

**AMENDED
BID PROCEDURES**

1. The following bid procedures (the “Bid Procedures”), which were approved by an order for the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”) dated October 31, 2022 in the jointly administered bankruptcy case of *Victoria Towers Development Corp.* (Case No. 20-73303-reg) (the “Debtor”), shall govern the auction and sale of the real property and related fixtures of Victoria Towers Development Corp. (“Victoria”) commonly known as and located at 133-38 Sanford Avenue, Flushing, New York (Block: 5121, Lots: 1104-1106, 1108, 1109, 1111-1113, 1115, 1116, 1122-1130, 1137, 1138, 1140-1143, 1146, 1148, 1152, 1153, 1155, 1158-1160, 1163-1166, 1170, 1172, 1176, 1192-1196, 1198-1201) and to be sold in two tranches as follows: 36 Units (5B, 5F, 6F, 7F, 8A, 8B, 8C, 8D, 8E, 8F, 8G, 9G, 10A, 10C, 10D, 10E, 10F, 11C, 11E, 12C, 12D, 12F, 13C, 13D, 13E, 15B, 15C, 15D, 15E, 16C, 16E, 17C, 20B, 20C, 21H and 21K) (the “Sanford Units”) and the 13 Units (5C, 5D, 5G, 6B, 6C, 6D, 6G, 7G, 20A, 20D, 20E, 21I and 21J) (the “Chengyi Sale Units,” and together with the Sanford Units, the “Real Property”), and together with the Property Causes of Action,¹ described in that certain *Proponents’ Second Amended Plan of Liquidation for Debtor* filed in the Debtor’s bankruptcy cases (the “Plan”) (ECF No. 113).² The senior secured creditor, Sanford Avenue Partner LLC (“Sanford”) and the junior lien creditor, American Chengyi Investment Management Group Inc. (“Chengyi,” and collectively with Sanford, the “Proponents”), have filed the Plan and are seeking confirmation of the Plan at a confirmation hearing scheduled to begin on December 5, 2022 at 10:00 a.m. Pursuant to an order entered in the Debtor’s bankruptcy cases on

¹ “Property Causes of Action” is defined in the Plan as, “Causes of Action that run with or directly relate to the Property, including tax abatements, but and excluding any Causes of Action against the Proponents (as defined below or in the Plan), or their partners, members, assignees, employees, directors or agents acting in their capacity as such.”

² All capitalized terms not defined herein shall have the definition set forth in the Plan.

October 31, 2022 [ECF No. 117] (the “Bid Procedures Approval Order”), this Court approved these Bid Procedures (and granted other relief). Following the auction, which shall take place immediately following the confirmation of the Plan, the Proponents will seek entry of an order from the Bankruptcy Court authorizing and approving the Sale of the Real Property free and clear of liens, claims, encumbrances, and interests (subject to certain exceptions listed in paragraph B(ii) and B(iii) below), to the Successful Bidder (as defined in the Plan) as may be made at the Auction (as defined below).

A. Approvals. The proposed sale shall in all respects be subject to approval by the Bankruptcy Court and in compliance with (i) the applicable provisions of the Bankruptcy Code, (ii) the Bankruptcy Rules, and (iii) other applicable rules and law.

B. Assets to be Sold. The assets to be sold shall consist of the Real Property, which will be sold as follows:

(i) The Real Property will be sold in the following order: first, the Sanford Units, then the Chengyi Sale Units.

(ii) The sale (the “Sale”) of the Real Property will be auctioned by the counsel to the Debtor, provided that there are qualified bidders other than Sanford, for the Sanford Units and Chengyi, for the Chengyi Sale Units. If no Qualified Bidders are identified by the Bid Deadline, an Auction will not be held. Such sale shall be free and clear of liens, claims, encumbrances and interests, except as provided in B.(iii) and (iv) below.

(iii) All unexpired leases and executory contracts (if any) shall be rejected unless the Successful Bidder files an assumption notice at least 14 days prior to the Effective Date of the Plan, as provided in Article V of the Plan. Bidders should note that even if an unexpired lease is rejected, the lessee retains certain rights, including its rights under 11 U.S.C. § 365(h), which may include the right of the lessee to “retain its rights under such lease (including rights such as those relating to the amount and timing of payment of rent and other amounts payable by the lessee and any right of use, possession, quiet enjoyment, subletting, assignment, or hypothecation) that are in or appurtenant to the [Sanford Units or the Chengyi Sale Units] for the balance of the term of such lease and for any renewal or extension of such rights to the extent that such rights are enforceable under applicable nonbankruptcy law.” 11 U.S.C. § 365(h)(1)(A)(ii).

