SUPPLEMENTAL DECLARATION OF STEVEN SANICOLA

I, Steven Sanicola, declare:

1. I am the Director—Risk & Portfolio Management of Siena Lending Group, LLC ("Siena"). I have well over thirty years of commercial finance experience, specifically in underwriting, risk management, and portfolio management. During the course of my professional career, I have been extensively involved in numerous workouts and liquidations, and have developed expertise in the valuation of assets in financially distressed companies from the lender's perspective under liquidation scenarios. I know of my own personal knowledge that the facts set forth in this Declaration are true and correct, and if called upon to testify, I could and would testify competently thereto.

Background

2. Siena is engaged in business as an asset-based lender serving middle-market companies. Siena currently is serving as postpetition lender to B&B Liquidating, LLC ("Debtor"). I have been involved in the administration of the financing relationship between Siena and Debtor, either directly or in a supervisorial capacity, since the inception of the parties' prepetition financing relationship in 2017. I submit this Declaration in support of Siena's Motion for Relief from the Automatic Stay (the "Motion").

3. I am one of the custodians of the books, records and files of Siena as those books, records and files pertain to transactions between Siena and Debtor. As to the following facts, I know them to be true of my own knowledge or I have gained knowledge from the business records of Siena which were made at or about the time of the events recorded and which were maintained in the ordinary course of business of Siena at or near the time of the acts, conditions, or events to which they relate. Any such document or record was prepared in the ordinary course of business of Siena by a person employed by Siena who had personal knowledge of the event being recorded and had a business duty to so accurately record such event. I know from my prior experience with Siena that these records are accurate and trustworthy.

4. In my capacity as a Director of Siena, I have been required to and have become familiar with the manner in which Siena's documents, books, records and files are created and

stored. Among other record keeping practices, the procedures in connection with the establishment of a financing relationship are as follows: after the loan documents are signed by Siena and the borrower, true copies of the original documents are placed in a separate file, labeled and stored securely in Siena's offices. This occurs at or about the time that the documents are delivered to Siena.

5. I have personally examined the documents in Siena's files relating to the lending relationship between Siena and Debtor. I have caused true copies to be made of certain of these documents. Those true copies are attached to the Motion as Exhibits 2 and 3.

Financing Relationship with Debtor

6. On or about October 30, 2017, Siena and Debtor (which was then known as B&B Bachrach, LLC) entered into a Loan and Security Agreement (the "Loan Agreement"). A true copy of the Loan Agreement is attached to the Motion as Exhibit 2. Pursuant to the Loan Agreement, Siena made a term loan and agreed to make revolving loans to Debtor based upon a formula that included, among other things, a percentage of Debtor's eligible accounts receivable and inventory.

7. To secure repayment of the advances made under the Loan Agreement, Debtor granted Siena a security interest in substantially all of Debtor's personal property, including without limitation all of Debtor's accounts receivable, inventory, general intangibles and proceeds (the "Collateral"). Siena's security interest in the Collateral was perfected through the filing of a UCC Financing Statement with the Secretary of State of California (where Debtor is incorporated) on September 29, 2017 as Filing No. 17-7608348236. On February 16, 2018, the Financing Statement was amended to reflect Debtor's name change through the filing of a UCC Financing Statement Amendment, Filing No. 18-76337939. True copies of the Financing Statement and Amendment are attached collectively to the Motion as Exhibit 3.

8. Pursuant to the term loan, Siena loaned Debtor the principal sum of $500,000, and made further advances to Debtor from time to time under the revolving line of credit. As of the February 16, 2018 Petition Date, the principal amount of Debtor's indebtedness under the Loan

Agreement totaled $6,219,779.91, plus accrued and accruing interest, attorneys' fees and other costs and expenses to which Siena is entitled under the Loan Agreement.

9. On or about February 20, 2018, following Debtor's filing of its Chapter 11 petition, Debtor and Siena entered into a Stipulation Regarding Continuance of Financing of Debtor and Debtor in Possession, Priority of Advances Made, Modification of the Automatic Stay and Adequate Protection (the "Stipulation") [pp. 23-164 of Doc. # 21]. Pursuant to the Stipulation, upon the Court's approval of Debtor's motion for postpetition financing, the Loan Agreement was amended pursuant to the Modification to Loan and Security Agreement (the "Modification") attached as Exhibit 2 to the Stipulation. The Stipulation was amended pursuant to a Second Amended Stipulation, which included the Official Committee of Unsecured Creditors as a party, filed on April 26, 2018 as Document No. 141, to which the Modification also was attached. For the Court's convenience, a true copy of the Modification that was attached to the Second Amended Stipulation is attached as Exhibit 4 to the Motion.

10. Under the terms of the Modification, Siena has advanced Debtor substantial additional funds in accordance with a Court-approved budget to enable Debtor to conduct its store closing sales and otherwise operate in bankruptcy. The net proceeds of the liquidation sales conducted during the course of this bankruptcy case have been applied first to the principal amount of the prepetition indebtedness, and then to the principal amount of postpetition indebtedness.

<u>Amount of Indebtedness</u>

11. Attached as Exhibit 5 to the Motion is a true copy of a report generated by Siena's computerized accounting system titled Loan Ledger Report. The computer program used to generate the report is designed to track the amounts due from Siena's borrowers. In general, at or near the time an advance is made, accrued interest is charged, an expense is incurred, or a payment or other credit is received on a loan made by Siena, Siena employees with the responsibility to do so enter the amount of the advance, interest charge, expense, payment, or credit into the computer program and information concerning the name of the borrower and the specific loan to which the entry relates. At any given point in time, a Siena employee may cause the computer program to

generate a statement of the amounts due on a borrower's loans. Exhibit 5 is such a statement for the revolving loans made by Siena to Debtor that are currently outstanding. Exhibit 5 constitutes a business record of Siena and was automatically generated by Siena's computerized accounting program based upon the entries made by Siena personnel relating to Debtor's account following the procedures described above. Exhibit 5 accurately reflects that as of August 7, 2018, the outstanding amount of Debtor's indebtedness to Siena under the revolving loans was $3,634,562.71, which includes interest accrued to such date. (Siena's computer system adds the interest to the loan balance on an ongoing basis and does not separately break out the interest.)

