

Notice of Auction and Bidding Procedures for the Sale of The Purchased Assets Located at 50 Lake Drive, East Windsor, New Jersey

Core Tech Solutions, Inc. (the “Debtor”) will hold an auction and solicit bids for the sale of all rights, title and interest to its Purchased Assets¹ currently located at 50 Lake Drive, East Windsor, New Jersey. The Debtor will entertain either cash bids, or to the extent applicable, other credit bids offered by secured creditors. Except as otherwise provided in the applicable asset purchase agreement of the successful bidder, all of the Debtor’s rights, title and interest in the Purchased Assets will be sold free and clear of any liens, security interests, claims, charges or encumbrances in accordance with section 363 of the Bankruptcy Code.

The Auction will occur at 50 Lake Drive, East Windsor, New Jersey on January 22, 2019.

The order of sale will be as follows:

1. Real Estate (Live Bidders only)
2. Intellectual Property (Live Bidders only)
3. Bulk bid for equipment
4. Individual lot bids for equipment (subject to exceeding bulk bid)

Bulk bids for the equipment (referring to all assets exclusive of the intellectual property) will be accepted before individual bids. If the total price of all individual bids for the equipment does not exceed the bulk bid price, all individual bids will be rejected. The bidding procedures are described below.

Bidding Procedures

- a) **“As Is, Where Is”**: The Purchased Assets², or any part of it, shall be sold "AS IS, WHERE IS," with all faults known or unknown. The Debtor makes no representations or warranties, express or implied. Neither the Debtor nor any of its respective employees or agents shall be liable for any inaccuracy, errors or omissions relating to or concerning the Auction or

¹ All capitalized terms not defined herein are intended to have the meanings ascribed to them in the accompanying Motion Authorizing the Sale of the Purchased Assets.

² Capitalized terms used shall have the same meaning ascribed to them in the Debtor’s Motion filed herewith

Sale. There will be no re-bids or rebates after an item is sold, there are no contingencies to this auction.

- b) **Qualification to Bid:** To qualify to participate in the auction and become a qualified bidder (“Qualified Bidder”), the following requirements must be met:

Each participating bidder will be required to confirm that it has not engaged in any bad faith or collusion with respect to the bidding or the sale.

LIVE BIDDERS: 25% deposit in cash or cashier’s check made payable to AJ Willner Auctions is required at time of successful bid.

ONLINE BIDDERS: In order to participate all online bidders must register with in advance with AJ Willner Auctions using a valid credit card. The credit card will be used to verify identity and a preauthorization will be taken in the amount of \$1,000. This preauthorization will serve as a deposit for successful bidders.

Fulton Bank, TD Bank, National Funding, and Investors Bank are deemed Qualified Bidders and shall be exempt from the qualification requirements set forth above.

- c) **Credit Bid:** In connection with the Sale of the Purchased Assets, secured credit parties, which hold perfected security interests in the Purchased Assets, may seek to submit credit bids for such Purchased Assets. For this reason, the Debtor requests that the Court (i) authorize credit bidding in connection with the Sale to the fullest extent permitted by Bankruptcy Code section 363(k); and (ii) for purposes of valuing credit bids, deem the full-face amount of a credit bid to have the same value as the equivalent amount of cash. Fulton Bank, TD Bank, National Funding, and Investors Bank are deemed Qualified Bidders and shall be exempt from the qualification requirements set forth above. Secured credit parties will not be required to execute any Contract of Sale.
- d) **Disclaimer:** Each Qualified Bidder, by submitting a bid for the Purchased Assets or any part of it, shall be deemed to acknowledge and represent: (i) that it is bound by the Bidding Procedures set forth; (ii) that it had an opportunity to review all pertinent documents and information with respect to the Purchased Assets prior to making its offer and that it relied solely on that review and upon its own investigation, own independent review, investigation and/or inspection of any documents and/or the Purchased Assets in making its bid; and (iii) that it did not rely upon any written or oral statements, warranties or representatives of the Debtor, or the Debtor’s agents regarding the Purchased Assets, or the completeness of any information provided in connection with the Purchased Assets, the bidding process or the Auction.
- e) **No Contingent Bids:** Bids may not be subject to financing, due diligence, zoning, environmental or any other contingency of any kind except the entry of an order approving the Sale pursuant to sections 363(b), (f) and (m) of the Bankruptcy Code and the delivery of insurable title to the buyer free and clear on any liens or encumbrances.