(iv) Under section 6.1(a) of the Plan, the Successful Bidder may take the Sanford Units or the Chengyi Sale Units subject to Sanford’s mortgage or Chengyi’s mortgage, respectively, at each of the Proponents’ sole and absolute discretion.

C. Sale As Is, Where Is. The Real Property shall be sold as is, where is, without any representation or warranty of any type whatsoever.

D. Qualification of Bidders. Any potential bidder, other than the Proponents or their nominee, designee or assignee (the “Secured Creditors”), who wishes to submit a bid with respect to the Real Property must demonstrate to the satisfaction of the Sanford, for the Sanford Units, and Chengyi, for the Chengyi Sale Units, that such potential bidder is a “Qualified Bidder.” A Qualified Bidder is a potential bidder who delivers to Sanford’s counsel by email and mail at the address set forth below, Chengyi’s counsel by email and mail address set forth below, and Debtor’s counsel by email and mail address set forth below, a written and signed, binding offer **on or before the Bid Deadline (as defined below)** that:

(i) is a bid for the Sanford Units in its entirety for a cash price equal to or greater than \$37,500,000.00 and/or for the Chengyi Sale Units in its entirety for a cash price equal to or greater than \$13,500,000.00, which can be lowered by the Proponents, with notice given by Debtor’s counsel to all interested parties;

(ii) states that the bidder is prepared to enter into a legally binding purchase and sale agreement (“PSA”) for the acquisition of the Sanford Units and/or the Chengyi Sale Units on terms and conditions reasonably acceptable to Sanford and Chengyi, respectively, (as determined by the Sanford and Chengyi in their reasonable business judgment), including by marking up the PSA, which will be provided to the Bidder, at the Bidder’s request, **prior** to the Bid Deadline, to indicate what the Bidder would be willing to execute;

(iii) states the bidder’s offer is irrevocable, and not contingent;

(iv) does not request or entitle the bidder to any transaction or break-up fee, expense reimbursement or similar type of payment;

(v) fully discloses the identity of each entity that will be bidding for the Real Property (the “Potential Bidder”) or otherwise participating in connection with such bid on behalf of the Potential Bidder, the terms of any such participation (including if the Potential Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by the bid, the equity holder or other financial backer), the Potential Bidder’s address, telephone number and email address where the bidder may be contacted;

(vi) is accompanied by evidence that a good faith deposit in the amount of 10% (the “Good Faith Deposit”), in immediately available funds, has been made (or is concurrently being made) by wire transfer to The Kantrow Law Group, PLLC, as escrow agent (the “Escrow Agent”), pursuant to wire instructions to be provided by the Escrow Agent, and acknowledges that the Good Faith Deposit shall be held by the Escrow Agent in a non-interest bearing, segregated, account of the Escrow Agent for the Debtor’s estate in accordance with the terms hereof;

(vii) states that the bidder is financially capable of consummating the transaction contemplated by the bidder's bid and any increased or modified bid that may be made at the Auction;

(viii) is accompanied by financial information satisfactory to Sanford and Chengyi, respectively, that fairly and reasonably demonstrates the Potential Bidder's ability (and the sources of the Potential Bidder's ability) to close on its purchase of the Real Property if the Potential Bidder should be the Successful Bidder (as defined below), in an amount at least as much as its bid as necessary to consummate the transaction contemplated by the bidder's bid and any increased or modified bid that may be made at the Auction;

(ix) includes an executed original of these Bid Procedures acknowledging and agreeing to these Bid Procedures and all the terms thereof, including the following:

1. If the Potential Bidder is a partner, officer, director, stockholder, agent, employee, insider or affiliate of the Debtor, the Debtor's principals, or any relative of any of the foregoing, such a Potential Bidder must so disclose the exact nature of its relationship with the foregoing entities;

2. the Potential Bidder relied solely on its own independent investigation, analysis, appraisal, and evaluation of the Real Property and it did not rely upon and did not receive any written or oral statements, representations, warranties, promises or guarantees whatsoever, whether express or implied or by operation of law or otherwise, with respect to the Real Property; and

3. the Potential Bidder's bid is irrevocable until the earlier of the Closing Date (as defined herein) or until its bid is affirmatively rejected;

(x) includes evidence of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery, and closing of a PSA, if applicable;

(xi) States that the Potential Bidder is not an "Insider" (as that term is defined under the Bankruptcy Code) of the Debtor; and

(xii) contains other information reasonably requested by the Proponents

A competing bid meeting the above requirements shall constitute a "Qualified Bid". Sanford and Chengyi, respectively for their respective Units, shall make a determination regarding whether a bid is a Qualified Bid and shall notify bidders whether their bids have been determined to be qualified by no later than 4:00 p.m. three business days prior to the date of the applicable Auction.

