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| Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Paul A. Beck (SBN 79760) pab@pablaw.org Lewis R. Landau (SBN 143391) lew@landaunet.com Law Offices of Paul A. Beck, APC 13701 Riverside Drive, Suite 701 Sherman Oaks, California 91423 Tel: (818) 501-1141; Fax: (818) 501-1241 <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Debtor | FOR COURT USE ONLY |
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

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| In re: Net Data Centers, Inc., Debtor(s). | CASE NO.: 2:15-bk-12690-BB CHAPTER: 11 NOTICE OF SALE OF ESTATE PROPERTY |
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|--|-----------------------|
| Sale Date: 09/24/2015 | Time: 11:00 am |
| Location: Judge Bluebond; Ctrm 1475, US Bankruptcy Court, 255 E. Temple Street, 14th Fl., Los Angeles, CA 90012 | |

Type of Sale: Public Private **Last date to file objections:** 09/10/2015

Description of property to be sold:
Debtor's East Coast Colocation and Managed Hosting Operations and Related Assets;
See Exhibit 1 Investment Banker offering memorandum.

Terms and conditions of sale: See Exhibit 2 Order Establishing Procedures for the Sale of Estate's East Coast Assets.
Asset Purchase Agreement available at ECF # 265 or internet link: <https://db.tt/Awj17S1D>
Also available upon email request to Debtor's counsel at above address.

Proposed sale price: \$ 2,000,000.00

Overbid procedure (if any): See Exhibit 2 Sales Procedure Order

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Date: September 24, 2015

Time: 11:00 a.m.

Place: Courtroom 1475; Judge Bluebond

U.S. Bankruptcy Court

255 E. Temple Street, 14th Floor

Los Angeles, CA 90012

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Ervin M. Terwilliger, Managing Partner

321 Capital Partners

2205 Warwick Way, Suite 310

Marriottsville, MD 21104

(o) 443-325-5290 ext. 201

(c) 443-895-8882

(f) 443-703-2330

erv@321capital.com

www.321capital.com

Date: 09/03/2015

EXHIBIT 1

Net Data Centers Seeks Immediate Sale of East Coast Colocation and Managed Hosting Operations



DEAL AT A GLANCE

INDUSTRY

Colocation
Managed Hosting Services
Managed Cloud
IaaS

LOCATIONS

Piscataway, NJ
Reston, VA
(2) Ashburn, VA

KEY DETAILS

East Coast Revenues:

| | |
|--------------|----------|
| YTD 3/31/15- | \$ 3.5MM |
| FYE 2014- | \$14.8MM |
| FYE 2013- | \$14.1MM |
| FYE 2012- | \$11.8MM |

CONTACT

Ervin Terwilliger
Office: 443-325-5290 ext. 201
Erv@321capital.com

Erik Endler
Office: 443-325-5290 ext. 202
Erik@321capital.com

Overview

Net Data Centers has retained Three Twenty-One Capital Partners as the exclusive Investment Banking Firm responsible for the sale of its east coast operations, as part of a global plan to exit Chapter 11.

Background

Founded in 2002, Net Data Centers provides a diverse portfolio of clients with managed hosting, colocation, as well as private cloud-based infrastructure-as-a-services (IaaS) solutions to customers. Net Data Centers services clients through operations on both the east and west coasts of the United States. On February 23rd, 2015 Net Data Centers, amidst losses caused by above market rents, sought the protection of Chapter 11 Bankruptcy in the Central District of California (Los Angeles).

Net Data Centers' east coast operations span northern New Jersey to northern Virginia with the west coast operations clustered in the greater Los Angeles area. Revenues for the entire operation exceeded \$40MM for fiscal year ending (FYE) 2014 with revenue growth of 15% from 2012 through FYE 2014. East coast operations generated \$14.9MM in revenue for FYE 2014, with 26% revenue growth since FYE 2012. East coast operations include attractive locations such as Piscataway, NJ, Reston, VA and two locations in Ashburn, VA.

