

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CBC RESTAURANT CORP., et al.,¹

Debtors.

Chapter 11

Case No. 23-10245-KBO

(Jointly Administered)

RE: D.I. 52, 141, 163

Objection Deadline:
March 21, 2023 at 4:00 p.m. (ET)

Hearing Date:
March 28, 2023 at 1:00 p.m.(ET)

**DEBTORS' RESPONSE TO LIMITED OBJECTION OF SSCP RESTAURANT
INVESTORS LLC TO FIRST OMNIBUS MOTION OF THE DEBTORS FOR ENTRY
OF AN ORDER: (1) AUTHORIZING THE REJECTION OF CERTAIN UNEXPIRED
LEASES AND ABANDONMENT OF CERTAIN PERSONAL PROPERTY (WITH
CERTAIN REJECTIONS AND ABANDONMENTS EFFECTIVE *NUNC PRO TUNC* AS
OF THE PETITION DATE); AND (2) GRANTING RELATED RELIEF**

CBC Restaurant Corp. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, "Corner Bakery" or the "Debtors"), hereby respond to the *Limited Objection of SSCP Restaurant Investors LLC ("SSCP") to the First Omnibus Motion of the Debtors for Entry of an Order: (1) Authorizing the Rejection of Certain Unexpired Leases and Abandonment of Certain Personal Property (with Certain Rejections and*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include CBC Restaurant Corp. (0801), Corner Bakery Holding Company (3981), and CBC Cardco, Inc. (1938). The Debtors' service address is 121 Friends Lane, Suite 300, Newtown PA 18940.



Abandonments Effective Nunc Pro Tunc as of the Petition Date) and (2) *Granting Related Relief* filed on March 21, 2023 (“SSCP Limited Objection”)² [DI 163], and respectfully shows as follows:

1. Corner Bakery filed these "freefall" Chapter 11 cases on February 22, 2023, in response to a pending foreclosure action without the opportunity to engage in the weeks or months of advance planning that usually precede a bankruptcy filing. Immediately after commencing these cases, Corner Bakery began preparing a very narrow set of first-day pleadings on an emergency basis for the singular purpose of funding payroll on February 24th.

2. For retail or restaurant business with a large portfolio of commercial leases, one of the most common factors that prompts a bankruptcy filing is the company's urgent need to address unmanageable rent obligations for non-performing store locations and their associated leases. There is nothing surprising or unusual about this, and Corner Bakery is no different. Accordingly, on the weekend of February 26, 2023, Corner Bakery, together with its proposed financial advisor, Hilco Corporate Finance, turned its attention to the question of identifying nonperforming stores that needed to be closed and beginning the process of improving the Company's operations. This was messaged to SSCP and its counsel during various calls.

3. Between February 26 and February 28, 2023, Corner Bakery, through its existing knowledge of its lease portfolio, which was heavily distressed and had been the subject of lengthy lease negotiations both during and subsequent to the COVID-19 pandemic, as well as a post-petition review and analysis of its leasing portfolio conducted with the assistance of Hilco, identified the locations and underlying Rejected Leases (identified on **Exhibit 1** to the Proposed Order) that provided no value and excessively burdened the Debtors or their estates. Each

² For consistency, capitalized terms not otherwise defined herein shall have the same meaning assigned in the Rejection Motion or SSCP Limited Objection.

identified location was either not operating, or had never operated profitably, under the existing lease terms. (Stewart Decl., ¶¶ 6-12.)

4. More particularly, all fifteen (15) stores for Rejected Leases listed in **Schedule A** of **Exhibit 1** were comprised of stores (1) that were vacated and closed by Corner Bakery well before the Petition Date; (2) that were the subject of eviction writs by landlords were seeking to enforce, or had agreed to forbear enforcement as a result of Corner Bakery's agreement to voluntary surrender; (3) where the underlying leases were terminated for default by the landlord, with no valid business reason for possible reinstatement; and/or (4) where landlords had secured money judgments for past due rent and other charges, and in some cases were aggressively pursuing post-judgment collection and had pending garnishment actions. (Stewart Decl., ¶¶ 7-8; Ex. 1, Schedule A)

5. With respect to the Recently Vacated Premises identified on **Schedule B** of **Exhibit 1**, it was further determined that the Rejection Motion should be filed as soon as possible. The continued obligation to pay post-petition rent and other lease charges (where, in most cases, Corner Bakery had not been paying any pre-petition rental to landlords for extended periods of time), attempts to continue unprofitable operations, and the obligations needed to open the two locations where construction had never been completed, would have imposed upon Corner Bakery immediate, burdensome administrative costs detrimental to Corner Bakery's reorganization efforts. (Stewart Decl., ¶¶ 9-12.). These actions are typically welcomed by a lender, as they materially improve the performance of distressed retail and restaurant businesses and, accordingly, the value of their collateral.

