**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re: 1016 WEST HOLLYWOOD, LLC,[1] Debtors.	Chapter 11 Reorganization Case No. 14-02696 Hon. Jacqueline P. Cox
In re: THE 800 BUILDING, LLC,[2] Debtors.	Chapter 11 Reorganization Case No. 15-17314 Hon. Jacqueline P. Cox

DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF 1016 WEST HOLLYWOOD, LLC AND THE 800 BUILDING, LLC PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

IMPORTANT DATES

- **Confirmation Hearing**, at which the Court will consider confirmation of the Plan: [_________], 2015, at 10:30 a.m. Central Time.
- **Voting Deadline**, by which all Ballots must be received: [__________], 2015, at 5:00 p.m. Central Time.
- **Voting Record Date**, for the purposes of determining which Holders of Claims are entitled to vote on the Plan is November 15, 2015.
- **Plan Objection Deadline**, by which all objections to the Plan must be received: [________], 2015, at 5:00 p.m. Central Time.

[1] Pursuant to 11 U.S.C. § 342(c)(1), the last four digits of the Debtors' federal tax identification number are: 1721. The location of the Debtors' place of business is 1016 West Hollywood Avenue, Chicago, Illinois 60660.

[2] Pursuant to 11 U.S.C. § 342(c)(1), the last four digits of the Debtors' federal tax identification number are: 2596. The location of the Debtors' place of business is 800 South 4th Street, Louisville, Kentucky 40202, and its address for notice purposes is 1016 West Hollywood Avenue, Chicago, Illinois 60660, Attn: Leon Petcov, Manager.

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Dated: November 3, 2015

IMPORTANT INFORMATION FOR YOU TO READ

THE DEBTORS HAVE BEEN AUTHORIZED BY THE COURT TO TRANSMIT THIS DISCLOSURE STATEMENT AND SOLICIT ACCEPTANCES OF THE PLAN. A HEARING TO CONSIDER CONFIRMATION OF THE PLAN IS SCHEDULED FOR [__________], 2015, at 10:30 p.m. Central Time**.**

THE DEADLINE TO VOTE ON THE PLAN IS [__________], 2015, at 5:00 p.m. Central Time**.**

FOR YOUR VOTE ON THE PLAN TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE DEBTORS BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

The Debtors are providing the information in this Disclosure Statement for the *Joint Plan of Reorganization of 1016 West Hollywood, LLC and The 800 Building, LLC Pursuant to Chapter 11 of the Bankruptcy Code* (the "*Plan*") to Holders of Claims entitled to vote on the Plan for the purpose of soliciting votes to accept the Plan. The Disclosure Statement must be read and interpreted in connection with the definitions set forth in the Plan itself, which is attached as Exhibit A to this Disclosure Statement.

Nothing in this Disclosure Statement may be relied upon or used by any entity for any other purpose.

This Disclosure Statement may not be deemed as providing any legal, financial, securities, tax, or business advice. The Debtors urge any Holder of a Claim or Equity Interest to consult with its own advisors with respect to any such legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and each of the proposed transactions contemplated thereby. The Bankruptcy Court's approval of the adequacy of disclosure contained in this Disclosure Statement does not constitute the Bankruptcy Court's approval of the merits of the Plan. The Debtors have not authorized any entity to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement.

The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

The Debtors urge every Holder of a Claim entitled to vote on the Plan to (1) read the entire Disclosure Statement and Plan carefully, (2) consider all of the information in this Disclosure Statement, including, importantly, the risk factors described in Section XI of this Disclosure Statement and (3) consult with your own advisors with respect to reviewing this Disclosure Statement, the Plan, all documents attached hereto or filed in connection herewith and the proposed transactions contemplated under the Plan prior to deciding whether to vote to accept or reject the Plan.

This Disclosure Statement contains summaries of the Plan, certain statutory provisions, events in the Debtor's Chapter 11 Case, and certain documents related to the

Plan. Although the Debtors believe that these summaries are fair and accurate, the same are all qualified in their entirety. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or other documents referenced herein, the Plan or such other documents will govern for all purposes. Except where otherwise specifically noted, factual information contained in this Disclosure Statement has been provided by the Debtors' management. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information contained in, or incorporated by reference into, this Disclosure Statement, such financial information has not been audited. The Debtors are generally making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof where feasible, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and parties reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed.

Neither this Disclosure Statement, nor the Plan, constitutes or may be construed as an admission of fact, liability, stipulation, or waiver. Rather, Holders of Claims and other parties in interest should construe this Disclosure Statement as a statement made in settlement negotiations related to contested matters, adversary proceedings, and other adjudicated, pending, or threatened litigation or actions. No reliance should be placed on the fact that a particular litigation Claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan, irrespective of whether this Disclosure Statement identifies any such Claims or objections to Claims.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

Neither this Disclosure Statement nor the Plan have been filed with the United States Securities And Exchange Commission (the "*SEC*") or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement or the merits of the Plan. Any representation to the contrary is a criminal offense.

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws. The securities to be issued on or after the effective date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "*Securities Act*") or any securities regulatory authority of any state under any state securities law ("*Blue Sky Law*"). The Debtors are relying on section 4(2) of the Securities Act and similar Blue Sky Law provisions, as well as, to the extent applicable, the exemption from the Securities Act and equivalent state law registration requirements provided by section 1145(a)(1) of the Bankruptcy Code, to exempt the issuance of new securities in connection with the solicitation and the Plan from registration under the Securities Act and any Blue Sky Law.

This Disclosure Statement contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. You are cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The Liquidation Analysis, distribution projections, and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Any analyses, estimates, or recovery projections may or may not turn out to be accurate.

Making investment decisions based on the information contained in this Disclosure Statement and/or the Plan is therefore highly speculative. The Debtors recommend that potential recipients of any securities issued pursuant to the Plan consult their own legal counsel concerning the securities laws governing the transferability of any such securities.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan or any of the documents attached hereto or referenced herein, or have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact the Debtors' counsel, Locke Lord LLP, 111 South Wacker Drive, Chicago, Illinois 60606, Attn: Phillip W. Nelson (Telephone: 312-201-2000, Facsimile: 312-201-2555, E-mail: phillip.nelson@lockelord.com).

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THE DEBTORS HEREBY ADOPT AND INCORPORATES EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

I.
EXECUTIVE SUMMARY

On January 29, 2014 (the "***Hollywood Petition Date***"), 1016 West Hollywood, LLC, an Illinois limited liability company with its place of business in Chicago, Illinois, as a debtor and debtor in possession (the "***Hollywood Debtor***"),[3] filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois. On May 15, 2015, The 800 Building, LLC, an Illinois limited liability company and an affiliate of the Hollywood Debtor (the "***800 Building Debtor***" and, together with the Hollywood Debtor, the "***Debtors***"), with its place of business located at 800 South 4th Street, Louisville, Kentucky 40202, and its address for notice purposes is 1016 West Hollywood Avenue, Chicago, Illinois 60660, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois. Both cases are pending before the Honorable Jacqueline P. Cox.

