IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SILVERROCK DEVELOPMENT COMPANY, LLC, *et al.*, Debtors.[1]	Chapter 11 Case No.: 24-11647 (MFW) (Jointly Administered) **Ref. Docket No. 562**

ORDER (I) APPROVING AUCTION PROCEDURES; (II) AUTHORIZING AUCTION; (III) APPROVING NOTICE PROCEDURES RELATED TO AUCTION; AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "Motion"),[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order"), (i) authorizing the Debtors to conduct an auction (the "Auction") to sell all or substantially all of their assets (the "Assets"); (ii) approving certain procedures (the "Auction Procedures") to govern the Auction; (iii) approving the form and manner of the Auction Notice attached to the Motion as Exhibit B; and (iv) granting related relief, pursuant to sections 105(a) and 363 of the Bankruptcy Code, rules 2002, 6004, 9007, and 9008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and rules 6004-1 and 9006-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"); and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and

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[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: SilverRock Development Company, LLC (5730), RGC PA 789, LLC (5996), SilverRock Lifestyle Residences, LLC (0721), SilverRock Lodging, LLC (4493), SilverRock Luxury Residences, LLC (6598) and SilverRock Phase I, LLC (2247). The location of the Debtors' principal place of business and the Debtors' mailing address is 343 Fourth Avenue, San Diego, CA 92101.

[2] Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion.

consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order with respect to the relief requested by the Motion consistent with Article III of the United States Constitution; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief granted herein is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED to the extent set forth herein.

2. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied on the merits with prejudice.

3. The Auction Procedures attached hereto as **Exhibit 1** are hereby approved in their entirety, are incorporated herein by reference, and shall govern the bids and proceedings related to the sale of the Assets and the Auction. The failure to specifically include or reference any particular provision of the Auction Procedures in the Motion or this Order shall not diminish or otherwise impair the effectiveness of such procedures, it being the Court's intent that the Auction Procedures are approved in their entirety, as if fully set forth in this Order. The Debtors are authorized to take all actions necessary or appropriate to implement the Auction Procedures.

If there is any conflict between the terms of this Order and the Auction Procedures, the terms of this Order shall govern.

4. The Debtors are authorized to conduct the Auction in accordance with the Auction Procedures, this Order, and the *Order (I) Approving Certain Bidding Procedures and the Form and Manner of Notice Thereof; and (II) Granting Related Relief* [Docket No. 396] (the "Bid Procedures Order"). For the avoidance of doubt, only Qualified Bidders that have complied with the Bidder Requirements will be eligible to participate in the Auction.

5. The form and manner of the Notice of Auction attached to the Motion as Exhibit B are hereby approved in its entirety. The Debtors are authorized to file, serve, and post the Notice of Auction as provided in the Motion and the Auction Procedures, which shall be deemed good and sufficient notice of the Auction and the Auction Procedures approved by this Order.

6. Notwithstanding anything to the contrary in this Order, the Auction Procedures, or the Bid Procedures Order, nothing will require the Debtors to take any action, or to refrain from taking any action to the extent the Debtors determine that refraining from taking such action or taking such action, as applicable, would be inconsistent with applicable law or their fiduciary obligations under applicable law.

7. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Order.

8. Nothing herein will alter or affect the terms of the Memorandum of Understanding between the Debtors and the City, *see Amended Final Order (I) Authorizing the*

Debtors to Obtain Postpetition Secured Financing, (II) Granting Priming Liens and Superpriority Administrative Expense Status, and (III) Granting Related Relief [Docket No. 437-1, at pages 15-21], or compel the City to approve any particular Last and Final Bid.

9. The Debtors are authorized to take all reasonable steps necessary or appropriate to carry out the relief granted in this Order.

10. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: July 18th, 2025
Wilmington, Delaware

MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Auction Procedures

Assets Subject to Auction	For the avoidance of doubt, bidding on the record at the Auction shall only concern the Debtors' Assets,[1] together with a portion of real property owned as undivided tenants-in-common with non-Debtor SilverRock Land II, LLC, a Delaware limited liability company ("SR Land"),[2] and the offers from the Qualified Bidders for the same. Although the Auction is for such Assets, the Debtors and the City believe that in conjunction with the Auction, the City, the Qualified Bidders, the Stalking Horse Bidder, the Consultation Parties and the Debtors may engage in further discussions regarding the City's assets and development terms.
Starting Bid	Provided that the Stalking Horse Bidder negotiates and finalizes its Amended Development Documents with the City on or before July 29, 2025, the Debtors shall declare the $60 million bid and related PSA submitted by the Stalking Horse Bidder (the "Stalking Horse Bid") to be the starting bid (the "Starting Bid") for the Auction. If the foregoing does not occur, the Debtors, in consultation with the Consultation Parties and the City, shall declare the bid of another Qualified Bidder to be the Starting Bid at the Auction. The Debtors, in consultation with the City and the Consultation Parties, will conduct the Auction in accordance with these Auction Procedures.
Time, Place, Manner	The Auction will be conducted in-person, with an option for certain parties to observe via videoconference, on August 4, 2025, starting at 10:00 a.m. (PT) in La Quinta, California at a location to be determined by the Debtors, in consultation with the City and the Consultation Parties, which location shall be announced in advance of the Auction to all attendees. The following parties, as well as their principals,

[1] The Debtors' assets consist of certain real property owned by the Debtors consisting of approximately 134+-acres located in the City of La Quinta, County of Riverside, CA with APNs 777-060-083, 777-060-085, 777-060-075, 777-060-078, 777-490-058, 777-490-063, 777-490-064, 777-490-065, 777-490-066, 777-490-037, 777-490-057, 777-490-059, 777-490-068, 777-490-042, 777-490-076 and portions of 777-490-072 and 777-90-073, 777-490-074 and portions of 777-490-072 and 777-490-073 and 777-490-075 and 777-490-077 and 777-490-079 and 777-490-080, 777-490-046, 777-490-071, 777-060-082, 777-060-084, portions of 777-490-075 and 777-490-077 and 777-490-078 and 777-490-079 and 777-490- 080, portion of 777-490-079, 777-510-001 through 023, 777-510-025, and 777-520-001 through 018, including any existing appurtenant rights, permits, entitlements, and improvements. The APNs correspond to Parcels 1, 2, 3, 4, 5, 6, 7, 8, 9A, 9B, and 12 in the legal description of the real property set forth in Schedule A of that certain preliminary title report dated January 10, 2025, Update No. 4, Order No. 2306435 from Stewart Title of California [Docket No. 425] (the "Real Property") and all of the Debtors' right, title, and interest in and to all personal property, including, without limitation, all building materials, supplies, equipment, inventory, temporary fencing, scaffolding, signage, HVAC units, doors, windows, fixtures, any other tangible personal property of any kind (whether or not yet incorporated into the Real Property or stored thereat and only to the extent owned by the Debtors) (collectively, the "Personal Property") located on or at the Real Property and owned by the Debtors. In addition, there is a portion of real property that the Debtors own as undivided tenants-in-common with non-Debtor SR Land (the "TIC Property" and collectively with the Real Property and the Personal Property, the "Assets"). For the avoidance of doubt, none of the Assets to be auctioned pursuant to these Auction Procedures are owned by the City.

[2] SR Land and the Debtors agreed to an arrangement for the sale of the TIC Property, including the portion in which SR Land holds an undivided interest, which was approved by the Bankruptcy Court. *See* Docket No. 437, Ex. 3, ¶ 3.

