

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

In re:

SUGARFINA INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 19-11973 (MFW)

(Jointly Administered)

**Ref. Docket No. 62, 63, 66, 69, 108, 110,
128, 129, 130, 162, 166, 181, 190, 191**

**ORDER (A) APPROVING BIDDING PROCEDURES AND PROTECTIONS IN
CONNECTION WITH A SALE OF SUBSTANTIALLY ALL OF DEBTORS' ASSETS
FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS;
(B) SCHEDULING AN AUCTION AND SALE HEARING; (C) APPROVING THE
FORM AND MANNER OF NOTICE THEREOF; (D) APPROVING PROCEDURES FOR
THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES; AND
(E) GRANTING RELATED RELIEF**

Upon consideration of the *Debtors' Motion for Entry of an Order: (I)(A) Approving Bidding Procedures and Protections in Connection with a Sale of Substantially All of Debtors' Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; (B) Scheduling an Auction and Sale Hearing; (C) Approving the Form and Manner of Notice Thereof; (D) Approving Procedures for the Assumption and Assignment of Contracts and Leases; and (E) Granting Related Relief and (II)(A) Authorizing and Approving the Sale of Substantially All the Debtors' Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances; (B) Authorizing and Approving the Assumption and Assignment of Certain Contracts and Leases; and (C) Granting Related Relief* [Docket No. 62] (the "Sale Motion")², the *Declaration of Lance Miller in Support*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian Revenue Agency, as applicable are (1) Sugarfina, Inc., a Delaware corporation (4356), (2) Sugarfina International, LLC, a Delaware limited liability company (1254) and (3) Sugarfina (Canada), Ltd. (4480). The location of the Debtors' corporate headquarters is 1700 E. Walnut Ave., 5th Floor, El Segundo, California 90245.

² Except where otherwise indicated, capitalized terms used but not defined herein shall have the meanings ascribed to them in the Miller Declaration, the Sale Motion, the Bidding Procedures, or the Agreement (each as defined herein), as applicable. For purposes of this Order, the "Sale Motion" shall not refer to that portion of such

of First Day Motions [Docket No. 23] (the "Miller Declaration"), the *Reply in Support of Debtors' Motion for Entry of an Order: (I) (A) Approving Bidding Procedures and Protections in Connection with a Sale of Substantially All of Debtors' Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; (B) Scheduling an Auction and Sale Hearing; (C) Approving the Form and Manner of Notice Thereof; (D) Approving Procedures for the Assumption and Assignment of Contracts and Leases; and (E) Granting Related Relief and (II) (A) Authorizing and Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances; (B) Authorizing and Approving the Assumption and Assignment of Certain Contracts and Leases; and (C) Granting Related Relief* [Docket No. 190] (the "Reply"), the *Declaration of Lance Miller in Support of First Day Motions* [Docket No. 23] (the "Miller Declaration") and the *Declaration of Adam Meislik in Support of Debtors' Motion for Entry of Interim and Final Orders Authorizing Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362 and 364 and Use of Cash Collateral* [Docket No. 22] (the "Meislik Declaration"), and collectively with the Sale Motion, the Reply and the Miller Declaration, the "Sale Pleadings") filed by the above-captioned debtors and debtors-in-possession (the "Debtors"); the Court having reviewed the Sale Pleadings and the record in the Debtors' chapter 11 cases (the "Chapter 11 Cases"); the Court having considered the statements of counsel to the Debtors, the Official Committee of Unsecured Creditors (the "Committee") and other parties in interest, the Court finds that establishing bidding and sale procedures in connection with a sale of the Acquired Assets (collectively, the "Bidding Procedures"), in accordance with the

motion seeking approval of the sale and related contract assumption and assignment, other than the procedures related thereto.

provisions contained herein (the “Bidding Procedures Order”), is in the best interests of the Debtors’ estates.

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Findings of Fact and Conclusion of Law. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), made applicable to this proceeding pursuant to Rule 9014 of the Bankruptcy Rules. To the extent any findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any conclusions of law herein constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue. The Court has jurisdiction over the Sale Motion and the transaction contemplated in the Agreement (as defined herein) pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M), and (O). Venue in this district is proper under 28 U.S.C. §§ 1408 and 1409.