- f) **Appearance at Auction:** All Qualified Bidders must appear at the Auction in person, online, or by telephone or through a duly authorized representative, or by submitting a bid prior to the Auction, as a condition to being permitted to bid on the Purchased Assets at the Auction.
- g) **The Auction Format:** The Debtor, through the Auctioneer retained in this case, shall conduct the Auction at 50 Lake Drive, East Windsor, New Jersey 08520 on **January 22, 2019 at 11:00 a.m.**, or such other date and time as may be fixed by the Court.
- h) **Bidding at the Auction:** After the initial opening bid, all subsequent competing bids shall be in increments to be determined by the Auctioneer but no less than \$10,000 for bulk bids. The combined total price for the Intellectual Property must be no less than \$200,000 or all bids will be rejected. No bid shall be of the same amount as any existing bid. At the conclusion of the bidding, the Debtor will identify and announce the successful bidder (the “High Bidder”) and the high bid price as well as the second highest bidder (the “Back-Up Bidder”) and the back-up bid price. The Debtor or Auctioneer reserve the right to determine with whom the bid is placed in the event of a tie or dispute. Also, in the event of a dispute between bidders, the Debtor or Auctioneer shall make the final decision to accept the final bid or to re-offer and re-sell the Purchased Assets. If any disputes should arise following the Auction, they shall be determined by the Court. Bids made after the bidding is concluded at the Auction will not be considered.
- i) **Requirements of The High Bidder:** The High Bidder will be required to acknowledge the high bid price and tender the balance of the purchase price, along with the buyer’s premium, within 24 hours following the auction in cash, certified funds or wire transfer to AJ Wilner Auctions. Successful bidders who wish to make payment using a credit card agree to pay an additional 3% convenience fee.

The High Bidder shall promptly thereafter sign an Asset Purchase Agreement (in a form reasonably acceptable to the Debtor and High Bidder), and the Debtor shall be authorized to deposit the purchase price.

The following premium will be paid by the successful bidder in addition to the purchase price:

LIVE BIDDERS: 10% buyer premium applies to all live bidders.

ONLINE BIDDERS: 15% buyer premium applies to any successful online bidders.

- j) **High Bidder Default:** All deposits placed by the High Bidder will be forfeited as liquidated damages if the High Bidder (i) fails to tender the Additional Deposit by the close of business on the second day after the auction; or (ii) defaults under the Asset Purchase Agreement including, but not limited to, a failure to close if required under the Asset Purchase Agreement. In addition, the Debtor reserves its right to pursue all other remedies available in the event of a High Bidder default. In the event the High Bidder is in default for other than Debtor’s material breach of the Asset Purchase Agreement, the Debtor may sell the Purchased Assets to the Back-Up Bidder.

- k) **Jurisdiction of Court:** The Debtor shall conduct the Auction and Sale in all respects as directed by the Bankruptcy Court. All bidders and their representatives are deemed to have submitted to the exclusive jurisdiction of the Bankruptcy Court with respect to any dispute relating to all matters related to the auction and all terms and conditions of the transfer of the Purchased Assets.
- l) **Closing:** The closing of the sale of the Purchased Assets shall take place in accordance with the Asset Purchase Agreement between the Debtor and successful bidder.
- m) **Bankruptcy Court Approval:** The Sale of the Purchased Assets contemplated herein shall be subject to the entry of an Order or Orders, as the case may be, by the Bankruptcy Court (i) approving the Auction and/or Sale and the transfer of the Purchased Assets pursuant to sections 363(b) and (f) of the Bankruptcy Code; and (ii) containing a finding that the successful bidder is a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code. The Debtor shall seek Bankruptcy Court approval of the Sale to the High Bidder at the Sale Hearing on January 29, 2019.
- n) **Modifications:** The Debtor reserves the right to (i) impose additional or different reasonable terms and conditions at or before the Auction; (ii) extend the deadlines set forth in these Bidding Procedures or (iii) adjourn the Auction or the Sale Hearing, or withdraw the Motion, without further notice.
- o) **Documents Available:** A data room has been assembled by the Debtor and includes financial information concerning the Purchased Assets. Any potential bidder may have access to the data room upon execution of a Non-Disclosure Agreement.
- p) **Attorney Review Recommended:** All information regarding the Purchased Assets should be carefully reviewed by a bidder's attorney prior to the Auction and is subject to and may be superseded by the Asset Purchase Agreement and announcements made prior to the commencement of bidding.
- q) **Sale Hearing:** The Debtor will seek entry of an order from the Bankruptcy Court at a hearing (the "Sale Hearing") to begin on or before January 29, 2019 at 10:00 a.m. at the U.S. Bankruptcy Court, Courtroom of the Hon. Judge Kathryn C. Ferguson, 402 E. State Street, Trenton, New Jersey, Courtroom #2. (prevailing Eastern Time), subject to the availability of the Bankruptcy Court, to approve and authorize the Sale to the successful bidder on the terms and conditions memorialized in the successful bidder's Asset Purchase Agreement and Proposed Sale Order.

Any objections to the Sale shall be filed no later than three days before the Sale Hearing by 5:00 p.m. (prevailing Eastern Time). The Sale of the Purchased Assets contemplated herein shall be subject to the entry of an Order containing a finding that the successful bidder is a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code.