6. At approximately 11:00 CT on February 28, 2023, as soon as the list of locations to be closed and the leases to be rejected had been finalized, Corner Bakery provided a draft of the

associated lease rejection motion to SSCP's counsel for review and comment prior to its filing. Corner Bakery consulted with SSCP and exchanged various communications with it throughout the day, providing it with an overview of its rationale for the store closings while working to incorporate any comments that SSCP might have into the motion and proposed form of order. (*See, e.g.,* Exhibit A, attached).

7. Corner Bakery continued to engage with SSCP following the filing of the lease rejection motion to provide SSCP with additional information and details regarding its lease portfolio, the financial analysis and other considerations that factored into its decision to close the nonperforming stores and to reject the associate leases, and to address SSCP's follow-up questions regarding various details.

8. On March 6, 2023, counsel for Corner Bakery received the email attached to SSCP's Limited Objection as Exhibit A ("SSCP's Information Request"), which requests a detailed and wide ranging mass of information from Corner Bakery to "prove" that sound business judgment had not been exercised during the years, months, and days, leading up to the filing of the Rejection Motion. (*See e.g.,* SSCP's Limited Objection, Ex. "A") [DI 163]. That email, which is attached to the SSCP Limited Objection, also invited Corner Bakery to "let us know if it would be easier to discuss."

9. Corner Bakery took SSCP up on that invitation, and on March 7, 2023, counsel for both Corner Bakery and SSCP, together with representatives from Hilco and SSCP, participated in a nearly hour-long telephone conference and discussed the responses to SSCP's Information Request. In advance of that call, Corner Bakery provided SSCP with store-by-store information indicating that, in all case, sales were way down, well below threshold for profitability, and there was a growing arrearage. In addition, most of the locations in question had pending litigation or

judgments, and there was concern about future profitability of stores. It was also noted that, especially in DC and downtown Chicago, consideration was given to strategically close stores so that other struggling stores could absorb sales of closing stores hopefully turning surviving store into a profitable one. At the conclusion of the call, Corner Bakery understood SSCP to indicate that the information provided was helpful, addressed its concerns, and that it had no further follow up questions. As such, it did not appear to be either necessary or a constructive use of the estate's limited resources to continue to follow up on all of the particulars of the March 7, 2023 email.

10. On March 10, 2023, however, SSCP indicated that it was still seeking a detailed production in response to all of the questions in the March 6, 2023 email. Accordingly, Corner Bakery began a lengthy and time consuming process of compiling all of the supporting data requested by SSCP. As part of this process, and in further response to SSCP's Information Request, on March 12, 2023, profit and loss reports for all the stores were made available to SSCP and uploaded to the "Box" shared database, including without limitation the profit and loss reports for all Recently Vacated Premises identified on **Schedule B of Exhibit 1** to the Proposed Order.

11. On March 14, 2023, as Corner Bakery continued to compile the data requested by SSCP, in further response to the March 6th information requested, Corner Bakery prepared and filed the *Declaration of Brandon Stewart, Lease Administration Supervisor for Corner Bakery, in Support of First Omnibus Motion of the Debtors for Entry of an Order: (1) Authorizing the Rejection of Certain Unexpired Leases and Abandonment of Certain Personal Property (With Certain Rejections and Abandonments Effective Nunc Pro Tunc as of the Petition Date); and (2) Granting Related Relief* [DI 141] ("Stewart Decl.") (incorporated herein by reference), with the full and deliberate intention of providing additional support for the matters discussed during the March counsels' teleconference, and more detailed facts and circumstances leading up to the

decision for filing the Rejection Motion and closing the Recently Vacated Premises and responsive to the March 6, 2023 email.

12. SSCP's apparent frustration at the speed at which the stores were closed does not negate the fact that Corner Bakery has demonstrated that a full and meaningful evaluation of these leases was, in fact, conducted. (*See* Stewart Decl. ¶¶ 11-12.) A store-by-store profitability analysis on the Recently Vacated Premises was conducted and the Debtors' business decision to close the Recently Vacated Premises is wholly supported by that analysis. (Stewart Decl. ¶ 11.) In actuality, the outcome of Corner Bakery's evaluation supports no viable option other than closing and surrendering the Recently Vacated Premises.