Current Situation

Net Data Centers' over-market rents caused sustained losses in the east coast operations. This bankruptcy provides a buyer with a means to buy the east coast operations with renegotiated, market-based rents. Three Twenty-One Capital Partners is soliciting interest from buyers wishing to pursue an acquisition of the east coast operations.

For More Information

Please sign and return the Confidentiality Agreement on the next page and return via fax or email:

Email: CA@321capital.com

Fax: 443-320-9225



2205 Warwick Way
Suite 310
Marriottsville, MD 21104
Phone: (443) 325-5290
Fax: (443) 703-2330

September 2, 2015

Thank you for your interest in the sale of Net Data Centers' East Coast Operation.

On Tuesday, September 1st, The Honorable Judge Bluebond **APPROVED** the Motion to Establish Procedures for the Sale of Net Data Center's East Coast Assets. (Approved motion attached)

Key Dates

The approved motion stipulates the following court approved dates:

- Overbids Due- 4 PM Pacific September 22nd, 2015
- Auction- 11 AM Pacific September 24th, 2015

Qualified Overbidders

A qualified overbidder will submit in writing to counsel for the debtor, stalking horse bidder and Three Twenty-One Capital:

- A non-contingent cash offer of no less than \$2,200,000
- A redlined and signed Asset Purchase Agreement (APA) substantially similar to the one attached
- A redlined and signed Transition Services Agreement (TSA) substantially similar to the one attached (only necessary if you request transition services)
- Redlined and signed DFT Leases, substantially similar to the ones attached
- Affidavit and proof of ability to close transaction

A qualified overbidder will also be required to submit a good faith deposit to Three Twenty-One Capital's escrow account in the amount of \$100,000.

Additional Due Diligence & Site Visits

Three Twenty-One Capital will provide Level II Due Diligence Data Room access (inclusive of detailed customer information) to parties who provide Three Twenty-One Capital with a written

indication of interest at a minimum purchase price of \$2.2MM, accompanied by proof of financial capacity to close on the proposed transaction.

Three Twenty-One Capital is currently scheduling site visits for any qualified party who has been authorized to review the Level II Data Room.

Three Twenty-One Capital openly welcomes bidding on this opportunity and will do everything in our power to provide qualified candidates with the access and data necessary. Please call us directly with any questions on this opportunity.

Regards,

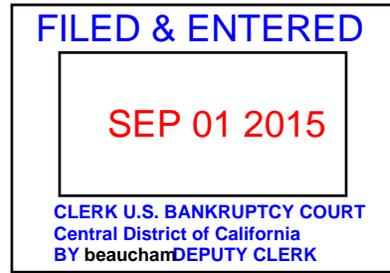
The Team at Three Twenty-One Capital

443-325-5290

EXHIBIT 2

1 **Paul A. Beck** (SBN 79760)
2 **Lewis R. Landau** (SBN 143391)
3 *lew@landaunet.com*
4 **Law Offices of Paul A. Beck, APC**
5 13701 Riverside Drive, Suite 701
6 Sherman Oaks, California 91423
7 Tel: (818) 501-1141; Fax: (818) 501-1241

8 Attorneys for Debtor and Debtor in Possession
9 Net Data Centers, Inc.



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11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **LOS ANGELES DIVISION**

14 In re
15 Net Data Centers, Inc.,
16 Debtor.

17 Case No.: 2:15-bk-12690-BB
18 Chapter 11
19 **ORDER ESTABLISHING PROCEDURES**
20 **FOR THE SALE OF ESTATE'S EAST**
21 **COAST ASSETS**
22 Date: September 1, 2015
23 Time: 10:00 a.m.
24 Place: Courtroom 1475; Judge Bluebond
25 U.S. Bankruptcy Court
26 255 E. Temple Street, 14th Floor
27 Los Angeles, CA 90012

28 On September 1, 2015 at 10:00 a.m., the Court considered the motion filed by Net Data Centers, Inc. (“Debtor”) for entry an order establishing procedures in connection with the sale of Debtor’s East Coast assets pursuant to 11 U.S.C. § 363(b) and Local Bankruptcy Rule 6004-1(b) (“Motion”). Appearances were made as noted in the record.

