

BAKER & HOSTETLER LLP

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**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:)	
)	Chapter 11
GENESIS HEALTHCARE, INC., et al.,)	
)	Case No. 25-80185 (SGJ)
Debtors. ¹)	

**GENIE 3 PARTNERS, LLC’S OBJECTION AND
RESERVATION OF RIGHTS REGARDING SALE HEARING**

Genie 3 Partners, LLC (“Genie”) files this objection and reservation of rights to the Debtors’ proposed sale scheduled to be heard before the Court on January 20, 2026, at 9:30 a.m. (the “Sale Hearing”). By filing this objection and reservation of rights, Genie specifically reserves its rights to object to and raise all issues related to the *Revised Bidding Procedures Order*, the Second Auction, and the *Notice of Successful Bidder* (defined below).

¹ The last four digits of Genesis Healthcare, Inc.’s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, for which the Debtors have requested joint administration. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://dm.epiq11.com/Genesis>. The location of Genesis Healthcare, Inc.’s corporate headquarters and the Debtors’ service address is 101 East State Street, Kennett Square, PA 19348.

1. On July 15, 2025, the Debtors filed the *Debtors' Motion For Entry Of An Order (I) Approving Bidding Procedures And Expense Reimbursement, (II) Approving The Debtors' Entry Into The Stalking Horse Apa, (III) Scheduling Certain Dates And Deadlines, (IV) Approving The Form And Manner Of Notice Thereof, (V) Establishing Notice And Procedures For The Assumption And Assignment Of Contracts And Leases, (VI) Authorizing The Assumption And Assignment Of Assumed Contracts, And (VII) Authorizing The Sale Of Assets* [Docket No. 117] (the "Bidding Procedures Motion").

2. On August 28, 2025, the Court entered an order approving the Bidding Procedures Motion (the "Bidding Procedures Order"), approving bidding procedures (the "Bidding Procedures"), setting a deadline for submission of qualified bids of November 7, 2025, and setting the auction (the "First Auction").

3. The First Auction and sale process was met with substantial creditor and interested party opposition. After lengthy evidentiary hearings, the Court denied the previous proposed sale due to unfairness and directed to Committee's financial advisor to conduct a second auction (the "Second Auction"), which was conducted on January 13, 2026. *See e.g. Agreed Order (I) Approving Amended and Restated Bidding Procedures for the Submission, Receipt, and Analysis of Bids in Connection With the Sale of the Debtors' Assets, and (II) Scheduling Certain Auction Dates and Deadlines* (Doc. No. 1989) (the "Revised Bidding Procedures Order").

4. After the Second Auction, the Debtors filed the *Notice of Second Auction Results and Designation of Successful Bidder and Back-up Bidder* (Doc. No. 2099) (the "Notice of Successful Bidder") designating 101 West State Street, LLC ("State Street") as the Successful Bidder and Genie as the Back-Up Bidder.

5. Genie objects and reserves the right to further object to the sale transaction contemplated in the Notice of Successful Bidder and be heard on all issues raised at the Sale Hearing relating in any way to the Revised Bidding Procedures Order, the Second Auction, and Notice of Successful Bidder. These issues include, but are not limited to, the following:

- (i) Despite repeated requests for information relating to the State Street’s principals, equity sources, financing sources, and business dealings with the Debtors or insiders of the Debtors, the estate did not provide such information to Genie and forced Genie to bid against an effectively unknown bidder. Upon information and belief, State Street is affiliated with NewGen Healthcare, which is a partner in the disputed “Bold Quail” joint venture and was the counterparty to the proposed settlement of that joint venture – which settlement was never fully documented or consummated after the first auction for unknown reasons.
- (ii) The estate did not appropriately evaluate ability to close or responsibly operate at the Second Auction. Genie appeared with committed financing from White Oak and a substantially improved commitment letter from Monticello – lenders that Genie has been engaged with for months on this transaction. Genie also disclosed to the estate its going-forward operating projections, significant information about its principals, and its successful operating history with similar businesses. In contrast, it appears State Street did not disclose any projections, transition plans, or committed financing to the estate’s brokers- and State Street’s financing appears not feasible. Genie understood that bid credit would be given for bidders with any amount of committed financing, which was a direct inducement for Genie to sign a commitment letter with White Oak and agree to a significant termination fee. No such bid credit was given at the second auction.
- (iii) Upon arriving at the Second Auction, Genie was advised that its \$100 million promissory note – the terms of which were made more favorable to the estate after the close of the first auction – had been “reevaluated” and “revalued” down from the Committee’s previously valuation of \$80 million (see Committee’s exhibit from December 10-11, 2025 evidentiary hearing – DE 1928 at pg. 55) and the Debtors’ previous valuation of \$73 million (*see Id.*), down further to \$62.7 million – below both the Debtors’ and Committee’s previous valuations, without any reasonable explanation. In contrast, State Street’s \$100 million unsecured promissory note at a 15% interest rate was valued at \$100 million (i.e. 100 cents on the dollar or par value), which artificially impaired Genie’s bid relative to State Street. Given the current financial performance of the Debtors’ business, a 15% interest rate on an unsecured promissory note would make the transaction unfinanceable and significantly decrease the probability of closing. This

would further justify a significant discount to the value of the State Street promissory note, not par value. The \$22 million discount on Genie's promissory note compared to State Street's valuation at par value is inappropriate.

6. Genie reserves the right to amend or supplement this Objection in all respects, and to assert additional objections.

WHEREFORE Genie respectfully objects to and reserves its rights to be heard at the Sale Hearing, and requests all other relief that the Court believes is appropriate.

Dated: January 17, 2026

Respectfully submitted,

BAKER & HOSTETLER LLP

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on January 17, 2026, the foregoing document was electronically filed with the court using the CM/ECF system, which sent notification to all parties of interest participating in the CM/ECF System.

/s/ Elizabeth Green
Counsel for Genie 3 Partners, LLC