E. Deposits Following Auction. If the Potential Bidder becomes a Successful Bidder as to the Real Property, it shall, within two (2) business days after the Auction, increase the Deposit as necessary to an amount equal to ten (10%) percent of the final bid at the

Auction, **TIME BEING OF THE ESSENCE**. Failure to comply with this requirement shall result in an immediate (i) default under the terms of these Bid Procedures; and (ii) forfeiture of the Successful Bidder's Deposit. If a Potential Bidder is not the Successful Bidder or the Back-up Bidder (as defined below) as to the Real Property, such Potential Bidder's Deposit shall be returned to such Potential Bidder within 5 business days after the conclusion of the Auction. The Successful Bidder and Back-up Bidder's Deposits shall be held pending the closing. If the Sale to the Successful Bidder closes as to the Sanford Units or the Chengyi Sale Units, respectively, or the entire Real Property, the Back-up Bidder's Deposit for such Sanford Units or the Chengyi Sale Units, respectively, or the entire Real Property shall be returned within 5 business days of such closing.

F. Closing Deadline. The Successful Bidder as to the Sanford Units or the Chengyi Sale Units, respectively, or the entire Real Property shall close on the purchase of the applicable Real Property within twenty-one (21) days after the completion of the applicable Auction and entry of an order by the Bankruptcy Court approving the Sale to the Successful Bidder as to such Sanford Units or the Chengyi Sale Units, respectively, or the entire Real Property; provided however, that the Closing Date may be extended up to an additional 30 days if the Successful Bidder pays the per diem carrying costs (including taxes, water and sewer charges, and interest owed on the debt) for each day that the Closing Date is extended; provided further that the Closing Date may take place on such other date as Sanford and/or Chengyi, respectively, and the Successful Bidder may mutually agree to in writing, or on such other date as may otherwise be directed by Order of the Bankruptcy Court (such date, the "Closing Date"), with **TIME BEING OF THE ESSENCE AS TO THE SUCCESSFUL BIDDER'S OBLIGATION TO CLOSE ON THE CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING**. The Proponents will use their reasonable best efforts to obtain an order of the Bankruptcy Court approving each sale and a finding of good faith and non-collusive behavior of such sale pursuant to Section 363(m) and (n) of the Bankruptcy Code within two weeks of the completion of the Auction. The Successful Bidder will file any affirmation or similar document (with exhibits if necessary) the Bankruptcy Court or the Proponents require to enable the Proponents to obtain such an order from the Bankruptcy Court.

G. The Secured Creditors as a Qualified Bidders. Notwithstanding anything herein to the contrary, the Sanford or its nominee, designee or assignee is a Qualified Bidder and, although under no obligation to do so, is entitled to credit bid jointly up to and including the total Allowed amount of its claim as of the Auction Date for the Sanford Units pursuant to 11 U.S.C. § 363(k), without the need for any deposit or fulfilling the other requirements for a Potential Bidder to be a Qualifying Bidder. Chengyi shall not be permitted to credit bid for the Sanford Units.

Notwithstanding anything herein to the contrary, the Chengyi or its nominee, designee or assignee is a Qualified Bidder and, although under no obligation to do so, is entitled to credit bid jointly up to and including the total Allowed amount of its claim as of the Auction Date for the Chengyi Sale Units pursuant to 11 U.S.C. § 363(k), without the need for any deposit or fulfilling the other requirements for a Potential Bidder to be a

Qualifying Bidder. Sanford shall not be permitted to credit bid for the Chengyi Sale Units.