Prior to soliciting acceptances of a proposed chapter 11 plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement that contains information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization.

Accordingly, the Debtor submits this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes to accept the *Joint Plan of Reorganization of 1016 West Hollywood, LLC and The 800 Building, LLC Pursuant to Chapter 11 of the Bankruptcy Code*, dated October 22, 2015, which the Debtor filed with the Bankruptcy Court concurrently herewith (as amended, modified, or supplemented from time to time, the "***Plan***"). A copy of the Plan is also attached hereto as **Exhibit A**. A hearing to consider Confirmation of the Plan is scheduled to be held in front of the Honorable Jacqueline P. Cox at 10:30 a.m. Central Time on [____________], 2015, in Courtroom 680 in the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois (More details are set forth in Section I.E herein, entitled "***Confirmation and Consummation of the Plan***").

This Disclosure Statement contains, among other things, descriptions, and summaries of certain provisions of, and financial transactions contemplated by, the Plan being proposed by the Debtor as filed with the Bankruptcy Court on October 22, 2015. Certain provisions of the Plan (and the descriptions and summaries contained herein), remain the subject of continuing negotiations among the Debtors and various parties, have not been finally agreed upon, and may be modified.

In addition, this Disclosure Statement includes information about, without limitation, (a) the procedures by which the Debtors intend to solicit and tabulate votes on the Plan, (b) the Plan Confirmation process, (c) a description of the Debtors' business, prepetition operations, financial history, and the events leading up to the commencement of these Chapter 11 Cases, (d) the significant events that occurred thus far in these Chapter 11 Cases, (e) certain risk factors

[3] All capitalized terms used as defined terms but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

to be considered before voting on the Plan, and (f) discussions relating to securities registration and certain tax consequences of the Plan.

As such, this Executive Summary is only a general overview of this Disclosure Statement and the material terms of, and transactions proposed by, the Plan, and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed discussions appearing elsewhere in this Disclosure Statement and the exhibits attached to this Disclosure Statement, including the Plan.

A. GENERAL STRUCTURE OF THE PLAN

1. Purpose and Effect of the Plan

The Debtors are reorganizing pursuant to chapter 11 of the Bankruptcy Code, which is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors. The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor.

As discussed in greater detail in Section I.D herein, entitled "Confirmation and Consummation of the Plan," a bankruptcy court's confirmation of a plan binds the debtor, any entity or person acquiring property under the plan, any creditor of or equity security holder in a debtor and any other entities and persons as may be ordered by the bankruptcy court to the terms of the confirmed plan, whether or not such creditor or equity security holder is impaired under or has voted to accept the plan or receives or retains any property under the plan.

Among other things (subject to certain limited exceptions and except as otherwise provided in the Plan or the Confirmation Order), the Confirmation Order will discharge the Debtors from any debt arising prior to the Plan's Effective Date, substitute the obligations set forth in the Confirmed Plan therefor and terminate all of the rights and interests of equity security holders. Under the Plan, Claims and Interests are divided into Classes according to their relative seniority and other criteria.

The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. The terms of the Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the distributions contemplated under the Plan and pay certain of their continuing obligations in the ordinary course of the Reorganized Debtors' business.

The feasibility of the Plan is premised upon entry into the Exit Financing and the successful operation of the Debtors' business post-emergence. The financial projections premised upon the Debtors' business plan are set forth on **Exhibit B**. Although the Debtors believe the business plan and projections are reasonable and appropriate, they include a number of assumptions that may differ from actual results and are subject to a number of risk factors. Importantly, the business plan and projections incorporate the Debtors' forecasts of the anticipated operating performance of the Debtors' property.

2. Financial Restructurings Under the Plan

The Debtors' real property consists of two principal assets: (a) in the case of the Hollywood Debtor, an apartment building commonly known as 1016 West Hollywood Avenue, Chicago, Illinois (the "***Hollywood Property***"); and (b) in the case of the 800 Building Debtor, a 48-slot parking garage, with a street address of 820 South 4th Street (the "***Garage***"). The Debtors' property secured secures outstanding debt totaling approximately $20.67 million, consisting of approximately (a) $5.52 million in first- and second- priority secured borrowings by the Hollywood Debtor, (b) an additional $15.2 million in obligations of their non-debtor affiliates for which the Properties serve as collateral. The Hollywood Debtor also has approximately $144,000 in unsecured debt, while the 800 Building Debtor has approximately $1.486 million in unsecured debt, of which approximately $1 million has been asserted by a single party, Fine Homes, LLC ("***Fine Homes***"), and is disputed by the Hollywood Debtor. Fine Homes also asserts a third-priority lien against the Hollywood Property for this same amount. Finally, the Hollywood Property is subject to a fourth-priority lien in favor of 1st Equity Bank Northwest ("***1st Equity***") which secures a note owed to 1st Equity by Fine Homes (as defined in the Plan, the "***1st Equity Note***"), and 1st Equity also has a judgment against Leon and Helen Petcov on their guarantee of the 1st Equity Note.

The Reorganized Debtor will emerge with substantially less debt, after giving effect to the restructuring transactions contemplated by the Plan, which include the following:

- payment in full satisfaction of the $5.52 million in principal obligations owed to IBC under the senior secured Prepetition Credit Agreements (*i.e.*, the Class 3 and Class 4 Claims) and a reduction of the other first-priority obligations of the Debtor by approximately $2.5 million on the following terms: (a) a reduction of $300,000 of the obligations of the Prepetition Credit Agreements and (b) payment in full of the remaining $5,200,000 in principal obligations owed under the senior secured Prepetition Credit Agreements on or before the 18-month anniversary of the Effective Date of the Plan;

- elimination of $8.1 million in cross-collateralized, first-priority secured obligations owed to IBC upon repayment in full of the Prepetition Credit Agreement Claims on or within 18 months of the Effective Date;

- satisfaction and release of the Fourth Priority Lien Claims of 1st Equity by payment on the Effective Date of $3 million to 1st Equity in exchange for the 1st Equity Note and Mortgage and the issuance of the $3.7 million 1st Equity Note Purchase Promissory Note;

- resolution of the Fine Homes' Third Prior Line Claim against the Hollywood Debtor and the underlying $1 million claim filed by Fine Homes against both the Debtors, after applying the Debtor's offsetting claims against Fine Homes.

- payment in full of the Allowed Other Priority Claims and Other Secured Claims;

- payment in full of the present value, as of the Effective Date, of the Allowed Chicago Water Department Claims, in the form of 60 monthly, equal cash payments;

- payment in full of the present value, as of the Effective Date, of the Allowed General Unsecured Claims, in the form of 12 monthly, equal cash payments; and

- 100 percent of the New Membership Interests in the Reorganized Debtor will be distributed to the Equity Sponsor in exchange for the New Equity Contribution.