	professionals, and representatives, shall be permitted to attend the Auction: (i) the Debtors, (ii) the Qualified Bidders, (iii) the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), (iv) the City, (v) the Consultation Parties and (vi) any other parties in these cases that the Debtors, in consultation with the City and the Consultation Parties deem appropriate in their reasonable business judgment. To request permission to attend the Auction, any party in these cases not included in the foregoing clauses (i)-(v) should submit a written request for permission to attend the Auction to co-counsel to the Debtors, Wilson Sonsini Goodrich & Rosati, P.C., by emailing Catherine C. Lyons (clyons@wsgr.com) no later than July 28, 2025 at 5:00 p.m. (ET).
Commencement of the Auction	On the record at the Auction, each Qualified Bidder will be required to confirm that (i) it has not engaged in any collusion with respect to the bidding process, (ii) its bid is a good faith *bona fide* offer, (iii) its Last and Final Bid will remain open until the Debtors have selected the Successful Bidder and Next-Highest Bidder, and (iv) its Last and Final Bid will be binding on such Qualified Bidder if it is selected as the Successful Bidder or Next-Highest Bidder, in accordance with the Bid Procedures.
Bidding Process	Bidding will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round (i) at least one Qualified Bidder submits a bid that improves on the immediately prior bid (a "Subsequent Bid") and (ii) the Debtors determine, in consultation with the City and the Consultation Parties, that such Subsequent Bid is a higher or otherwise better offer than (x) in the first round, if the Starting Bid is the bid of the Stalking Horse Bidder, $60 million *plus* $2 million to cover the Break-Up Fee authorized to be paid to the Stalking Horse Bidder pursuant to the Stalking Horse Order, *plus* $1 million in cash consideration (such $1 million cash consideration increment, the "Minimum Overbid Amount") (for clarity, such total first round bid shall be not less than $63 million),[3] or (y) in subsequent rounds, is a Subsequent Bid that is higher or otherwise better than the last bid, including the Minimum Overbid Amount.
Disqualification of Qualified Bidders	To remain eligible to submit further bids in the Auction, each Qualified Bidder must submit a bid in each round of bidding that (i) complies with the Minimum Overbid Amount and (ii) is determined by the Debtors in consultation with the City and the Consultation Parties to be higher or otherwise better than the immediately preceding Qualified Bidder's bid. To the extent that a Qualified Bidder fails to submit a bid in such round that is determined to be higher or otherwise better than the Subsequent Bid, the last bid of such Qualified Bidder shall be set as its last and final bid (such bid, a "Last and Final Bid") and such

[3] If the bid of the Stalking Horse Bidder is not the Starting Bid, the Debtors will announce the initial minimum bid increment at the beginning of the Auction.

	bidder shall be disqualified from submitting further bids in the Auction, unless the Debtors have stated on the Auction record in advance an amended Auction procedure regarding "passing." For the avoidance of doubt, no Qualified Bidder shall be permitted to "pass" in the first round of the Auction.
Amendments to Auction Procedures	The Debtors may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (including, without limitation, the amount of time to make Subsequent Bids, whether a Qualified Bidder may "pass" in a given round of the Auction (other than the first round in which no "passing" shall be permitted), the amount of the Minimum Overbid Amount, or the requirement that all Qualified Bidders submit "best and final bids") for conducting the Auction; *provided that* such rules are disclosed to the Qualified Bidders during the Auction and such rules are applied uniformly to all Qualified Bidders. The bidding at the Auction shall be transcribed and the Debtors shall maintain a transcript of all bids made and announced at the Auction.
Adjournment of Auction	The Debtors reserve the right, in their reasonable business judgment, and in consultation with the Consultation Parties and the City to adjourn the Auction one or more times, regardless of whether the Auction has begun. If the Auction is adjourned after August 4, 2025, any resumed Auction will be conducted by Zoom, unless all Qualified Bidders bidding at the Auction at the time of such adjournment agree otherwise.
Notice of Successful Bidder and Next-Highest Bidder	Following the conclusion of the Auction, all Last and Final Bids shall be held open by the Qualified Bidder making such bid. Following the City's consideration of the Last and Final Bids and which shall progress to the next stage of the City approval process, the Debtors shall file a notice identifying the Successful Bid and Next-Highest Bid on the docket of these chapter 11 cases and serve such notice on (i) the City, (ii) the Consultation Parties, (iii) all Qualified Bidders, (iv) the U.S. Trustee, (v) the Debtors' twenty-three largest unsecured creditors on a consolidated basis, and (vi) all parties that have requested notice in these cases pursuant to Bankruptcy Rule 2002.
Next-Highest Bidder	In the event that the Successful Bidder does not close the sale transaction on or before November 12, 2025, then the Next-Highest Bidder shall be obligated to close as promptly as possible. Upon designation of the Next-Highest Bidder, the Next-Highest Bid must remain open until the closing of the sale of the Assets to the Successful Bidder.
Fiduciary Duties	For the avoidance of doubt, nothing in these Auction Procedures prevents the Debtors from exercising their respective fiduciary duties under applicable law (as reasonably determined in good faith by the Debtors in consultation with their co-counsel).