C. Basis for Relief. The statutory bases for the relief requested in the Sale Motion are (i) sections 105, 363, 365, and 503 of title 11 of the United States Code (the “Bankruptcy Code”) and (ii) Rules 2002(a)(2), 6004, 6006, and 9014 of the Bankruptcy Rules and Rules 2002-1 and 6004-1 of the Local Rules for the United States Bankruptcy Court District of Delaware (the “Local Rules”).

D. Notice. As evidenced by the certificates of service filed with the Court, proper, timely, adequate, and sufficient notice of, and a reasonable opportunity to object or otherwise to be heard regarding: the Sale Motion and the relief sought therein, and such notice complied with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and Local Rules, and

no other or further notice is required except as set forth herein with respect to a hearing (the "Sale Hearing") before the Court to approve the transactions contemplated by that certain Asset Purchase Agreement by and among Sugarfina, Inc. and its subsidiaries and Sugarfina Acquisition Corp., dated October 5, 2019 as attached hereto Exhibit 5 (the "Agreement")

E. The Initial Asset Purchase Agreement. On or about September 6, 2019, the Debtors entered in asset purchase agreement (the "CCH APA") with Candy Cube Holdings, LLC ("CCH"). The CCH APA was attached to the Sale Motion as Exhibit "C." The CCH APA was subject to Bankruptcy Court approval.

F. Objections. The following parties filed objections (the "Objections") to the Sale Motion: (1) the Committee; (2) The Office of the United States Trustee (the "UST"); (3) Joinder Domain Northside Retail Property Owner to BP Prucenter Acquisition LLC ("Prucenter"); (4) BP Prucenter Acquisition LLC ("Prucenter") (5) Bristol Investment Fund, Ltd. ("Bristol"); (6) Federal Realty Investment Trust, The Forbes Company, LLC, The Macerich Company, and the Related Companies; and (7) The Taubman Landlords. Among other bases, certain of the Objections argued that the bid protections contained in the CCH APA were excessive and that the credit bidding rights afforded CCH would serve to "chill" the bidding for the Debtors' assets, and that "cause" existed to prevent CCH from exercising certain of its purported credit bid rights. CCH and GSSLG filed a response to the Reply, to which SFCC Loan Investors LLC ("SFCC") joined, arguing in support of the rights of secured creditors to credit bid.

G. The Revised Bid Procedures and Stalking Horse Solicitation. Following the commencement of the Chapter 11 Cases, the Debtors continued to actively market their assets in conformance with and in furtherance of their fiduciary obligations in an attempt to seek higher and better offers than that contained in the CCH APA. In consultation with the Committee, the

Debtors determined that proceeding with the CCH APA was no longer in the best interests of their estates. Rather, the Debtors, in consultation with the Committee, determined that establishing bidding procedures, based on the facts of the Chapter 11 Cases, including that the Committee's and other parties' interests' rights to challenge (the "Challenge Rights", the Debtors' stipulations set forth in the *Final Order (I) Authorizing the Debtors to Obtain Postpetition Secured Financing, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Authorizing the Debtors' Use of Cash Collateral* [Docket No. 227] (the "DIP Order") do not expire until on or about November 17, 2019, subject to the procedures set forth in this Bidding Procedures Order.

In addition, the Debtors, in consultation with the Committee, determined in their business judgment, seeking a stalking horse bidder in conjunction with the revised bid procedures was in the estates' best interests. In that regard, the Debtors solicited interest from all parties who had in connection with the current sales process executed non-disclosure agreements, either via a direct email and/or via a posting in the virtual data room (the "Stalking Horse Solicitation"). A copy of the Stalking Horse Solicitation is attached hereto as **Exhibit 6**. Prior to the hearing on this matter, the Debtors, in consultation with the Committee, selected Sugarfina Acquisition Corp. as their Stalking Horse Bidder and the Agreement as the Stalking Horse Bid.

The Debtors' proposed notice of the Bidding Procedures is appropriate and reasonably calculated to provide all parties in interest with timely and proper notice of the sale of the Acquired Assets, the auction for the Acquired Assets (the "Auction"), and the Bidding Procedures to be employed in connection therewith.