The consummation of the financial restructurings contemplated by the Plan will provide the Reorganized Hollywood Debtor with the ability to refinance its debt obligations at the end of 18 months. In addition, during that time, the Plan will protect the Reorganized Debtors from efforts of the creditors of its non-debtor affiliates to seek to enforce their liens on the Property. Because borrowings under IBC notes that will replace the Prepetition Credit Agreement may be paid down at any time during the 18 months following the Effective Date, the Reorganized Debtors will be able to take advantage of potential refinancing opportunities, which are likely to be more available as a result of the improved capital structure.

3. Recovery Analysis

The Plan preserves the going-concern value of the Debtors' business, maximizes creditor recoveries, and provides for an equitable distribution to the Debtors' stakeholders.

The Debtors believe that their business and assets have significant value that would not be realized in a liquidation, either in whole or in substantial part. Consistent with the valuation, liquidation and other analyses prepared by the Debtors with the assistance of its advisors, the value of the Debtor is substantially greater as a going concern than in a liquidation.

Substantially all of the Debtors assets are subject to valid and perfected liens held by IBC, which require payment in full prior to distributions to holders of unsecured claims against the Debtors. Thus, on a going-concern basis, because the obligations owed by the Debtors to IBC greatly exceeds the value of the Reorganized Debtors, minimal (if any) distributions would be made to any Holders of Claims against the Debtors other than the Senior Secured Party absent consummation of the proposed Plan. Further, as set forth in the attached Liquidation Analysis, outside of the proposed Plan, Holders of Claims junior to the Claims of IBC would receive ***no*** distribution in a liquidation of the Debtors' estates.

The Plan does not allocate all of the distributable value of the Reorganized Debtors to IBC. Instead, the Plan contemplates that Holders of Allowed Class 6 Third Priority Lien Claims on the Effective Date, while Class 7 Fourth Priority Lien Claims and Class 8 800 Building Fine Homes Unsecured Claims will receive cash payments once Allowed after resolving the Debtors' objections and applying setoffs to the claimed amount. Given IBC's secured claims, these distributions exceed the value of their interests in the Debtors' property. Furthermore, the Plan contemplates that Class 9 Chicago Water Department Claims will be paid in full over five years, and Class 10 800 Building General Unsecured Claims and Class 11 Hollywood General Unsecured Claims will be paid in full over 12 months, both through a series of monthly cash payments.

As a result, each class entitled to vote on the Plan — *i.e.*, Class 3 800 Building IBC Lien Claims, Class 4 Hollywood First Lien IBC Claims, Class 5 Hollywood Second Lien IBC Claims, Class 6 Hollywood Third Priority Lien Claims, Class 7 Hollywood Fourth Priority Lien Claims, Class 8 800 Building Fine Homes Unsecured Claims, Class 9 Hollywood Chicago Water Department Claims, Class 10 800 Building General Unsecured Claims, and Class 11 Hollywood General Unsecured Claims, and Class 12 800 Building Equity Interests — stand to recover more under the confirmed Plan than they would otherwise be entitled to receive under a strict waterfall recovery analysis.

The Debtors also believe that any alternative to Confirmation of the Plan, such as an attempt by another party to file a competing plan, would result in significant delays, litigation, and additional costs.

ACCORDINGLY, FOR ALL OF THESE AND THE OTHER REASONS DESCRIBED HEREIN, THE DEBTOR URGES YOU TO TIMELY RETURN YOUR BALLOT ACCEPTING THE PLAN.

B. TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

1. Administrative, Priority Tax Claims, and Statutory Fees

In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims, Priority Tax Claims, or the United States Trustee's statutory fees. Section IV.B herein, entitled "Treatment of Unclassified Claims," explains the treatment of Administrative Claims, Priority Tax Claims under Article II of the Plan in greater detail; however, in summary, the Plan provides as follows:

- **Allowed Administrative Claims**. Allowed Administrative Claims will be paid in full in Cash (a) to the extent arising in the ordinary course of business, in the ordinary course of business, (b) on or soon after the Effective Date or, if not then due, the date when such Allowed Administrative Claim is due, (c) on or soon after the date an Administrative Claim is Allowed, (d) at a time and on terms agreed upon by such Holder and the Debtors or the Reorganized Debtors or (e) at a time and on terms set forth in an order of the Bankruptcy Court;

- **Priority Tax Claims**. Priority Tax Claims due and payable on or prior to the Effective Date will be satisfied as soon as reasonably practicable after the Effective Date by payment in an amount equal to the amount (a) of the Allowed Priority Tax Claim, (b) agreed to by the Debtors and the Holder of such Allowed Priority Tax Claim or (c) of such Allowed Priority Tax Claim if paid in installment over a period not more than five years after the Petition Date pursuant to 11 U.S.C. § 1129(a)(9)(C);

- **Payment of Statutory Fees**. The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717, on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, until the entry of a Final

Order, dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

2. Claims and Interests Classified Under the Plan

The table below summarizes the classification and treatment of Claims and Interests under the Plan. These summaries are qualified in their entirety by reference to the provisions of the Plan. For a more detailed description of the treatment of Claims and Interests under the Plan, see Section IV.C herein, entitled "Classification and Treatment of Claims and Interests."

The table below also sets forth the estimated percentage recovery for holders of Claims and Interests in each Class and the Debtors' estimates of the amount of Claims that will ultimately become Allowed in each Class based upon (a) review by the Debtors of their books and records, (b) all Claims scheduled by the Debtors (as modified by the Bankruptcy Court through certain hearings), and (c) consideration of the provisions of the Plan that affect the allowance of certain Claims.

THE ESTIMATED PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES

Class	Treatment of Claims and Interests	Estimated Aggregate Claims	Estimated Percent Recovery Plan v. Liquidation	
Class 1: Other Priority Claims	Except to the extent that a Holder of an Allowed Other Priority Claim against the Debtors agree to less favorable treatment for such Holder, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Other Priority Claim against the Debtors, each Holder of such Allowed Other Priority Claim shall be paid in full in Cash on or as reasonably practicable after (a) the Effective Date, (b) the date on which such Other Priority Claim against the Debtors become an Allowed Other Priority Claim, or (c) such other date as may be ordered by the Bankruptcy Court.	$0–$3,395	100 percent	0 percent
Class 2: Other Secured Claims	Except to the extent that a Holder of an Allowed Other Secured Claim agrees to less favorable treatment for such Holder, in exchange for full and final satisfaction, settlement, release, and discharge of each Other Secured Claim, Holders of Allowed Other Secured Claims shall receive one of the following treatments, in the sole discretion of the Debtors, in full and final satisfaction of such Allowed Other Secured Claims: (a) the Debtors or the Reorganized Debtors shall pay such Allowed Other Secured Claims in full in Cash including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; (b) the	$0	100 percent	0 percent

