

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

In re:

WOODBRIDGE GROUP OF COMPANIES
LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**DECLARATION OF BRADLEY D. SHARP IN SUPPORT OF DEBTORS' MOTION TO
SELL 9212 NIGHTINGALE DRIVE, LOS ANGELES, CALIFORNIA PROPERTY**

I, Bradley D. Sharp, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am President and CEO of Development Specialists, Inc. (“DSI”), located at 333 S. Grand Avenue Suite 4070, Los Angeles, California 90071, and the Chief Restructuring Officer of WGC Independent Manager LLC, a Delaware limited liability company (“WGC Independent Manager”), which is the sole manager of debtor Woodbridge Group of Companies, LLC, a Delaware limited liability company and an affiliate of each of the above-captioned debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”). I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing the Sale of 9212 Nightingale Drive, Los Angeles, California Property Owned by the Debtors Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (II) Approving the Related Purchase Agreement; and (III) Granting Related Relief* (the “Sale Motion”).² All facts set forth in this Declaration are based upon my personal knowledge of the Debtors’

¹ The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Sale Motion.

operations, information learned from my review of relevant documents, and discussions with the Debtors' professional advisors. I am authorized to submit this Declaration on behalf of the Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

2. Pursuant to the terms of the settlement approved by this Court on January 23, 2018 between the Debtors, the Official Committee of Unsecured Creditors, the Securities and Exchange Commission, the Ad Hoc Committee of Noteholders, and the Ad Hoc Committee of Unitholders (the "Settlement"), the Debtors' board of managers was reconstituted as a three-person board consisting of Richard Nevins, M. Freddie Reiss, and Michael Goldberg (collectively, the "Board") [D.I. 357-1]. On January 26, 2018, the Board approved my retention as the Debtors' new Chief Restructuring Officer. On February 13, 2018, the Court entered an order approving my retention as Chief Restructuring Officer [D.I. 573].

3. The Property consists of a single family home on an approximately 0.52 acre lot situated in Los Angeles, California. The Seller purchased the Property in January 2016 for a purchase price of \$13,200,000. The Seller intended to develop the Property by demolishing the existing Improvements and constructing a high-end luxury home, however, no such development was ever commenced and the existing Improvements remain on the Real Property. The Purchaser made an all cash offer under the Purchase Agreement to acquire the Property on an "as is" basis, with no financing contingencies.

4. In consultation with the Debtors' other advisors, I have determined that selling the Property now on an "as is" basis best maximizes the value of the Property. The Property has been formally listed on the multiple-listing service for over 60 days and has been heavily marketed, including through advertisements in various publications. The Debtors received a total of five offers for the Property (including the Purchaser's offer). The first three offers were in the amounts of \$11,500,000, \$13,000,000, and \$13,488,000, and the Debtors countered all

three of these offers at \$14,000,000. The third bidder accepted the Debtors' counteroffer and went under contract at \$14,000,000, however, that contract was ultimately terminated due to non-performance by the bidder. A fourth bidder made an offer in the amount of \$12,100,000, which the Debtors countered at \$14,950,000. The fourth bidder responded by raising its offer to \$12,300,000, which the Debtors countered at \$13,000,000 and received no response. The fifth offer came from the Purchaser in the amount of \$11,000,000 and is contingent on (and indivisible from) the substantially contemporaneous offer from the Purchaser's principal to acquire another property owned by the Debtors.³ While the \$11,000,000 offer from Purchaser was not – on its own – the highest offer received for the Property during the marketing process, the Debtors nonetheless determined that the overall package offered by the Purchaser, which includes the \$11,000,000 offer for this Property *and* a \$25,100,000 offer for the Debtors' property located at 805 Nimes Place, Los Angeles, California, resulted in the highest value—\$36,100,000 in total—for the Debtors' estates and should be accepted. Thus, the Purchaser's offer under the Purchase Agreement, which is a reasonable sale price relative to comparable properties in the market in which the Property is located, is the best way to maximize the value of the Debtors' estates.

5. On July 16, 2018, the Purchaser made an all cash \$11,000,000 offer on the Property. On July 20, 2018, the Debtors countered the Purchaser's offer in the amount of \$14,500,000, however, the Purchaser held firm at \$11,000,000. On July 27, 2018, the Debtors made a second counter offer in the amount of \$13,000,000, however the Purchaser continued to hold firm at \$11,000,000. On August 6, 2018, the Debtors made a third counter offer in the

³ The other property is 805 Nimes Place, Los Angeles, CA, and the Debtors are filing a separate motion with respect to the sale of that property substantially concurrently herewith. The Purchase Agreement provides that the closing of the sale of the Property is contingent on the simultaneous closing of the sale of 805 Nimes Place (the "Nimes Contingency").

amount of \$11,000,000, subject to a shorter inspection period (reduced from 30 days to 21 days), which the Purchaser ultimately accepted.

6. Thereafter, the Purchaser failed to waive all applicable contingencies and raised certain concerns regarding the 805 Nimes Place property (the sale of which, as noted above, is coupled with the sale of the Property). In response, the Debtors extended the contingency period several times as the parties continued to negotiate. Ultimately, on September 26, 2018, the Purchaser and the Seller entered into the First Amendment, pursuant to which, among other things, the Purchaser agreed to provide an additional cash deposit (the “Amendment Consideration”) and waive all contingencies (other than (i) the contingency that the Sale Order be entered by October 31, 2018, (ii) the Nimes Contingency, and (iii) a contingency related to title insurance with respect to mechanics liens). Under the Purchase Agreement as amended, the Purchaser agreed to purchase the Property for \$11,000,000, with an initial cash deposit of 3% of the purchase price (\$330,000), an additional deposit in the form of the Amendment Consideration in the amount of \$770,000, and the balance of \$9,900,000 to be paid in cash at closing.

7. To the best of my knowledge, (i) the Purchase Agreement was the product of good faith, arm’s-length negotiations between the Purchaser and the Seller, (ii) the Purchaser is not related to or an affiliate of the Debtors or any of their insiders or former insiders, and (iii) no non-debtor affiliate or current or former officer, director, employee, managing member or affiliate of any of the Debtors (other than Seller) is a party to, or broker in connection with, the Sale.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: September 28, 2018

/s/ Bradley D. Sharp

Bradley D. Sharp
Chief Restructuring Officer, WGC Independent
Manager, LLC