H. Approval of the Bidding Procedures. The Debtors have demonstrated good and sufficient reasons for the Court to: (i) approve the Bidding Procedures; (ii) set the Auction and the Sale Hearing and approve the form and manner of notice of the Auction and the Sale Hearing; (iii) approve the procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure costs; and (iv) grant the Termination Fee as provided in the Agreement and in this Bidding Procedures Order.

The entry of this Bidding Procedures Order is in the best interests of the Debtors, their estates, creditors, and all other parties in interest.

The Bidding Procedures are fair, reasonable, and appropriate and are designed to maximize the value to be achieved for the Acquired Assets.

The Bidding Procedures and the Agreement were each negotiated in good faith and at arm's length by the Debtors and the Stalking Horse Bidder. The Agreement represents the highest or otherwise best offer that the Debtors have received to date to purchase the Assets. The selection of the Stalking Horse Bidder was fair and appropriate and is in the best interests of the Debtors' estates under the circumstances.

I. Termination Fee. The Debtors have proposed to pay the Termination Fee (in the amount of \$500,000) to the Stalking Horse Bidder. The Debtors have demonstrated a compelling business justification of the payment of the Termination Fee under the circumstances set forth in the Sale Pleadings and the Agreement. The Termination Fee (i) is payable as provided in section 5.5(a) of the Agreement, (ii) is of substantial benefit to the Debtors' estates, (iii) is reasonable and appropriate in light of the size and nature of the sale and the efforts that have been or will be expended by the Stalking Horse Bidder, notwithstanding that the proposed sale is subject to higher and better offers for the Acquired Assets, (iv) was negotiated by the parties at arm's length and in good faith, and (v) is necessary to ensure that the Stalking Horse Bidder will continue to pursue its proposed acquisition of the Acquired Assets contemplated in the Agreement. The Stalking Horse Bidder is unwilling to commit to purchase the Acquired Assets under the terms of the Agreement without approval of the Termination Fee.

J. Local Rule. The Bidding Procedures comply with the requirements of Local Rule 6004-1(c).

K. Executory Contracts and Unexpired Leases. The procedures for assumption and assignment of executory contracts and unexpired leases are fair, reasonable, and appropriate, and comply with the provisions of section 365 of the Bankruptcy Code.

L. CCH APA. The Debtors and the Committee, in the exercise of their fiduciary duties, have determined that it is not best to proceed with the CCH APA.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The Sale Motion is GRANTED with respect to all issues other than the approval of the Sale, to the extent set forth herein.

2. Except as provided to the contrary herein, all objections to the Sale Motion or the relief provided herein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled and denied on the merits with prejudice.

3. The CCH APA. The CCH APA is not in the best interests of the estates and is not approved. The entry of this Order shall constitute written notice of the termination of the CCH APA pursuant to Section 8.1 (h)(ii) thereof.

4. Approval of Bidding Procedures. The Bidding Procedures, attached hereto as **Exhibit 1**, are hereby approved in their entirety, are incorporated herein by reference, and shall govern the bids and proceedings related to the sale and the Auction, and the key dates for the sales process, attached hereto as **Exhibit 2** (the “Bidding Procedures Key Dates”), are hereby approved in their entirety and incorporated herein by reference.

5. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

6. Stalking Horse Bidder. Sugarfina Acquisition Corp. is approved as the Stalking Horse Bidder, in accordance with the terms of the Agreement.

7. Bid Deadline. October 18, 2019 at 12:00 p.m. (prevailing Eastern Time), is hereby set as the Bid Deadline, as further detailed in the Bidding Procedures.

8. Auction. If the Debtors receive one or more Qualified Bids (as defined in the Bidding Procedures) (other than the bid submitted by the Stalking Horse Bidder) by the Bid Deadline, the Auction shall take place on October 22, 2019 at 10:00 a.m. (prevailing Eastern time), at the offices of Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801-1494, or such other place as the Debtors shall notify all proposed attendees. The Auction shall be conducted in accordance with the Bidding Procedures.