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES				
Class	**Treatment of Claims and Interests**	**Estimated Aggregate Claims**	**Estimated Percent Recovery Plan v. Liquidation**	
	Debtors or the Reorganized Debtors shall deliver the collateral securing any such Allowed Other Secured Claim; or (c) the Debtors or the Reorganized Debtors shall otherwise treat any Allowed Other Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.			
Class 3: 800 Building IBC Lien Claims	(a) Except to the extent that a Holder of an Allowed 800 Building IBC Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed 800 Building IBC Lien Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtor Affiliate based on a Claim arising under any loan secured by the 800 Building IBC Lien, the Holder of such Claim shall receive a *Pro Rata* share of an interest in the IBC A Note on account of such Holder's 800 Building IBC Lien Claim. (b) The IBC A Note shall be collateralized by substantially all of the assets of the IBC A Note Obligors and cross-collateralized with the Replacement Note, which shall be secured by a first-lien mortgage on the Hollywood Property (as defined in Article I.B of the Plan, the "***Replacement Mortgage***").	$5.52 million	100 percent	100 percent
Class 4: Hollywood First Lien IBC Claims	(a) Except to the extent that a Holder of an Allowed Hollywood First Lien IBC Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood First Lien IBC Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtors Affiliate based on a Claim arising under the Hollywood First Lien IBC Loan Documents shall be consolidated with the Allowed Hollywood Second Lien IBC Claims, and on the Effective Date, a Holder of such consolidated Claims shall receive such Holder's *Pro Rata* share of an interest in the Replacement Note on account of such Holder's Allowed Hollywood First Lien IBC Claim and such Holder's Allowed Hollywood Second Lien IBC Claim; provided, however, that the foregoing Plan treatment is to be understood as a single, consolidated treatment of both the Allowed Hollywood First Lien IBC Claims and the Allowed Hollywood Second Lien IBC Claims,	$3.68 million	100 percent	100 percent

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES				
Class	**Treatment of Claims and Interests**	**Estimated Aggregate Claims**	**Estimated Percent Recovery Plan v. Liquidation**	
	and not a separate treatment or basis for recovery. (b) The Replacement Note shall be secured by the Replacement Mortgage (c) Upon payment in full of the Replacement Note, the Replacement Mortgage shall be released.			
Class 5: Hollywood Second Lien IBC Claims	(a) As described above with respect to Allowed Class 5 Hollywood First Lien IBC Claims, and except to the extent that a Holder of an Allowed Hollywood Second Lien IBC Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Second Lien IBC Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtors Affiliate based on a Claim arising under the Hollywood Second Lien IBC Loan Documents shall be consolidated with the Allowed Hollywood First Lien IBC Claims, and on the Effective Date, a Holder of such consolidated Claims shall receive such Holder's *Pro Rata* share of an interest in the Replacement Note on account of such Holder's Allowed Hollywood First Lien IBC Claim and such Holder's Allowed Hollywood Second Lien IBC Claim; provided, however, that the foregoing Plan treatment is to be understood as a single, consolidated treatment of both the Allowed Hollywood First Lien IBC Claims and the Allowed Hollywood Second Lien IBC Claims, and not a separate treatment or basis for recovery. (b) As described above with respect to Allowed Class 5 Hollywood First Lien IBC Claims, the Replacement Note shall be secured by the Replacement Mortgage. (c) As described above with respect to Allowed Class 5 Hollywood First Lien IBC Claims, upon payment in full of the Replacement Note, the Replacement Mortgage shall be released.	$1.83 million	100 percent	100 percent
Class 6: Hollywood Third Priority Lien Claims	Except to the extent that a Holder of an Allowed Hollywood Third Priority Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Third Priority Lien Claim, Holder of such Hollywood Third Priority Lien Claims shall receive such Holder's *Pro Rata* share of the Fine Homes Claim Resolution Reserve.	$200,000, subject to setoffs	100 percent	0 percent

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES				
Class	**Treatment of Claims and Interests**	**Estimated Aggregate Claims**	**Estimated Percent Recovery Plan v. Liquidation**	
Class 7: Hollywood Fourth Priority Lien Claims	Except to the extent that a Holder of an Allowed Hollywood Fourth Priority Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Fourth Priority Lien Claim, the lien of each such Holder of an Allowed Hollywood Fourth Priority Lien Claim shall receive its *Pro Rata* share of the 1st Equity Note Purchase Cash Payment and the 1st Equity Note Purchase Promissory Note.	$6.3 million	74.6 percent	0 percent
Class 8: 800 Building Fine Homes Unsecured Claims	Except to the extent that a Holder of an Allowed 800 Building Fine Homes Unsecured Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed 800 Building Fine Homes Unsecured Claim, Holder of such Allowed 800 Building Fine Homes Unsecured Claim shall receive such Holder's *Pro Rata* share of the Fine Homes Claim Resolution Reserve.	$200,000, subject to setoffs	100 percent, net of setoffs	0 percent
Class 9: Hollywood Chicago Water Department Claims	In exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Chicago Water Department Claim, except to the extent that a Holder of an Allowed Chicago Water Department Claim and the Debtors agree to less favorable treatment to such Holder, each Holder of an Allowed Chicago Water Department Claim will receive, beginning on the Initial Distribution Date, 60 monthly cash payments equal in the aggregate to the value as of the Effective Date of the Allowed Chicago Water Department Claim.	$122,000	100 percent	0 percent

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES				
Class	**Treatment of Claims and Interests**	**Estimated Aggregate Claims**	**Estimated Percent Recovery Plan v. Liquidation**	
Class 10: 800 Building General Unsecured Claims	In exchange for full and final satisfaction, settlement, release, and discharge of each Allowed 800 Building General Unsecured Claim, except to the extent that a Holder of an Allowed 800 Building General Unsecured Claim and the 800 Building Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed 800 Building General Unsecured Claim will receive (a) beginning on the Initial Distribution Date, 12 monthly cash payments equal in the aggregate to the value as of the Effective Date of such Allowed General 800 Building Unsecured Claim; (b) if a 800 Building General Unsecured Claim is Allowed after the Effective Date, on the date such 800 Building General Unsecured Claim is Allowed or as soon as reasonably practicable thereafter; (c) at such time and upon such terms as may be agreed upon by such Holder and the 800 Building Debtor or the Reorganized 800 Building Debtor, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.	$335,000	100 percent	0 percent
Class 11: Hollywood General Unsecured Claims	In exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Hollywood General Unsecured Claim, except to the extent that a Holder of an Allowed Hollywood General Unsecured Claim and the Hollywood Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed Hollywood General Unsecured Claim will receive (a) beginning on the Initial Distribution Date, 12 monthly cash payments equal in the aggregate to the value as of the Effective Date of such Allowed Hollywood General Unsecured Claim; (b) if a Hollywood General Unsecured Claim is Allowed after the Effective Date, on the date such Hollywood General Unsecured Claim is Allowed or as soon as reasonably practicable thereafter; (c) at such time and upon such terms as may be agreed upon by such Holder and the Hollywood Debtor or the Reorganized Hollywood Debtor, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.	19,000	100 percent	0 percent
Class 12: 800 Building Equity Interests	In exchange for full and final satisfaction, settlement, release, and discharge of each Allowed 800 Building Equity Interest, except to the extent that a Holder of an Allowed 800 Building Equity	$0	N/A	N/A