H. Bid Deadline. All Qualified Bids must be submitted on or before December 2, 2022 (the “Bid Deadline”) unless extended by the Proponents in their discretion with notice to be provided to all parties that have expressed serious interest (as determined by the Proponents) in potentially bidding on the Real Property. On or prior to the Bid Deadline, Qualified Bidders shall deliver written copies of their bids to: (1) counsel to the Proponents, Kravit Partners, LLC, 27 Red Barn Rd., Hyde Park New York 12538 and by email at mginzburg@kravit.com, counsel to Sanford Avenue Partner LLC; Moritt Hock & Hamroff LLP, 400 Garden City Plaza, Garden City, NY 11530, and by email at slevine@moritthock.com and aarotsky@moritthock.com, counsel to American Chengyi Investment Management Group Inc. and (3) counsel to the Debtors, The Kantrow Law Group, PLLC, 6901 Jericho Turnpike, Suite 230, Syosset, NY 11791, Attn: Fred Kantrow, Esq., with a copy to fredkantrow@thekantrowlawgroup.com.

I. Auction. In the event that the Proponents receive before the Bid Deadline one or more bids that the Proponents deem in their discretion to constitute Qualified Bids (other than by the Sanford or Chengyi or their nominee, designee or assignee) as to the Sanford Units or the Chengyi Sale Units, respectively, the Proponents shall conduct an auction with respect to each such Real Property (the “Auction”). The Auction shall take place on December 7, 2022 at 11:00 a.m. (ET) (the “Auction Time”) at 11:00 a.m. or such other place and time as the Debtor’s counsel shall notify all Qualified Bidders, the Debtor, Sanford, Chengyi, and other invitees via e-mail or facsimile not later than one (1) business day before the Auction Time (or re-scheduled Auction Time, as applicable), but in no event shall the Auction take place on a date that is earlier than thirty (30) days from the date of the entry of the Bid Procedures Approval Order; provided, however, that the Proponents may designate the Auction as an on-line auction and provide each Qualified Bidder with the appropriate instructions to participate in same, if the Proponents deem it necessary or advisable, in the Proponents’ sole and absolute discretion. If, however, no such other Qualified Bid is received by the Bid Deadline with respect to either or both of the Sanford Units or the Chengyi Sale Units, then the Auction will not be held as to each of the Sanford Units or the Chengyi Sale Units, and Debtor’s counsel shall so notify the Proponents no later than one (1) business day after the Bid Deadline and the Proponents shall proceed to seek approval of the Bankruptcy Court of the sale of the Sanford Units to Sanford (or its nominee, designee, or assignee) and the Chengyi Sale Units to Chengyi (or its nominee, designee, or assignee) based on the their respective credit bids. The Auction shall be governed by the following procedures:

- (i) Only authorized representatives and respective counsel of each of the Qualified Bidders, the Proponents, the Debtor, and the Debtor’s counsel shall be permitted to attend and participate at the Auction, unless otherwise agreed to by either of the Proponents’ counsel, for their respective Auction, in their sole discretion;
- (ii) Only Sanford (or its nominee, designee or assignee) or Chengyi (or its nominee, designee or assignee), respectively, and other Qualified Bidders shall be entitled to make any subsequent bids at the Auction, for their respective units;

(iii) Sanford (or its nominee, designee or assignee) or Chengyi (or its nominee, designee or assignee), respectively, and each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;

(iv) Bidding shall commence at the amount of the highest and best Qualified Bid submitted by the Qualified Bidders by the Bid Deadline;

(v) Debtor's counsel, in consultation with Sanford and Chengyi, shall set the bidding increments;

(vi) Sanford (or its nominee, designee or assignee) or Chengyi (or its nominee, designee or assignee), respectively, and other Qualified Bidders shall participate in person at the Auction (or through a method designated by Debtor's counsel, in consultation with Sanford and Chengyi as to their respective Auction, including physically present or present through electronic means, such as Zoom), through a duly authorized representative with authority to bind the entity;

(vii) The Auction will be conducted so that Sanford (or its nominee, designee or assignee) or Chengyi (or its nominee, designee or assignee), respectively, and each other Qualified Bidder will be informed of the previous bid;

(viii) The Auction shall continue until there is only one final offer for the Sanford Units or the Chengyi Sale Units, respectively, that the Debtor's counsel determines, subject to Bankruptcy Court approval, is the highest and best offer submitted at the Auction from among Sanford (or its nominee, designee or assignee) or Chengyi (or its nominee, designee or assignee), respectively, and the other Qualified Bidders (the "Successful Bid"). The bidder submitting such Successful Bid shall become a "Successful Bidder" as to the Sanford Units or the Chengyi Sale Units, respectively, and shall have such rights and responsibilities set forth herein, in the applicable Plan and in the PSA;