13. Further, the Stewart Declaration sets forth the analysis, experience, and general industry-wide standards widely recognized in concluding that the Personal Property left at some of the Recently Vacated Premises has *de minimus* value. (Stewart Decl. ¶16.) Mr. Stewart's analysis supports the Debtors' business judgment that the Personal Property left at the stores were of inconsequential value to the estates. SSCP has offered no evidence to counter this sworn testimony and analysis.

14. In addition, Corner Bakery provides the supplemental responses set forth in Exhibit C hereto.

WHEREFORE, Corner Bakery, for the reasons set forth hereinabove and as further supported by the record, respectfully requests that the Court enter an Order denying the SSCP Limited Objection, and granting the relief requested in the Rejection Motion, and such other relief as the Court deems appropriate under the circumstances.

Dated: March 23, 2023
Wilmington, Delaware

/s/ Mette H. Kurth

Mette H. Kurth (DE Bar No. 6491)
CULHANE MEADOWS, PLLC
3411 Silverside Road
Baynard Building, Suite 104-13
Wilmington, Delaware 19810
Telephone: (302) 289-8839, Ext. 100
Email: mkurth@cm.law

Proposed Counsel to the Debtors and Debtors In Possession

Exhibit A

Mette H. Kurth

From: O'Neil, Holly <honeil@foley.com>
Sent: Tuesday, February 28, 2023 2:01 PM
To: Mette H. Kurth; Lynnette R. Warman
Cc: Moore, Mark C.; Jones, Stephen; Palacio, Rick; Teri Stratton - CF
Subject: Re: Section 156 Retention Application for KCC

Categories: Filed

Sure as to Teri joining the call. Yes, as to seeing a revised Order.
Do you want to send a dial in? I will see if a couple of folks from SSCP want to or can join.

Mark and I will be on. Thanks.

Holland N. O'Neil
Foley & Lardner LLP
2021 McKinney Ave., Suite 1600
Dallas, TX. 75201
(O) 214-999-4961
(C) 214-532-4421

From: Mette H. Kurth <mkurth@cm.law>
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**** EXTERNAL EMAIL MESSAGE ****

Let's talk at 5pm CT. If Teri is available (she has a 4pm conflict), do you want me to include her so she can answer your financial/diligence questions directly?

CBC's assessment is that the value of any remaining equipment, net of costs to pick it up and store it prior to any disposition, is less than the cost of the rent that will be incurred if CBC does not surrender before the 1st. If the lender doesn't agree with that assessment, we will need financing to keep the closed locations open so that you can pick up your collateral.

Note: The UST has asked that we include a provision in the order that no property (physical or electronic) will be abandoned that (a) contains PII of employees, customers or other individuals; or (b) is necessary for the prosecution of the Debtors' bankruptcy cases and is not duplicated elsewhere. Let us know if you want to see a redline of the order on that point.

Mette H. Kurth

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From: O'Neil, Holly <honeil@foley.com>
Sent: Tuesday, February 28, 2023 1:41 PM
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Cc: Moore, Mark C. <mmoore@foley.com>; Jones, Stephen <sajones@foley.com>; Palacio, Rick <RPalacio@ashbygeddes.com>
Subject: Re: Section 156 Retention Application for KCC

Mette,

I will confer with my client, but with no financial information on these leases, we are not in a position to comment about whether they should be rejected.

By my count, it looks like 18 leases are in the first block (abandoned or evicted pre-petition) and 11 leases are in the latter (to be vacated). Is that correct?

Also, the equipment being abandoned is our Collateral. There is no mention of that. What is the Debtors' opinion as to the value other than it is described as de minimus or less than the cost of removal. Please advise.

As per my last email to you, I am available for a call at or after 5:00 p.m. CT today or tomorrow morning around 10:00 a.m.

We look forward to review of the additional information needed.

Thanks

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Holly/Marc, I am forwarding a final draft of the lease rejection motion. It is critical that we file this today to avoid another month of rent for rejected locations, so please provide any comments ASAP.

Also noting your other emails. The budget and lease motion are closely tied; the budget is now also substantially final. We agree it would be constructive to set up a call this afternoon. I would suggest including Teri and, if you want, your client, for speed and efficiency.