12. In addition to the revolving loan balance, Debtor owes Siena the principal balance of $500,000 on a term loan. Attached as Exhibit 6 to the Motion is a true copy of the Loan Ledger Report generated by Siena's computerized accounting system as described above that accurately reflects that $500,000 is outstanding as of August 7, 2018.

13. In addition to the loan balances, Debtor owes Siena a total of $518,000 for various charges, consisting of the $50,000 loan fee for providing the postpetition financing and various charges under the Loan Agreement, including a Collateral Monitoring Fee of $93,000, a Commitment Fee of $150,000, and an Early Payment/Termination Premium of $225,000.

14. Siena also has incurred a total of $127,354.42 of attorneys' fees as of June 30, 2018 that is not included in the loan balances on matters relating to the financing. Accordingly, as of August 7, 2018, the total amount of Debtor's indebtedness for prepetition and postpetition financing totaled $4,779,917.13, plus additional charges, costs, and attorneys' fees provided for under the terms of the Loan Agreement and Modification.

15. Attached collectively as Exhibit 7 to the Motion are true copies of the Loan Ledger Reports for the months of February through July, 2018 that were generated by Siena's computer system as described above. These reports accurately show, among other things, all payments credited by Siena on the prepetition and postpetition loans since the inception of bankruptcy. These credits represent proceeds of the ongoing liquidation sales.

Value of the Collateral

Inventory

16. Debtor is in the final stages of its store closing sales. According to Debtor's Third Status Report, as of the week ending July 27, 2018, Debtor had inventory totaling $754,603. Based upon the sales history during the liquidation sales, which I have closely monitored, as well as the projections of the liquidation consultants and our own analysis, it is extremely unlikely that all of this inventory will be sold when the store closing sales conclude in September 2018. The remaining inventory will have to be disposed of through wholesale channels at even lower prices than the store liquidation prices. Based upon my extensive experience with workouts and liquidations and my personal experience in monitoring the liquidation sale activities in this bankruptcy case, I believe that inventory remaining as of July 27, 2018 will yield no more than $384,000.

Retail Store Fixtures, Furniture, Equipment, and Leasehold Improvements

17. Debtor's Schedule A/B, a true copy of which is included in Exhibit 1 attached to the Motion, lists retail store fixtures, furniture, equipment, and leasehold improvements with a book value of $2,259,660 and an unknown current value. As of the Petition Date, Debtor was operating in 14 retail stores. Pursuant to the Court's order authorizing the liquidation sales, Debtor has been selling or otherwise disposing of the fixtures, furniture, equipment, and leasehold improvements associated with each store along with the inventory during the course of the store closing sales, so the majority of these assets no longer are property of Debtor's estate. Debtor currently is operating in only three locations, and the fixtures and associated assets in each of these locations similarly will be sold or otherwise disposed of as the stores close. It is my understanding that these assets account for a negligible portion of total sales proceeds from the store closing sales. Accordingly, Siena attributes no value to this category of assets, which in any event will be disposed of by Debtor by the conclusion of the liquidation sales.

Office Furniture, Fixtures and Equipment

18. Debtor's Schedule A/B lists office furniture, fixtures and equipment, primarily in its distribution facility and corporate headquarters (which it has now vacated according to Debtor's

Third Status Report), with a book value of approximately $109,000 and an unknown current value. Under the agreement with the liquidations consultants, these assets will be sold or otherwise disposed of by the end of the liquidation sales. In my experience, office furniture, fixtures and equipment do not yield appreciable value, especially in small facilities such as those of Debtor, because of depreciation, the often specialized nature of such assets, and costs of moving. Further, the liquidation consultants receive 15% of sales proceeds plus reimbursement of out of pocket expenses incurred in selling these assets. Based upon these considerations and my experience in workouts and liquidation sales, I believe that these assets have negligible value.

Accounts Receivable

19. Debtor's Schedule A/B listed accounts receivable with a face value of approximately $66,500, the overwhelming majority of which was more than 90 days past due as of the Petition Date. I do not believe that any remaining receivables will be collected.

General Intangibles, Including Intellectual Property

20. Debtor owns certain intellectual property consisting of the Bachrach registered trademark and the bachrach.com website and associated goodwill and customer lists. Debtor's Schedule A/B does not attribute a current value to these assets. In light of the fact that Debtor's business failed and it is in liquidation, I do not believe that these intangible assets have appreciable value. Again, based on my extensive experience with workouts and liquidations, which has included the sale of intellectual property and other intangible assets, I estimate the sale of such intangible assets would yield no more than $200,000, and probably substantially less than that amount.

Lack of Equity in the Collateral

21. Based upon the foregoing, it is my conclusion that Debtor has no equity in the Collateral because the value (in my opinion no more than $584,000) is substantially less than the approximately $4.8 million Debtor owes to Siena. Even if (i) Debtor's statement of remaining inventory existing as of July 27, 2018 (approximately $755,000) were adopted as the total value of the inventory, (ii) the accounts receivable were valued at their full face amount, and (iii) my estimates of the value of the other collateral turns out to be too low, which I believe is unlikely,

under no reasonable scenario could Debtor have any equity in the Collateral given the substantial amount of Debtor's remaining indebtedness to Siena.

Executed this 8th day of August, 2018 at Stamford, Connecticut.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Steven Sanicola