(ix) At the end of the Auction, the Debtor's counsel shall also announce the next highest and otherwise best offer after the Successful Bid (the "Next Highest Bid," and the Qualified Bidder that submitted such bid, the "Next Highest Bidder");

(x) The Proponents reserve the right to seek approval of the Next Highest Bid as a back-up bid and may seek approval at the Sale Hearing to close the Sale to the Next Highest Bidder if the Successful Bidder fails to close for any reason or if it otherwise fails to satisfy any requirements hereof or of the PSA;

(xi) if the Next Highest Bidder is determined by the Debtor's counsel to have submitted the Next Highest Bid, or next best bid (the "Next Best Bid") at the Auction, it will be considered a back-up bid (the "Backup Bid") and, the Next Highest Bidder, therefore, to be designated the back-up bidder (the "Back-up Bidder"), who shall be notified in writing that the Proponents have determined to proceed with the Back-up Bid after default by the Successful Bidder, the Potential Bidder shall close on the purchase of the Real Property on the Back-up Closing Date (as hereinafter defined), with **TIME BEING OF THE ESSENCE AS TO**

THE BACK-UP BIDDER'S OBLIGATION TO CLOSE AND TO PAY THE BALANCE OF THE PURCHASE PRICE ON THE BACK-UP CLOSING DATE; and

(xii) if (a) a Qualified Bidder is a Successful Bidder as to the Sanford Units or the Chengyi Sale Units, the Deposit as to those units shall become non-refundable and shall be forfeited by the Successful Bidder as liquidated damages in the event the Successful Bidder shall fail to close the purchase of the Sanford Units or the Chengyi Sale Units, respectively, on the Closing Date, except as otherwise expressly permitted under the PSA entered into between Debtor (or the Proponents on behalf of the Debtor) and the Successful Bidder; and (b) if either of the Proponents determine to proceed with the Back-up Bid after default by the Successful Bidder with respect to their units, the applicable Deposit shall become non-refundable and shall be forfeited by such Back-up Bidder as liquidated damages if the Back-up Bidder shall fail to close the purchase of such units on the Backup Closing Date (as defined below), except as otherwise expressly permitted under the PSA entered into between Debtor (or the Proponents on behalf of Debtor) and such Back-up Bidder.

J. Closing on Back-up Bid. If for any reason the Successful Bidder shall fail to timely close the sale of the Sanford Units or the Chengyi Sale Units, respectively, and the Proponents determine to proceed with the Back-up Bid, the Back-up Bidder shall close on the purchase of the Sanford Units or the Chengyi Sale Units, respectively, and pay the amount of the Back-up Bid, less its Deposit previously posted, on the later of the Closing Date and ten (10) days after written notice of the Successful Bidder's default in closing (the "Back-up Closing Date"), with **TIME BEING OF THE ESSENCE AS TO THE BACK-UP BIDDER'S OBLIGATION TO CLOSE ON THE BACK-UP CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING.** In any case, the Proponents have until 80 days after the Auction to determine to proceed with the Back-up Bid. If the applicable Proponents proceed with such Back-up Bid, then the Back-up Bidder shall be obligated to close title to the Sanford Units or the Chengyi Sale Units, respectively, and there shall be no contingency of any kind or nature that will permit the Back-up Bidder not to proceed on the Back-up Closing Date other than the inability of Debtor (or the Proponents on behalf of Debtor) to deliver title to the Sanford Units or the Chengyi Sale Units, respectively. In the event the Back-up Bidder shall be obliged, but shall fail, to close purchase of the Sanford Units or the Chengyi Sale Units, respectively, timely in accordance with the provisions of the PSA entered into between Debtor (or the Proponents on behalf of Debtor) and the Back-up Bidder, the Back-up Bidder shall be in default, and the Back-up Bidder shall forfeit its Deposit. Notwithstanding the foregoing, the Proponents shall have the right, but not the obligation, to extend the Back-up Closing Date up to an additional ten (10) business days (the "Adjourned Back-up Closing Period"), with **TIME BEING OF THE ESSENCE** as to such Back-up Bidder's obligation to close prior to the expiration of the Adjourned Back-up Closing Period; and in such event, if the Back-up Bidder shall fail to close the purchase of the Sanford

Units or the Chengyi Sale Units, respectively, prior to expiration of the Adjourned Back-up Closing Period in accordance with the provisions of its PSA, the Backup Bidder shall be in default and the Back-up Bidder shall forfeit its Deposit.