With the lease motion substantially done, I am turning to budget, cash collateral, information requests, and your other emails now.

Mette H. Kurth

Partner and Bankruptcy Practice Chair



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From: Teri Stratton - CF <tstratton@hilcofc.com>
Sent: Tuesday, February 28, 2023 3:23 PM
To: Mette H. Kurth
Subject: FW: Section 156 Retention Application for KCC

Categories: Filed

It is normal lately to just abandon. We can try to go get signage later but it may be more harmful to leave these stores open and continue to lose money. Working on getting you information

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This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

SSCP would like to understand what, if anything, the Debtors are planning to do to de-identify these to-be-rejected leases. It would be harmful to the brand if not de-identified and abandoned with the Corner Bakery signage and marks left behind.

Please advise. Thanks

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Also, the equipment being abandoned is our Collateral. There is no mention of that. What is the Debtors' opinion as to the value other than it is described as de minimus or less than the cost of removal. Please advise.

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Subject: CBC: Lease Rejection Motion

Categories: Filed

Holly, KCC indicates that they need the filed lease rejection motion by 6:30 ET to serve today. I would suggest either we move our call up so that we can have a more fulsome discussion before 6pm ET or that we file this afternoon and discuss your objections/concerns after the filing. This matter is on regular notice and won't be heard until around 3/28, so there is plenty of time to work out a consensual form of order.

Note that the closing and surrender of these locations has already happened to conserve cash. Unless I'm missing something here, when we surrender the premises and abandon the leased premises, that stops rent from accruing. But that doesn't terminate the bank's security interest in its collateral. If the bank wants to liquidate the FF&E, you can arrange access with the landlord to pick it up. The landlord may be entitled to charge a reasonable storage fee under applicable state law, but that's a daily cost. Holding onto the unprofitable/closed locations and incurring additional monthly rent doesn't seem to be a good value proposition here.

Mette H. Kurth

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Also, the equipment being abandoned is our Collateral. There is no mention of that. What is the Debtors' opinion as to the value other than it is described as de minimus or less than the cost of removal. Please advise.

As per my last email to you, I am available for a call at or after 5:00 p.m. CT today or tomorrow morning around 10:00 a.m.

We look forward to review of the additional information needed.

Thanks

Holland N. O'Neil
Foley & Lardner LLP
2021 McKinney Ave., Suite 1600
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(O) 214-999-4961
(C) 214-532-4421

From: Mette H. Kurth <mkurth@cm.law>
Sent: Tuesday, February 28, 2023 12:26:37 PM
To: O'Neil, Holly <honeil@foley.com>; Lynnette R. Warman <lwarman@cm.law>
Cc: Moore, Mark C. <mmoore@foley.com>; Jones, Stephen <sajones@foley.com>; Palacio, Rick <RPalacio@ashbygeddes.com>
Subject: CBC: Section 156 Retention Application for KCC

**** EXTERNAL EMAIL MESSAGE ****

Holly/Marc, I am forwarding a final draft of the lease rejection motion. It is critical that we file this today to avoid another month of rent for rejected locations, so please provide any comments ASAP.

Also noting your other emails. The budget and lease motion are closely tied; the budget is now also substantially final. We agree it would be constructive to set up a call this afternoon. I would suggest including Teri and, if you want, your client, for speed and efficiency.

With the lease motion substantially done, I am turning to budget, cash collateral, information requests, and your other emails now.

Mette H. Kurth
Partner and Bankruptcy Practice Chair

**CULHANE
MEADOWS**

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☎ 310-245-8784
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Exhibit B

Mette H. Kurth

From: Mette H. Kurth
Sent: Tuesday, March 7, 2023 4:12 PM
To: O'Neil, Holly; Mohan, Tim; Moore, Mark C.; Rick Palacio
Cc: Lynnette R. Warman; Cheryl E. Diaz; Teri Stratton - CF; Aly, Waleed; Sharon M. Lewonski
Subject: CBC: Postpetition Store Closures

Holly, I am forwarding a summary of the rationale for closing various stores following the petition date, which I understand that Teri previously forwarded to Ken Schwab around March 5th.

Teri will be on the call this evening and can go over the store closures with you in more detail then.

In all case sales were way down, well below threshold for profitability, and there was a growing arrearage. Most had pending litigation or judgments. Plus, there was concern about future profitability of store. Especially in DC and downtown Chicago consideration was given to strategically close stores so that other struggling stores could absorb sales of closing stores hopefully turning surviving store into a profitable one.