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS AND ESTIMATED RECOVERIES				
Class	**Treatment of Claims and Interests**	**Estimated Aggregate Claims**	**Estimated Percent Recovery Plan v. Liquidation**	
	Interest and the Debtors agree to less favorable treatment to such Holder, each Holder of an Allowed 800 Building Equity Interest will receive such Holder's *Pro Rata* share of (a) $200,000, which amount shall immediately be contributed to the reorganized Hollywood Debtor as part of the New Equity Contribution, and (b) the New 800 Building Equity Interests.			
Class 13: Hollywood Equity Interests	Holders of Equity Interests in the Hollywood Debtor shall not receive any distribution on account of such Hollywood Equity Interests. On the Effective Date, all Equity Interests in the Hollywood Debtor shall be discharged, cancelled, released, and extinguished.	$0	N/A	N/A

C. VOTING ON THE PLAN

On [__________] [___], 2015, the Bankruptcy Court entered the Solicitation Procedures Order by which the Bankruptcy Court approved, among other things, procedures and documents for the solicitation of acceptances on the Plan, certain key dates and deadlines relating to the voting and Confirmation, and procedures for tabulating votes.

THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCESS IS A SUMMARY. PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER ATTACHED AS EXHIBIT D HERETO.

1. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. As shown in the table below, the Debtor **is** soliciting votes to accept the Plan only from Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 (the "***Voting Classes***") because Holders of Claims in the Voting Classes are Impaired under the Plan but not deemed to reject the Plan and, therefore, have the right to vote to accept or reject the Plan.

The Debtor **is not** soliciting votes from: (a) Holders of Unimpaired Claims in Classes 1 and 2 because such parties are conclusively presumed to have accepted the Plan; and (b) Holders of Equity Interests in Class 13, because such parties are conclusively presumed to have rejected the Plan and are not entitled to vote under the terms of the Plan.

The following table provides a summary of the status and voting rights of each Class (and, therefore, of each Holder within such Class) under the Plan:

SUMMARY OF STATUS AND VOTING RIGHTS

Class	Claim/Equity Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	800 Building IBC Lien Claims	Impaired	Entitled to Vote
4	Hollywood First Lien IBC Claims	Impaired	Entitled to Vote
5	Hollywood Second Lien IBC Claims	Impaired	Entitled to Vote
6	Hollywood Third Priority Lien Claims	Impaired	Entitled to Vote
7	Hollywood Fourth Priority Lien Claims	Impaired	Entitled to Vote
8	800 Building Fine Homes Unsecured Claims	Impaired	Entitled to Vote
9	Hollywood Chicago Water Department Claims	Impaired	Entitled to Vote
10	800 Building General Unsecured Claims	Impaired	Entitled to Vote
11	Hollywood General Unsecured Claims	Impaired	Entitled to Vote
12	800 Building Equity Interests	Impaired	Entitled to Vote
13	Hollywood Equity Interests	Impaired	Deemed to Reject

2. Voting Record Date

The Voting Record Date is November 15, 2015. The Record Date will determine (a) which Holders of Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 are entitled to vote to accept or reject the Plan and (b) whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the Holder of a Claim by the Record Date.

3. Voting on the Plan

The Voting Deadline is [5:00]p.m. Central Time on [_____________], 2015. In order to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered (either by using the return envelope provided, by first class mail, overnight courier, personal delivery, or electronic filing with the Bankruptcy Court) so that each Ballot, is actually received on or before the Voting Deadline at the following address:

Clerk's Office
United States Bankruptcy Court for the
Northern District of Illinois, Eastern Division
219 South Dearborn Street, Room 680
Chicago, Illinois 60606

4. Ballots Not Counted

The following Ballots will not be counted toward Confirmation of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim or transmitted by facsimile or other electronic means (other than filing with the Bankruptcy Court through its ECF system); (b) any Ballot cast by an entity that is not entitled to vote on the Plan; (c) any Ballot cast for a Claim listed in the Schedules as contingent,

unliquidated, or disputed for which the applicable bar date has passed and no proof of claim was timely filed; (d) any Ballot cast for a Claim that is subject to an objection pending as of the Record Date (unless temporarily allowed by an order of the Bankruptcy Court); (e) any unsigned Ballot; or (f) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT COUNSEL FOR THE DEBTORS. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED UNLESS THE DEADLINE IS EXTENDED BY THE DEBTORS.

D. ADDITIONAL PLAN-RELATED DOCUMENTS

1. Filing the Plan Supplement

The Debtors will file the Plan Supplement with the Bankruptcy Court on or before [______], 2015, but in no case later than 14 days prior to the Voting Deadline. The Debtors will serve all parties in interest with a courtesy notice that will inform parties that the Plan Supplement was filed, list the information included therein and explain how copies of the Plan Supplement may be obtained. The Plan Supplement will include the amended and restated organizational documents for the Reorganized Debtor.

2. Filing the Contract/Lease Schedule

The Debtors will file a schedule or schedules, as necessary, listing the Executory Contracts and Unexpired Leases the Debtors intend to assume and those the Debtors intend to reject pursuant to Article VI.A of the Plan (the "***Contract/Lease Schedule***") with the Bankruptcy Court on or before [____________], 2015, but in no case later than 14 days prior to the Voting Deadline. The Contract/Lease Schedule will include (a) the name of the non-debtor counterparty, (b) the legal description of the contract or lease to be assumed or rejected, and (c) in the case of assumption, the proposed Cure, if any.

On or as soon as practicable thereafter, the Debtors will serve the Contract/Lease Schedule and notice of filing upon each non-debtor counterparty listed thereon that will describe the procedures by which such parties may object to the proposed assumption or rejection of their respective Executory Contract or Unexpired Lease and explain how such disputes will be resolved by the Bankruptcy Court if the parties are not able to resolve a dispute consensually.

Objections, if any, to the proposed assumption and/or Cure or rejection by the Debtors of any Executory Contract or Unexpired Lease listed on the Contract/Lease Schedule, must be filed with the Bankruptcy Court and served so as to be *actually received* on or before the Plan Objection Deadline by the notice parties listed directly below under the heading "Plan Objection Deadline" in a manner consistent with the Bankruptcy Rules and the Local Bankruptcy Rules.