The Court, findings notice properly given and good cause therefore, hereby **ORDERS** as follows¹:

1. The Motion is **GRANTED**.
2. The following dates and deadlines regarding competitive bidding are hereby established:

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a. **Qualified Bid Deadline:** Tuesday, **September 22, 2015, at 4:00 p.m.** (Pacific Time) is the deadline (“Bid Deadline”) by which all binding bids must actually be received via email by counsel to Debtor (lew@landaunet.com), counsel to Netunim, Inc. (anoskow@manatt.com and cgrumer@manatt.com) (“Purchaser” or “Stalking Horse Bidder”) and Debtor’s investment banker 321 Capital Partners, LLC (erv@321capital.com).

b. **Auction. September 24, 2015 commencing at 11:00 a.m.** (Pacific time), is the date and time the Auction will commence in in the Courtroom of the Honorable Sheri Bluebond, United States Bankruptcy Judge located in Courtroom 1475, U.S. Bankruptcy Court, 255 E. Temple Street, 14th Floor, Los Angeles, CA 90012.

c. **Sale Objection Deadline.** The deadline to object to the Sale transactions and/or the assumption and assignment of the Assumed Contracts or cure amounts related thereto (to the extent a Cure Notice has been filed with the Bankruptcy Court) shall be **September 10, 2015** (the “Sale Objection Deadline”).

d. **Sale Hearing.** Immediately following the Auction, if any, on **September 24, 2015 at 11:00 a.m.** is the date and time the Sale Hearing will commence in in the Courtroom of the Honorable Sheri Bluebond, United States Bankruptcy Judge located in Courtroom 1475, U.S. Bankruptcy Court, 255 E. Temple Street, 14th Floor, Los Angeles, CA 90012.

3. The following bid procedures shall govern the submission, receipt and analysis of any bids relating to the sale of the Purchased Assets, and any party desiring to submit a higher or otherwise better offer to purchase the Purchased Assets shall do so strictly in accordance with the terms of the following Bidding Procedures, subject to the terms of the APA:

(a) Competing offers to acquire the Purchased Assets shall:

¹ Defined terms herein shall have the meaning set forth in the Asset Purchase Agreement filed as Exhibit 1 to ECF # [265]

1 (i) be submitted in writing to counsel for Debtor and Stalking
2 Horse Bidder and 321 Capital on or before 4:00 p.m. (Pacific Time) on September
3 22, 2015 (the "Bid Deadline");

4 (ii) provide for an all-cash purchase price to be paid to Debtor
5 that exceeds the Purchase Price herein by at least Two Hundred Thousand Dollars
6 (\$200,000);

7 (iii) be accompanied by a signed asset purchase agreement in
8 form and substance substantially similar to the APA, together with a redlined,
9 marked copy showing all changes to the APA (the "Competing Agreement");

10 (iv) must not be subject to due diligence contingencies or other
11 conditions beyond those imposed by Stalking Horse Bidder; any bidder other than
12 Stalking Horse Bidder shall have an opportunity to review the books and records of
13 the Debtor, provided that such bidder shall execute a non-disclosure agreement in
14 form and substance acceptable to Debtor in Debtor's sole discretion
15 (notwithstanding the foregoing, all due diligence must be completed by all
16 qualified bidders prior to Auction (as defined below);

17 (v) remain open until the conclusion of the Sale Hearing (as
18 defined below);

19 (vi) contain terms and conditions no less favorable to Debtor than
20 the terms and conditions of the APA;