Tyson's Corner

- Brinker Sublease.
- 2022 EBITDA was 304,934. However, no rents were paid, including all operating expenses. Straight line rent for 2022 is 442,576.37.
- Rent was not paid in 2021 and part of 2020.
- Entered judgment (Dallas County District Court Case No. DC-22-06932) for over 1M.
- Base rent was 37,125/month.

Citicorp Center

- 2022 EBITDA was 13,726. However, no rents were paid, including all operating expenses. Straight line rent for 2022 is 155,954.85.
- Rent was not paid in 2021 and part of 2020.
- Annual gross sales were 2M in 2018 and 2019. Was 280K in 2021 and 780K in 2022.
- Average monthly sales for last six months are 72K, which is a 37% rent to sales ratio.
- Downtown Chicago
- Plan is for this store's sales to be absorbed by neighboring stores.

Palmer House

- 2022 EBITDA was 82,210. However, no rents were paid, including all operating expenses. Straight line rent for 2022 is 415,894.
- Rent was not paid in 2021 and part of 2020.
- Landlord had pending litigation (Cook County Circuit Court, Case No. 20221703691)
- Base rent was 36,666/month.
- EBITDA was negative 41K in 2019.
- Plan is for this store's sales to be absorbed by neighboring stores

McPherson Square

- 2022 EBITDA was 46,963. However, no base rent was paid, only partial payment of operating expenses. Straight line rent for 2022 is 176,230.
- Landlord had pending litigation (DC Superior Court Case No. 2022 LTB 001559)
- Average monthly sales were 156K in 2018, 163K in 2019, 55K in 2021 and 82K in 2022.
- Monthly sales averages for last six months were 90K, rent to sales ratio is 28%

- One month of term remaining
- Plan is for this store's sales to be absorbed by neighboring stores

Lake & LaSalle

- 2022 EBITDA was 159,675. However, no base rent was paid, only partial payment of operating expenses. Straight line rent for 2022 is 126,637.
- Average monthly sales were 122K in 2018, 126K in 2019, 43K in 2021 and 64K in 2022. Sales still down 50% from 2019.
- Monthly sales averages for last six months were 71K, rent to sales ratio is 35%
- Plan is for this store's sales to be absorbed by neighboring stores.

S Coast Plaza Mall

- 2022 EBITDA was 108,612. However, not all base rent was paid, also outstanding operating expenses. Straight line rent for 2022 is 98,326 and much of the \$246K in allocated operating expenses remains outstanding.
- Average monthly sales were 202K in 2018, 216K in 2019, 116K in 2021 and 162K in 2022.
- Pending litigation. Orange County Superior Court Case No. 30-2022-0129035Q.
- CAM is 22,478/month.

Court House

- 2022 EBITDA was negative 197,116 with 56K of straight-line rent for 2022.
- Average monthly sales were 200K in 2018, 208K in 2019, 72K in 2021 and 85K in 2022. Sales still down 60% from 2019.
- Monthly sales averages for last six months are 85K, rent to sales ratio is 25%
- Plan is for this store's sales to be absorbed by neighboring store.
- Local operations people report that market has fundamentally changed from high office traffic to residential.

Inner Harbor

- 2022 EBITDA was negative 109,320 with 107K of straight-line rent for 2022.
- Average monthly sales were 108K in 2018, 111K in 2019, 39K in 2021 and 45K in 2022. Sales still down 60% from 2019.
- Monthly sales averages for last six months are 38K, rent to sales ratio is 39%
- Despite multiple rent adjustments store continued to be unprofitable.

Hurst

- 2022 EBITDA was negative 182,827. All rent paid. Store had a negative 100K EBITDA in 2019
- Average monthly sales were never good, 108K in 2018 and 2019, 95K now.
- Despite low rent, there are low sales and store has lost money every year for multiple years.

Princeton Market Fair

- 2022 EBITDA was negative 87,758. Store had a negative 15K EBITDA in 2019
- Average monthly sales were never good, 141K in 2018 and 2019, 101K now.
- Rent to sales ratio is 27%

Pico

- 2022 EBITDA is negative 366,961.
- Store was only open for 7 months.
- Sales were low.

Bryn Mawr

- Store never opened.

Wayne

- Store never opened.