Any counterparty to any Executory Contract or Unexpired Lease who fails to timely file and serve an objection in accordance with same will be deemed to have consented to the

assumption or rejection of their respective Executory Contract or Unexpired Lease by the Debtors in accordance with Article VI of the Plan.

E. CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Plan Objection Deadline

The "Plan Objection Deadline" is [5:00]p.m. Central Time on [____________], 2015. This means that written objections to Confirmation of the Plan, if any, which conform to the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, must be filed, together with a proof of service, with the Bankruptcy Court and served, in accordance with the Bankruptcy Rules and the Local Bankruptcy Rules, so as to be *actually received* on or before the Plan Objection Deadline by the following parties (as well as to Judge's Chambers):

- The Hollywood Debtor: 1016 West Hollywood, LLC, 1016 West Hollywood Avenue, Chicago, Illinois 60660, Unit 102, Attn: Leon Petcov;

- The 800 Building Debtor: The 800 Building, LLC, 1016 West Hollywood Avenue, Chicago, Illinois 60660, Unit 102, Attn: Leon Petcov;

- Counsel to the Debtors: Locke Lord LLP, 111 South Wacker Drive, Chicago, Illinois 60606, Attn: David J. Fischer and Phillip W. Nelson;

- Counsel to the Senior Secured Party: Michael Lee Tinaglia, Ltd., 444 North Northwest Highway, Suite 350, Park Ridge, Illinois 60068, Attn: Michael L. Tinaglia and J. Molly Wretzky; and

- United States Trustee: Office of the United States Trustee for the Northern District of Illinois, 219 South Dearborn Street, Room 873, Chicago, Illinois 60604, Attn: Kathryn M. Gleason.

2. Confirmation Hearing

The Confirmation Hearing is scheduled to commence on [___________], 2015, at [10:30] a.m. Central Time. The Confirmation Hearing will be held before the Honorable Jacqueline P. Cox in Courtroom 680 in the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois.

At least twenty-eight (28) days prior to the Plan Objection Deadline, the Debtors will serve all known and potential creditors and equity holders of the Debtors with the Confirmation Hearing Notice, which will contain, without limitation, (i) instructions for objecting to the Disclosure Statement and/or Confirmation of the Plan, including all dates and deadlines relevant thereto, (ii) all information relating to the logistics of the Confirmation Hearing, including the date, time, and location thereof, (iii) a description of the procedures for the temporary allowance of claims for voting purposes, and (iv) disclosure with respect to the release and other provisions in Article X of the Plan.

The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

3. Effect of Confirmation and Consummation of the Plan

Following Confirmation, subject to Article VIII of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation, and discharge provisions set forth in Article IX will become effective. As such, it is important to read the provisions contained in Article IX of the Plan very carefully so that you understand how Confirmation and Consummation of the Plan—which effectuates such provisions—will affect you and any Claim you may hold against the Debtor so that you cast your vote accordingly. **Additionally, for a more detailed description of the provisions set forth in Article IX of the Plan, please refer to Section VII.A herein, entitled "Settlement, Release, Injunction, and Related Provisions."**

IF CONFIRMED, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW.

II.
BACKGROUND TO THE CHAPTER 11 CASE

A. CORPORATE HISTORY AND CURRENT STRUCTURE

Both of the Debtors are Illinois limited liability companies. The Hollywood Debtor is a "single-asset real estate" debtor, as that term is defined in Section 101(51B) of the Bankruptcy Code. As of the date it filed for bankruptcy protection on May 15, 2015, the 800 Building Debtor owned two real properties: (a) a 246-unit residential high-rise in downtown at 800 South 4th Street, Louisville, Kentucky known as "The 800 Building"; and the Garage, a 48-slot parking garage located next-door to The 800 Building with a street address of 820 South 4th Street. The 800 Building was sold on June 16, 2015, pursuant to orders entered by the Court, after both an extensive pre-petition and expedited post-petition marketing process, for $20.65 million, yielding net proceeds to the 800 Building Debtor of approximately $4.3 million after paying secured debt and seller closing costs. The Debtors were both formed by Leon Petcov to own their respective properties.

Mr. Petcov was born in Secusigiu, Romania and came to the United States in 1983. After working for a non-profit organization and as a property manager for the property management business known as Kass Management Services, Inc. from 1986 to 1987. In 1987, Mr. Petcov acquired the Hollywood Property, and for a time, title was held in an Illinois land trust. In 1996, Mr. Petcov formed the Hollywood Debtor and caused title to the Hollywood Property to be transferred to the Hollywood Debtor. Subsequently, Mr. Petcov conveyed a 1.0 percent interest in the Hollywood Debtor to his wife, Helen.

Mr. Petcov formed the 800 Building Debtor to acquire The 800 Building in 2002 and conveyed a 5.0% interest in the 800 Building Debtor to his wife. Mr. Petcov renovated and successfully operated the The 800 Building until it was sold pursuant to an order of the Bankruptcy Court on June 12, 2015.

B. CURRENT BUSINESS AND OPERATIONS

With respect to the Hollywood Debtor, Mr. Petcov has served as the Hollywood Debtor's manager and, together with his wife, has managed the Hollywood Property since 1987. The Hollywood Property is a 72-unit apartment building in the Edgewater neighborhood of Chicago. The apartment units consist of 26 studio apartments, 37 one-bedroom apartments, and 9 two-bedroom apartments. The Hollywood Property also rents approximately 40 parking spaces on a monthly basis. Rents from the Hollywood Property generate approximately $46,779.00 in gross proceeds per month. The Hollywood Debtor also has laundry units maintained by a third party, for which the Hollywood Debtor receives 50 percent of the collections, generating approximately $360 per month.

With respect to the 800 Building Debtor, Mr. Petcov has served as the Debtor's manager since acquiring the Garage and The 800 Building in approximately 2002. The 48-slot Garage remains the 800 Building Debtor's sole real asset, following the sale of The 800 Building on June 16, 2015. In essence, the Garage is a former ice-skating rink that has been gutted to allow for parking inside the shell of the rink and has very little marketability. Accordingly, all of the

slots in the Garage are rented out to tenants of the adjacent building, known as the "Heyburn Building" and owned by the Debtors' non-debtor affiliate 2006 Heyburn Building, LLC.