21 (vii) be accompanied by admissible evidence in the form of
22 affidavits or declarations establishing the bidder's good faith, within the meaning
23 of Section 363(m) of the Bankruptcy Code;

24 (viii) be accompanied by admissible evidence in the form of
25 affidavits or declarations establishing that the bidder is capable and qualified,
26 financially, legally, and otherwise, of unconditionally performing all obligations
27 under the Competing Agreement;
28

1 (ix) be accompanied by a cashier's check made payable to the
2 order of Debtor in an amount of One Hundred Thousand Dollars (\$100,000.00) (the
3 "Overbidder's Deposit"), and further provide that (A) if the Bankruptcy Court
4 approves a sale of the Purchased Assets to that bidder, Debtor may retain the
5 Overbidder's Deposit for application as a non-refundable deposit for application
6 towards payment of the Breakup Fee (as defined in Section 3.1(d) below) to
7 Stalking Horse Bidder and the remainder to be applied against the purchase price at
8 the closing of the transaction, and (B) if the Bankruptcy Court does not approve a
9 sale of the Purchased Assets to that bidder, Debtor will promptly return the
10 Overbidder's Deposit to Overbidder;

11 (x) be for all of the Purchased Assets; and

12 (xi) contain a proposed closing date that is not later than the
13 Closing Date under the APA.

14 (b) If any bidders have submitted a qualifying competing bid in
15 accordance with the Sale Procedures Order hereof (each such bid, a "Qualified
16 Bid"), then a public auction of the Purchased Assets (the "Auction") shall be held
17 at 11:00 a.m. (Pacific Time) on September 24, 2015 (or such other date as set by
18 the Bankruptcy Court) at the United States Bankruptcy Court, Courtroom 1475,
19 14th Floor, Roybal Federal Building and Courthouse, 255 East Temple Street, Los
20 Angeles, California 90012. The Auction shall be governed by the following
21 procedures:

22 (i) All bidders shall be deemed to have consented to the core
23 jurisdiction of the Bankruptcy Court and to have waived any right to jury trial in
24 connection with any disputes relating to the Auction or the sale of the Purchased
25 Assets;

26 (ii) Bidding will commence at the amount of the highest
27 Qualified Bid;
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1 (iii) Each subsequent bid shall be in increments of no less than
2 \$100,000; and

3 (iv) For the Stalking Horse Bidder, the Breakup Fee shall be
4 taken into account in the bidding process, such that, for illustration purposes, if the
5 bid is \$3,000,000 the Stalking Horse Bidder may bid \$2,900,000 cash plus the
6 value of the Breakup Fee to match the \$3,000,000 bid.

7 (c) A hearing to approve the successful bid at the Auction, or, if
8 no auction is held, to approve the APA, shall be scheduled immediately following
9 the Auction, on the date of the Auction;

10 (d) The Breakup Fee in an amount of One Hundred Thousand
11 Dollars (\$100,000.00) (the "Breakup Fee") is approved and shall be paid to
12 Stalking Horse Bidder in the event that the Bankruptcy Court enters an order
13 approving an offer to purchase the Purchased Assets submitted by a party other
14 than Stalking Horse Bidder or enters an order confirming a plan of reorganization
15 of Debtor (other than a plan under which Stalking Horse Bidder acquires the
16 Purchased Assets) no later than the closing of the sale of the Purchased Assets to a
17 third party;

18 (e) No other bidder for the Purchased Assets shall be entitled to
19 payment of any breakup fee;

20 (f) Any entity that fails to submit a timely, conforming
21 Qualified Bid, as set forth above, shall be disqualified from bidding for the
22 Purchased Assets at the Auction or the Sale Hearing; and

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(g) If no timely, conforming Qualified Bid is submitted, Debtor shall request at the Sale Hearing that the Court approve the proposed sale of the Purchased Assets to Stalking Horse Bidder under the APA.

IT IS SO ORDERED.

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Date: September 1, 2015



Sheri Bluebond
United States Bankruptcy Judge