Mette H. Kurth

Partner and Bankruptcy Practice Chair



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Exhibit C

**RESPONSES TO SSCP QUESTIONS REGARDING DEBTORS' REJECTION MOTION
[D.I. 52]**

- For the stores that were not vacated prior to the Petition Date (i.e., the “Recently Vacated Premises”):
 - Which stores have closed? *All Recently Vacated Premises (“RVPs”) as defined in the Rejection Motion are closed and surrendered or have been tendered to the landlords. See, Table B of Exhibit 1 to the Declaration of Brandon Stewart (“Stewart Declaration”) which was filed with the Court on March 14, 2023.*
 - Why did the Debtors close the stores before obtaining court approval? *These stores were in various stages of closing as of the Petition Date. See Stewart Declaration, Table B attached thereto, and PNL information made available in the SSCP folder on the Box website on March 12, 2023.*
 - What date were each of the RVPs vacated? *See Stewart Declaration, Table B of Exhibit 1, which lists the surrender dates or notice of surrender date for each of these stores.*
 - Have keys been given to the landlords for those stores? *See above referenced table.*
 - What landlords have consented to the rejection of these stores? *See above referenced table.*
 - What financial analysis was done for these stores? *See Stewart Declaration and PNL information made available in the SSCP folder on the Box website.*
 - Please provide:
 - P&L for each of the Recently Vacated Premises for each of the past 12 months. *Profit and Loss Statements (“PNLs”) for all RVPs were made available via BOX to lender on March 12, 2023. Further, the Stewart Declaration also addresses this question.*
 - Remaining terms of each of the leases.
 - *72 – Tyson's Corner 9/30/2025*
 - *138 Citi Corp 11/30/2024*
 - *182 Palmer House - 12/31/2023*
 - *204 McPherson – 3/31/2023*
 - *212 Lake & LaSalle 7/21/2024*
 - *231 South Coast Plaza Mall – 1/31/2027*
 - *242 Court House 5/31/2028*
 - *267 Inner Harbor 4/30/2024*
 - *297 Hurst – 2/29/2028*
 - *303 Princeton Market Fair – 9/30/2023*
 - *308 Wayne – Never opened – 3/1/2031.*
 - *309 Pico – 8/31/2026*
 - *310 Bryn Mawr – Never opened – 2/29/2032.*
 - Analysis of the cost savings that will be achieved by closing the Recently Vacated Premises. *See PNLs and Stewart Declaration.*

- What is the Debtors' process to de-identify the Recently Vacated Premises and the pre-petition closed stores? *As much identifying information as possible was removed from each store within the short time frames that were allowed by landlords, as balanced against the costs of incurring rent and other obligations for March.*
- Were any of the leases cross-defaulted with other leases? *None of the RVP's leases included cross-default provisions.*
- What amount of judgments were associated with these leases?
 - *72- Tyson's Corner – Judgment entered 9/14/2022 in the amount of \$1,194,715.74 plus post judgment interest at 12%.*
 - *138 Citi Corp – no litigation pending; no judgment.*
 - *182 Palmer House – no judgement; Plaintiff is claiming \$790,833.77 in pending motion for summary judgment.*
 - *204 McPherson – no judgment; pending complaint filed April 2022 is claiming \$448,615.74.*
 - *212 Lake & LaSalle - no litigation pending; no judgment.*
 - *231 South Coast Plaza Mall – no judgment; pending suit filed Nov 2022 is claiming \$272,675.*
 - *242 Court House – no judgment; pending suit filed Nov 2022 is claiming \$111,210.*
 - *267 Inner Harbor – no judgment; litigation dismissed.*
 - *297 Hurst – no judgement; no litigation pending.*
 - *303 Princeton Market Fair – no Judgment; no litigation pending.*
 - *308 Wayne – no judgment; suit filed Jan 2023.*
 - *309 Pico – no judgement; no litigation pending.*
- Have there been any writs exercised against garnished funds?
 - If so, how much and when?
Response:
299 – 17th & JFK had a successful garnishment. Judgment is for \$1,081,569. Plaintiffs successfully garnished approx. \$400K Jan 2023.

Hulen & Bellaire – Garnishment of judgment balance \$467,674 June 2022.