9. Termination Fee. Sections 5.5(a), 8.1, and 8.2 of the Agreement are hereby approved in their entirety and binding upon the Debtors, their estates, and all parties in interest. In connection therewith, the Debtors' obligation to pay the Termination Fee, as provided in the Agreement, is hereby approved in its entirety and shall survive termination of the Agreement and shall be payable as provided in Sections 5.5(a) and 8.2 of the Agreement.

10. Payment of Termination Fee. If the Agreement is terminated such that the Stalking Horse Bidder is entitled to the Termination Fee as described in Section 5.5 of the Agreement, the Debtors shall pay a break-up fee to the Stalking Horse Bidder in an amount equal to \$500,000 (the "Break-Up Fee") inclusive of the actual, reasonable, and documented expenses of the Stalking Horse Bidder incurred in connection with the negotiation, execution, and preparation for the consummation of the transactions contemplated in the Agreement (the "Expense Reimbursement," and together with the Break-Up Fee, the "Termination Fee").

11. The Expense Reimbursement is payable on the first Business Day following termination of the Agreement by each Debtor from its bankruptcy estate (but paid only once) by wire transfer of immediately available funds to the account specified by the Stalking Horse Bidder to the Debtors in writing; provided, however, that if the Agreement is terminated as a result of the Debtors selecting a Successful Bidder that is not the Stalking Horse Bidder, then the Expense Reimbursement shall be payable on the earlier of (a) the first Business Day after the closing of the transaction with the Successful Bidder (or the Backup Bidder that becomes the Successful Bidder) and (b) October 31, 2019. The Break-Up Fee (less the amount of any Expense Reimbursement previously paid) is payable from the proceeds of any Alternative Transaction following termination of the Agreement by wire transfer of immediately available funds to the account specified by the Stalking Horse Bidder to the Debtors in writing, which wire

payment shall be made on the first Business Day following receipt of the initial proceeds from any such Alternative Transaction.

12. The obligation to pay the Termination Fee in full by wire transfer of immediately available funds when due shall not be discharged, modified, or otherwise affected by any chapter 11 plan in the Chapter 11 Cases or by any other order or action of the Court. The Termination Fee shall be an allowed super-priority administrative expense claim (senior to any other super-priority administrative expense claims except for administrative expense claims of the Lender (as defined in the DIP Order). under the DIP Credit Facility (as such term is defined in the DIP Order) pursuant to sections 363, 503(b), and 507(a)(2) of the Bankruptcy Code. The Termination Fee shall be payable on the first Business Day after the closing of the transaction with the Successful Bidder (or the Backup Bidder that becomes the Successful Bidder).

13. Professional Fees Included in Termination Fee. The Stalking Horse Bidder's professional advisors are not obligated to comply with any provisions of the Bankruptcy Code regarding Court approval of professional fees payable by the Debtors and included in the Termination Fee or otherwise; provided, however, that any disputes concerning the reasonableness of the documented expenses for which the Stalking Horse Bidder is entitled shall be resolved by the Court.

14. No Termination Fees for Other Bidders. Except for the Stalking Horse Bidder, no other entity (as defined in the Bankruptcy Code) submitting an offer or Bid for the Acquired Assets or a Qualified Bid shall be entitled to any expense reimbursement, or break-up, termination, or similar fees or payment; provided however, notwithstanding anything to the contrary in the Sale Pleadings, this Bidding Procedures Order, or the Bidding Procedures, the

Court has reserved the rights of CCH to assert a substantial contribution claim or whatever claim that it may assert to recover something.

15. Credit Bidding. For purposes of any bid by the Stalking Horse Bidder, including any Overbid, the Stalking Horse Bidder shall be entitled to credit bid up to the full amount of the Termination Fee. Any bidder, including the Stalking Horse Bidder shall have the right to credit bid the full amount of the portion of the DIP Credit Facility that it has funded, if any, and, notwithstanding anything in this Bidding Procedures Order or the Bidding Procedures to the contrary, (a) any credit bid or cash bid by the Stalking Horse Bidder shall be a Qualified Bid, and (b) the Stalking Horse Bidder shall be a Qualified Bidder. Other than as set forth in this paragraph or paragraph 16, no other credit bidding shall be allowed.

