Assets, will maximize the value of the Assets for the Debtors’ estates and stakeholders. Accordingly, the Auction is hereby cancelled.

5. Approval of Sale of the Assets at the Sale Hearing. In accordance with the Bidding Procedures Order, the Debtors will present the Successful Bid to the Court for approval at the hearing taking place on **June 27, 2017 at 10:00 a.m. (prevailing Eastern Time)** (the “Sale Hearing”). At the Sale Hearing, the Debtors will seek entry of the Sale Order, authorizing and approving the sale of the Assets to the Stalking Horse Bidder pursuant to the terms and conditions set forth in the Stalking Horse Agreement, with such modifications as may be negotiated by the parties.

6. Copies of the Stalking Horse Agreement and the proposed Sale Order are available upon request to the Debtors’ noticing agent, Prime Clerk, at (855) 388-4575 for U.S.-based parties or (646) 795-6966 for International parties, and are available for download at <https://cases.primeclerk.com/GraciousHome>.

Dated: New York, New York  
June 21, 2017

**TRENK, DiPASQUALE,  
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