C. PREPETITION CREDIT AGREEMENT AND JUNIOR LIENS

The Hollywood Debtor is the borrower of under two loans owed to International Bank of Chicago ("***International Bank***" or the "***Senior Secured Party***"), the aggregate outstanding balance of which is $5,515,727.31, consisting of a $3,684,761.11 first-lien loan and a $1,830,996.20 second-lien loan (the "***Hollywood Loans***"). The Hollywood Loans are secured by mortgages and an assignment of rents. Additionally, on June 29, 2012, the Debtors and International Bank entered into a certain Loan Modification and Forbearance Agreement ("***Forbearance Agreement***" and, together with the other documents evidencing and securing the Hollywood Loans, the "***Prepetition Credit Agreements***") pursuant to which, International Bank agreed to extend further credit to the Hollywood Debtor and extend the term second-lien International Bank Loan. In exchange, the Debtors agreed to amend the second-lien mortgage to cross-collateralize approximately $10,809,587.79 in debt owed to International Bank by the 800 Building Debtor and certain non-debtor affiliates of the Debtor as follows:

- non-debtor affiliate 2006 Heyburn Building LLC ("***2006 Heyburn Building***") is obligated to IBC as the borrower under consolidated Loan Nos. 4804001 and 37340101 with a balance of $8,628,635.92 (the "***Heyburn Loans***"), the primary collateral for which is a first-lien mortgage on Heyburn's real estate commonly known as 332 W. Broadway, Louisville, Kentucky (the "***Heyburn Building***");

- non-debtor affiliate 800 Cawthon LLC ("***800 Cawthon***") is obligated to IBC as the borrower under Loan No. 50689001 with a balance of $98,503.31 (the "***Cawthon Loan***"), the primary collateral for which is a first-lien mortgage and assignment of rents on Cawthon's real estate commonly known as 800 Cawthon, Louisville, Kentucky (the "***Cawthon Building***");

- non-debtor affiliate Leon Enterprises LLC ("***Leon Enterprises***") is obligated to IBC as the borrower under Loan No. 743570101 with a balance of $1,378,919.72 (the "***Leon Enterprises Loan***"), the primary collateral for which is a first-line mortgage and assignment of rents on Leon Enterprises' real estate commonly known as 725-39 S. 7th Street, Louisville, Kentucky; 511-15 W. York, Louisville, Kentucky; 746 S. 5th Street, Louisville, Kentucky (collectively, the "***Leon Enterprises Properties***");

- 900-7th Street Properties LLC ("***900-7th Street Properties***" together with 2006 Heyburn Building, 800 Cawthon, and Leon Enterprises, the "***Non-Debtor Affiliates***") is obligated to IBC as the borrower under Loan No. 751489001 with a balance of $246,538.27 (the "***900-7th Street Loan***"), the primary collateral for which is first-lien mortgages and assignment of rents on 900-7th Street's real estate commonly known as 900 S. 7th Street, Louisville, Kentucky; and 844-54 S. 7th Street, Louisville, Kentucky (the "***900-7th Street Properties***"); and

- the 800 Building Debtor was obligated to IBC as the borrower under consolidated Loan Nos. 48030101, 29740101, and 43980101 with a balance as of the date of the

800 Building Debtor's bankruptcy filing on May 15, 2015 of $456,990.64 (the "***800 Building Loans***" and, together with the Hollywood Loans, the Heyburn Loans, the Cawthon Loan, the Leon Enterprises Loan, and the 900-7th Street Loan, each an "***IBC Loan***" and, collectively, the "***IBC Loans***"). Both the Garage and The 800 Building were pledged as collateral to IBC pursuant to second-priority mortgages, and the 800 Building Loans were cross-collateralized with the rest of the IBC Loans.

The Forbearance Agreement also provides that the properties of the Non-Debtor Affiliates cross-collateralize the debts of each other and of the Debtor. All of the obligations under the Prepetition Credit Agreements (the "***Prepetition Obligations***") are guaranteed by Mr. Petcov.

The Hollywood Property is subject to a third-priority mortgage in favor of Fine Homes LLC ("***Fine Homes***"), securing loans also incurred by the Petcovs in connection with the purchase of their personal residence (the "***Fine Homes Loans***"). The Debtor is not obligated on the Fine Homes Loans itself and has only pledged the Property as additional collateral. The Fine Homes Loans are also secured by junior mortgages on properties owned by certain entities of which the Petcovs are the sole members. None of the Non-Debtor Affliates has pledge property to, or otherwise guaranteed, the Fine Homes Loans. The outstanding balance on the Fine Homes Loans is $200,000.

The Hollywood Property was also pledged, pursuant to a fourth-priority mortgage, as additional collateral for loan issued by 1st Equity Bank Northwest ("***1st Equity***" and, together with International Bank and Fine Homes, the "***Secured Parties***") to the Faina Loyfman Revocable Trust (the "***1st Equity Loan***"). As with the Fine Homes Loans, the Debtor is not obligated on the 1st Equity Loan itself and has only pledged the Property as additional collateral. The 1st Equity Loan is also secured by a mortgage on the residence of the Debtor's members, Leon and Helen Petcov, and junior mortgages issued by certain other entities in of which the Petcovs are the sole members. The Petcovs also personally guaranteed the 1st Equity Loan. The outstanding principal balance on the 1st Equity Loan was approximately $4.3 million as of the Petition Date. On or about February 13, 2015, 1st Equity obtained a judgment on Leon and Helen Petcov's guarantee of the 1st Equity Loan in the amount of approximately $6.345 million, which amount 1st Equity now asserts as the amount secured by the mortgage.

Prior to the 800 Building Debtor's bankruptcy filing on May 15, 2015, the Garage and The 800 Building also secured first-priority mortgages in favor of Republic Bank of Chicago securing indebtedness in the amount of $16.46 million (the "***Republic Bank Debt***"). On June 12, 2015, pursuant to an order of the Bankruptcy Court, the 800 Building Debtor completed a sale of The 800 Building for $20.65 million. As the closing of that sale, the Debtor paid off the Republic Bank Debt in full and paid off the 800 Building Loans, leaving total net proceeds of $4.3 million, which remains IBC's collateral under the remaining IBC Loans.

D. EVENTS PRECEDING THE HOLLYWOOD DEBTOR'S CHAPTER 11 FILING

On May 5, 2008, the Debtor's members, the Petcovs, entered into a certain Article of Agreement for Warranty Deed (the "***Contract for Deed***") pursuant to which the Petcovs agreed to purchase the home of Michael and Faina Loyfman (the "***Loyfmans***") commonly known at 70

Harbor Street, Glencoe, Illinois (the "***Glencoe Residence***"), title to which is held in the name of Fine Homes, which is owned by the Loyfmans and managed by Michael Loyfman.

At the time that the Petcovs entered into the Contract for Deed, the Glencoe Residence secured a loan to Fine Homes by 1st Equity Bank Northwest ("***1st Equity***") in the principal amount of approximately $4.5 million (defined above as the "***1st Equity Note***"). In late 2009, the Petcovs agreed to guarantee the 1st Equity Note and also caused Hollywood Debtor to grant Fine Homes a third-priority mortgage on the Hollywood Property to guaranty the Petcovs' obligations under the Contract for Deed and a fourth-priority mortgage on the Hollywood Property in favor of 1st Equity to secure the Petcovs' guaranty of the 1st Equity Note.

As the 2008-2009 Financial Crisis began to gain momentum, the Petcovs rental properties, including Debtors' properties, encountered financial difficulty as occupancy rates and current rent payments slipped.