16. Credit Bidding under the SFCC Facility and the Goldman Sachs Facility. Only SFCC and GSSLC, as holders of allowed secured claims arising under the SFCC Facility and Goldman Sachs Facility (as each is defined in the Miller Declaration) (collectively, the “Secured Claims”) shall have the right to credit bid such Secured Claims pursuant to Bankruptcy Code section 363(k), unless and until, prior to the Auction, the Committee shall have filed an objection to, or otherwise filed a standing motion with regard to, or commenced an action seeking to challenge the extent, validity or priority of any Secured Claim (the “Committee Challenge”). In the event of a Committee Challenge, absent further order of the Court, the holder of the challenged Secured Claim shall not be entitled to credit bid said challenged Secured Claim at the Auction

17. Sale Notice. The notice of the sale of the Debtors’ assets, substantially in the form attached hereto as **Exhibit 3** (the “Sale Notice”), is hereby approved in its entirety.

18. Service of the Sale Notice and Bidding Procedures Order. On or before two (2) business days after entry of this Bidding Procedures Order, the Debtors will cause the Sale Notice and this Bidding Procedures Order to be sent by electronic mail, if known, and first-class mail, postage prepaid, to the following: (a) all creditors or their counsel known to the Debtors to assert a lien (including any security interest), claim, right, interest, or encumbrance of record against all or any portion of the Acquired Assets; (b) the Office of the United States Trustee for the District of Delaware; (c) counsel to the Stalking Horse Bidder, Olshan Frome Wolosky LLP, 1325 Avenue of the Americas, New York, NY 10019 Attn: Adam Friedman, AFriedman@olshanlaw.com; and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington DE 19801 Attn: Kerri Mumford, mumford@lrclaw.com; (d) counsel to the Debtors' first lien lender, SFCC Loan Investors, LLC, Loeb & Loeb LLP, 345 Park Avenue, New York, NY 10154, Attn: Vadim J. Rubinstein, vrubinstein@loeb.com; (e) counsel to the Debtors' second lien lender, Goldman Sachs Specialty Lending Group L.P., King & Spalding LLP, 1180 Peachtree Street, N.E., Atlanta, Georgia 30309, Attn: W. Austin Jowers, ajowers@kslaw.com; (f) counsel to the Committee, Bayard, P.A., 600 North King Street, Suite 400, Wilmington, DE 19801, Attn: Erin R. Fay, efay@bayardlaw.com; (g) all parties in interest who have requested notice pursuant to Bankruptcy Rule 2002; (h) all applicable federal, state, and local taxing and regulatory authorities of the Debtors or recording offices or any other governmental authorities that, as a result of the sale of the Acquired Assets, may have claims, contingent or otherwise, in connection with the Debtors' ownership of the Acquired Assets or have any known interest in the relief requested by the Sale Pleadings; (i) all counterparties to any executory contract or unexpired lease of the Debtors; and (j) all potential bidders previously identified or otherwise known to the Debtors.

19. Publication Notice. No later than five (5) business days after entry of the Bidding Procedures Order, the Debtors will cause substantially all of the information contained in the Sale Notice to be published once in a publication of national circulation.

20. Notice. Compliance with the foregoing provisions for the Sale Notice shall constitute sufficient notice of the Debtors' proposed sale of the Acquired Assets free and clear of liens, claims, interests, and encumbrances, pursuant to section 363(f) of the Bankruptcy Code and otherwise, and, except as set forth in this Bidding Procedures Order, no other or further notice of the sale shall be required to be provided by the Debtors.