269 – Towson. Several writs of garnishment were filed in connection with a case initiated in 2021. Notice of satisfaction of the judgment against CBC in this case was filed in August of 2022. A second case was initiated in August of 2022. In connection with that case a writ of garnishment was filed against American Express in December of 2022 and plaintiff's request for judgment of garnishment against American Express was filed on 2/2/23.
 - Have the Debtors made demand for return of garnished funds?
Response: *No post-petition demands for return of garnished funds have been made at this time.*

- Employees
 - How many were terminated? *57 terminated on March 1, 2023. All employees of closed stores were offered a transfer to nearby location if a nearby location remained operational.*
 - What amount of accrued PTO/sick pay will be owed to these employees? *The balance of PTO for all term'd employees is approximately \$700.00.*
 - Are there any severance obligations? *No, at this time it appears that all but one were hourly employees, and that employee left voluntarily.*
 - How many days' notice did the Debtors give to the employees that the stores were closing? *Employees were notified of terminations on Monday, February 27.*
 - Did the Debtors perform an analysis that this was in compliance with applicable law? *Most employees are part time/seasonal, and there were no mass layoffs. No "yellow flags" presented that would warrant a lengthy or involved WARN/CA-State Warn analysis.*

- Landlords
 - Did the Debtors attempt to negotiate rent reductions with landlords before the post-petition date closings? *Yes.*
 - If so, when did these negotiations begin? *Debtor initiated negotiations with landlords for all RVPs (other than those which have not opened or were opened in 2022) shortly after current ownership acquired CBC (approx. 10/2020) as prior rent abatement, deferral and reduction amendments or agreements proved insufficient in amount of rent relief provided and duration of relief to adequately compensate for ongoing COVID-based sales deficiencies.*
 If so, what was the substance of the negotiations? *Requests by Debtors for rent abatements, rent deferrals, reductions of rent and other costs and related relief.*

#308 Wayne – never opened and initial construction was not completed. Negotiations were directed to operational stores.

#308 Byn Mawr – never opened and initial construction was not completed. Negotiations were directed to operational stores.

#72 Tyson's Corner (Brinker Sublease) All efforts to obtain rent relief from sublandlord were rebuffed. Landlord obtained judgement in excess of \$1 Million.

#138 Citicorp. Store was closed between April 2020 through June 2021. Drop in sales and length of closure prevented CBC and landlord from progressing with negotiations.

#182-Palmer House. Negotiations resulted in March 2021 rent relief amendment, but relief was insufficient in light of sales. Landlord responded to subsequent negotiations by filing suit and seeking evicting, claiming approximately \$790,000,

#204 McPherson. *After multiple attempts to negotiation rent relief, Landlord filed suit in 2022 for possession and monetary damages. Term ended in 2023.*

#212 Lake & LaSalle. *Negotiations resulted in rent relief agreements signed in April 2021 and November 2022 but did not adequately compensate for significant drop in sales.*

#231 South Coast Plaza. *Negotiations resulted in rent relief agreement signed in January 2021. Relief was insufficient to overcome high rent and loss in sales. Additional negotiations were unsuccessful in obtaining additional rent relief, and landlord responded by filing suit for possession and damages.*

#242 Courthouse, DC. *Negotiations resulted in amendments signed December 2020 and July 2021. Landlord files suit for possession and alleged damages in excess of \$111,000.*

#267 Inner Harbor -Baltimore. *Negotiations resulted in rent relief amendments being signed in December 2020, March 2020 and December 2022.*

#303 Princeton Market. *Term ended September 2023.*

#309 Pico. *Store opened in August 2022 and did not achieve adequate sales.*

Abandoned Property

- Provide an asset ledger of all property proposed to be abandoned, along with a depreciation schedule for each asset. *The Debtors do not have an asset ledger of all property to be abandoned with a depreciation schedule for each asset. There are summaries of the Debtors' personal property and depreciation amounts reflected in the financial information previously provided to SSCP.*
 - *As stated in the Steward Declaration, as much FFE with potential value to the estates as possible was removed under the short time frames that were granted by landlords, as balanced with the additional rent (and other) obligations for March. The removed property was transferred to other stores. The property remaining generally consists of property of de minimis value, such as paper products, chairs, tables, carts, small appliances, kitchen equipment, shelving, soda machines and other restaurant equipment.*
 - What is the value of this property? *See Stewart Declaration, paragraph 16.*
 - What did the Debtors do to value this property? *See Stewart Declaration, paragraph 16.*
 - How did the Debtors define *de minimis*? *See Stewart Declaration, paragraph 16.*
- Timing—*no longer relevant, hearing set and SSCP filed a limited objection.*