21. Sale Objections. Any objections to the sale of the Acquired Assets and the sale contemplated in the Agreement, or the relief requested in the Sale Motion, must: (a) be in writing; (b) state the basis of such objection with specificity; (c) comply with the Bankruptcy Rules and the Local Rules; (d) be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before 4:00 p.m. (prevailing Eastern time), on October 21, 2019 at 4:00 p.m.(the "Sale Objection Deadline"); and (e) be served upon: (i) the Debtors, 1700 East Walnut Avenue, 5th Floor, El Segundo, California 90245, Attn: Lance Miller, lance.miller@sugarfina.com; (ii) counsel to the Debtors, Shulman Hodges & Bastian LLP, 100 Spectrum Center Drive, Suite 600, Irvine, California 92618, Attn: Alan J. Friedman, afriedman@shblp.com and Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington Delaware 19806, Attn: Brya M. Kielson, Esquire, bkielson@morrisjames.com; ; (iii) counsel to the Stalking Horse Bidder, Olshan Frome Wolosky LLP, 1325 Avenue of the Americas, New York, NY 10019 Attn: Adam Friedman, AFriedman@olshanlaw.com; and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington DE 19801 Attn: Kerri Mumford, mumford@lrclaw.com; (iv) the Office of the

United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: U.S. Trustee; (v) counsel to the Committee, Bayard, P.A., 600 North King Street, Suite 400, Wilmington, DE 19801, Attn: Erin R. Fay, efay@bayardlaw.com; (vi) counsel to the Debtors' first lien lender, SFCC Loan Investors, LLC, Loeb & Loeb LLP, 345 Park Avenue, New York, NY 10154, Attn: Vadim J. Rubinstein, vrubinstein@loeb.com; and (vii) counsel to the Debtors' second lien lender, Goldman Sachs Specialty Lending Group L.P., King & Spalding LLP, 1180 Peachtree Street, N.E., Atlanta, Georgia 30309, Attn: W. Austin Jowers, ajowers@kslaw.com, in each case, so as to be received no later than 4:00 p.m. (prevailing Eastern time), on the Sale Objection Deadline.

22. Cure Notice. The notice, substantially in the form attached hereto as **Exhibit 4** (the "Cure Notice"), of potential assumption and assignment to either the Stalking Horse Bidder or other Successful Bidder (the "Proposed Assignee") of certain of the Debtors' executory contracts and unexpired leases to be listed in the Cure Notice (collectively, the "Scheduled Contracts"), is hereby approved in its entirety. The Cure Notice shall identify the Scheduled Contracts and provide the amounts, costs, or expenses that the Debtors believe must be paid or actions or obligations that must be performed or satisfied pursuant to the Bankruptcy Code to effectuate the assumption by the applicable Debtor and the assignment to the Proposed Assignee of the Scheduled Contracts (each a "Cure Cost" and, collectively, the "Cure Costs").

23. Service of the Cure Notice. On or October 9, 2019, or as soon thereafter as is reasonably practicable, the Debtors shall serve by first class mail or hand delivery (and electronic mail, if known) the Cure Notice on all non-Debtor parties to the Scheduled Contracts (each, a "Contract Counterparty") and their counsel if known.

24. Adequate Assurance of Future Performance. No later than October 11, 2019, the Stalking Horse Bidder shall provide the Debtors with information regarding adequate assurance of future performance for Contract Counterparties if the Stalking Horse Bidder is the assignee of the Scheduled Contracts, and, no later than the Bid Deadline, the Debtors shall receive information regarding adequate assurance of future performance from Qualified Bidders (other than the Stalking Horse Bidder) if such Qualified Bidder proposes to be assigned certain Scheduled Contracts (collectively, the “Adequate Assurance Information”). Upon receiving the Adequate Assurance Information, and no later than 5:00 p.m. (ET) on October 11, 2019 for the Stalking Horse Bidder and 5:00 p.m. (ET) October 18, 2019 for Qualified Bidders, the Debtors shall provide electronic copies of the Adequate Assurance Information to the contract counterparties (and to their counsel if known) listed as to be assigned by a Qualified Bidder’s Scheduled Contracts list.

25. Contract Objections. Any objection to any Cure Cost set forth on the Cure Notice or to the assumption and assignment to the Proposed Assignee by any Contract Counterparty, including with respect to adequate assurance of future performance of the Stalking Horse Bidder (collectively, a “Contract Objection”), must: (a) be in writing; (b) state the basis for such objection with specificity; (c) if it contests any Cure Cost set forth in the Cure Notice, state with specificity what amounts, costs, or expenses the Contract Counterparty believes must be paid or actions or obligations must be performed or satisfied pursuant to the Bankruptcy Code to effectuate the assumption by the applicable Debtor and the assignment to the Stalking Horse Bidder (in all cases with appropriate documentation in support thereof); (d) comply with the Bankruptcy Rules and the Local Rules; (e) be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington,

Delaware 19801, by 4:00 p.m. (ET) on October 21, 2019 (the “Contract Objection Deadline”); and, (f) be served upon: (i) the Debtors, 1700 East Walnut Avenue, 5th Floor, El Segundo, California 90245, Attn: Lance Miller, lance.miller@sugarfina.com; (ii) counsel to the Debtors, Shulman Hodges & Bastian LLP, 100 Spectrum Center Drive, Suite 600, Irvine, California 92618, Attn: Alan J. Friedman, afriedman@shbllp.com and Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington Delaware 19806, Attn: Brya M. Kielson, Esquire, bkielson@morrisjames.com; (iii) counsel to the Stalking Horse Bidder, Olshan Frome Wolosky LLP, 1325 Avenue of the Americas, New York, NY 10019 Attn: Adam Friedman, AFriedman@olshanlaw.com; and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington DE 19801 Attn: Kerri Mumford, mumford@lrclaw.com; (iv) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: U.S. Trustee; (v) counsel to the Committee, Bayard, P.A., 600 North King Street, Suite 400, Wilmington, DE 19801, Attn: Erin R. Fay, efay@bayardlaw.com; (vi) counsel to the Debtors’ first lien lender, SFCC Loan Investors, LLC, Loeb & Loeb LLP, 345 Park Avenue, New York, NY 10154, Attn: Vadim J. Rubinstein, vrubinstein@loeb.com; and (vii) counsel to the Debtors’ second lien lender, Goldman Sachs Specialty Lending Group L.P., King & Spalding LLP, 1180 Peachtree Street, N.E., Atlanta, Georgia 30309, Attn: W. Austin Jowers, ajowers@kslaw.com.

26. If the Successful Bidder is not the Stalking Horse Bidder, then the deadline for a Contract Counterparty to object to the assumption and assignment (solely on the grounds of adequate assurance of future performance) shall be the Sale Hearing.

27. If an objection to the Cure Cost is timely asserted and the applicable parties are unable to consensually resolve the dispute, the amount to be paid under section 365 of the

Bankruptcy Code, if any, with respect to such objection will be determined at the Sale Hearing or at a hearing to be requested by the Debtors, the Proposed Assignee, or the applicable Contract Counterparty. At the Proposed Assignee's discretion, the hearing regarding the Cure Cost may be continued until after the Closing Date, in which case a reserve will be funded in a segregated account for such Cure Cost in an amount agreed to among the Debtors, the Proposed Assignees and the applicable Contract Counterparty or as determined by the Court, and any such amount shall be treated as an amount in the Reserve Account in accordance with the Agreement.

28. If no Contract Objection for a Scheduled Contract is timely asserted by the Contract Counterparty and received in accordance with the Bidding Procedures Order, then: (a) the Contract Counterparty will be deemed to have consented to the assumption and assignment of the Scheduled Contract; (b) the Contract Counterparty will be forever barred and estopped from asserting any objection to the propriety or effectiveness of the assumption and assignment of the Scheduled Contract against the Debtors, the Stalking Horse Bidder, a Successful Bidder, any assignee of the Scheduled Contract, or the property of any of them; (c) the Cure Cost set forth on the Cure Notice for such Scheduled Contract shall be controlling and the Contract Counterparty will be deemed to have consented thereto, notwithstanding anything to the contrary in the Scheduled Contract or otherwise; and (d) the Contract Counterparty will be forever barred and estopped from objecting to the Cure Cost or asserting any claims, other than the Cure Costs, against the Debtors, the Stalking Horse Bidder, a Successful Bidder, any assignee of the Scheduled Contract, or the property of any of them.

29. Notice. Compliance with the foregoing provisions for the Cure Notice shall constitute sufficient notice of the Debtors' potential assumption and assignment of the Scheduled Contracts to the Proposed Assignee, pursuant to section 365 of the Bankruptcy Code and

otherwise, and, except as set forth in this Bidding Procedures Order, no other or further notice of the sale shall be required to be provided by the Debtors.

30. Participation in the Bidding Process. All entities that participate in the bidding process or the Auction shall be deemed to have knowingly and voluntarily submitted to the exclusive jurisdiction of the Court with respect to all matters related to the terms and conditions of the transfer of Acquired Assets, the Auction, and any transaction contemplated herein.

31. Sale Hearing. The Sale Hearing shall be held before the Court on October 24, 2019 at 10:30 a.m. (prevailing Eastern time). The Sale Hearing may be continued, from time to time, without further notice to creditors or other parties in interest other than by announcement of said continuance before the Court on the date scheduled for such hearing or in the hearing agenda for such hearing.

32. Backup Bidder. Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the entity with the second highest or otherwise best Qualified Bid at the Auction, as determined by the Debtors, in the exercise of their business judgment, will be designated as the Backup Bidder. The Backup Bidder shall be required to keep its Backup Bid open and irrevocable until the earlier of (i) 12:00 p.m. (prevailing Eastern time) on the first business day following the Backup Sale Hearing (defined below) (the “Outside Backup Date”), and (ii) the closing of the transaction with the Successful Bidder subject to the Stalking Horse Bidder’s rights under the Agreement. Following the Sale Hearing, if the Successful Bidder fails to consummate the Successful Bid, the Debtors shall proceed to consummate the Backup Bid with the Backup Bidder. A hearing to authorize a sale to the Backup Bidder will be held before the Court on no less than five (5) days’ notice, with objections

due at least one (1) day prior to such hearing (the "Backup Sale Hearing"). For the avoidance of doubt, the scope of such hearing shall be limited to issues relating to the identity of the Backup Bidder, such as adequate assurance and assignments of Contracts or Leases to the Backup Bidder.

33. Bidding Procedures Order Controls. To the extent that any chapter 11 plan confirmed in the Chapter 11 Cases or any order confirming any such plan or any other order in the Chapter 11 Cases (including any order entered after any conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code) alters, conflicts with, or derogates from the provisions of this Bidding Procedures Order, the provisions of this Bidding Procedures Order shall control. The Debtors' obligations under this Bidding Procedures Order, the provisions of this Bidding Procedures Order, and the portions of the Agreement pertaining to the Bidding Procedures shall survive conversion of any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, confirmation of any chapter 11 plan in the Chapter 11 Cases, or discharge of claims thereunder and shall be binding upon the Debtors, a chapter 7 trustee, and the reorganized or reconstituted Debtors, as the case may, after the effective date of any confirmed chapter 11 plan in the Debtors' cases (including any order entered after any conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code).

34. Immediate Effectiveness of the Bidding Procedures Order. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, or 9014, or any other provisions of the Bankruptcy Rules or the Local Rules stating the contrary, the terms and conditions of this Bidding Procedures Order shall be immediately effective and enforceable upon its entry, and no automatic stay shall apply to this Bidding Procedures Order.

35. Calculation of Time. All time periods set forth in this Bidding Procedures Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

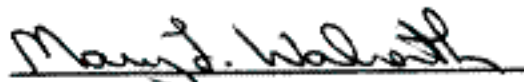
36. Authorization of Debtors. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Bidding Procedures Order in accordance with the Sale Pleadings, including executing the Agreement (subject to the deletion of Section 8.1(f)(vi) thereof). No further or additional order from the Court shall be required to give effect to the provisions set forth in this Bidding Procedures Order.

37. Inconsistencies. In the event there is any inconsistency between this Bidding Procedures Order and the Sale Pleadings, the Bidding Procedures, or the Agreement, this Bidding Procedures Order shall govern.

38. Jurisdiction. The Court shall retain jurisdiction over any matters related to or arising from the implementation of this Bidding Procedures Order. All matters arising from or related to the implementation of this Bidding Procedures Order may be brought before the Court as a contested matter, without the necessity of commencing an adversary proceeding.

Dated: October 15th, 2019
Wilmington, Delaware

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MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

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