The Petcovs were unable to make the required payments on the Contract for Deed and a related promissory note with Fine Homes executed by Leon Petcov to finance part of the obligations under the Contract for Deed. Without these payments from the Petcovs, Fine Homes was unable to pay the 1st Equity Note, which went into default. As a result, the Loyfmans caused Fine Homes to file a lawsuit against the Petcovs on the Contract for Deed and related promissory note in the Circuit Court of Cook County, Illinois, Law Division (the "***Law Division***"), captioned *Fine Homes v. Leon and Helen Petcov*, Case No. 13 L 004334 (the "***Fine Homes Lawsuit***").

In addition, the Hollywood missed a monthly payment in August 2012 on its $3.6 million first-lien mortgage and was unable to pay the second installment of its 2011 real property taxes. Among other things, this caused a default under the Hollywood Debtor's first-lien term loan, then held by an entity called VCP 1016 Hollywood LLC, which started an action to foreclose on the Hollywood Debtor's rental property in the Circuit Court of Cook County, Illinois, Chancery Division (the "***Chancery Division***"), captioned *VCP 1016 Hollywood LLC v. 1016 W. Hollywood LLC et al.*, Case No 12 CH 34901 (the "***Hollywood Foreclosure***").

At the time VCP 1016 Hollywood LLC commenced the Hollywood Foreclosure, IBC held a $1.3 million second-lien position on 1016 W. Hollywood's rental property. However, IBC also held loans with several of the Debtor's affiliates, all of which were owned by the Petcovs, totaling approximately $24.2 million — all of which debt was also guaranteed by Leon Petcov (collectively, the "***IBC Loans***"). Ultimately, however, IBC acquired the VCP 1016 Hollywood LLC first-lien loan to protect its second-lien position and its cross-collateralized interests in the Debtor and its affiliates.

On or about June 29, 2012, IBC, Leon Petcov, the Debtor, 1016 W. Hollywood, and their other affiliates indebted to IBC on the IBC Loans entered into a certain Loan Modification and Forbearance Agreement (the "***Forbearance Agreement***") pursuant to which, among other things, the parties agreed to consolidate certain of the IBC Loans and reduce the overall, cross-collateralized indebtedness to approximately $15.5 million — constituting the current IBC Loans described above.

Eventually, however, Fine Homes moved for the appointment of a receiver in the Foreclosure Proceeding, which was scheduled for hearing on January 29, 2014. Instead, the Debtor filed its voluntary petition the morning of the hearing on the receiver motion in order to take advantage of the breathing room provided by the automatic stay to retain possession of its property and reorganize its obligations using the resources of the Bankruptcy Code.

E. THE 800 BUILDING DEBTOR'S CHAPTER 11 FILING AND SALE OF THE 800 BUILDING

In the midst of the Petcovs' difficulties with IBC, 1st Equity, and Fine Homes and the Loyfmans, the 800 Building Debtor also encountered difficulty in meeting its obligations under the Republic Bank Loan, and the Petcovs and the 800 Building Debtor agreed that, in exchange for a forbearance and extension of the Republic Bank Loan (the "***Republic Bank Forbearance***"), the Debtor would proceed with efforts to market The 800 Building and pay-off the Republic Bank Loan. Moreover, because the value of The 800 Building exceeded the amount of the Debtor's secured and unsecured debt, the Petcovs anticipated that selling The 800 Building would free up cash that could be used to resolve their disputes with IBC, 1st Equity, and Fine Homes.

The Republic Bank Extension called for, among other things, two forbearance fees to be added to the Republic Bank Debt: (a) a $500,000 fee if the Republic Bank Debt was not paid in full by the end of January 2015; and (b) a second $500,000 fee that would come due if the Republic Bank Debt is not paid in full by June 30, 2015.

However, because the value of The 800 Building exceeds the amount of the Debtor's secured and unsecured debt, the Petcovs anticipated that selling The 800 Building would free up cash that could be used to resolve their disputes with IBC, 1st Equity, and Fine Homes. Accordingly, the Debtor moved forward with marketing efforts quickly.

Beginning in April 2014, The Debtor engaged Tikijian Associates, a brokerage firm specializing in the sale of multi-unit housing properties in Indiana and Kentucky, to assist with the marketing of The 800 Building. As described more fully in the Tikijian Declaration, the Debtor and Tikijian Associates engaged in an extensive effort to market The 800 Building over the course of 9 months, which included interest by more than 12 potential purchasers.

Ultimately, on or about November 21, 2014, the Debtor received an offer to purchase The 800 Building from Village Green Development Holding LLC ("***Village Green***"). In light of the Debtor's extensive marketing efforts and Village Green's track record as a real estate owner and its demonstrated ability to close, the Debtor concluded represented the best offer for The 800 Building.

On or about December 31, 2014, the Debtor and Village Green entered into the Proposed Purchase Agreement. The Debtor and Village Green have subsequently amended the Purchase Agreement on a number of occasions to reflect certain changed circumstances with respect to the principal terms of the proposed sale, including substitution of Village Green for its subsidiary, 800 City Apartments LLC, defined above as the "Proposed Purchaser."

Due to the cross-collateralization and cross-default provisions under the IBC Loan agreements, the Hollywood Debtor's defaults and chapter 11 filing technically created cross-defaults under the remainder of the IBC Loans, including the 800 Building Debtor's second-lien mortgage to IBC. Moreover, because the IBC Loans were cross-collateralized, the 800 Building Debtor stands liable to IBC for all of the IBC Loan debt.

With the opportunity created by the Village Green Purchase Agreement, the Debtors and their affiliates reached out to IBC in an effort to work out the IBC Loans and resolve the cross-defaults and cross-collateralization issues resulting from Hollywood Debtor's defaults and chapter 11 filing.

As a result, IBC and the Debtors and their affiliates obligated on the IBC Loans reached agreement the terms for the IBC Restructuring Support Agreement discussed above. The IBC Loan restructuring thus represents a substantial opportunity for the Debtors and their affiliates to reduce their secured obligations and set themselves up on a manageable glide path to repay or refinance the IBC Loans that will avoid costly litigation and, potentially, the distressed sale of their property through foreclosure — thereby preserving value for all constituencies.

Critically, the IBC Restructuring Support Agreement and the workout of the IBC Loans it contemplates depended upon the ability of the 800 Building Debtor to complete the sale of The 800 Building to generate the liquidity to (a) pay off the Debtors' existing obligations, (b) fund the IBC Restructuring Support Agreement, and (c) resolve the Debtors' and the Petcovs' disputes with 1st Equity.

However, when 1016 W. Hollywood filed its third amended plan of reorganization and the related disclosure statement, which explained the terms of the IBC Restructuring Support Agreement and the sale of The 800 Building as the source of the funds, Fine Homes filed a *lis pendens* against The 800 Building based on the Fine Homes Lawsuit. Fine Homes also commenced a lawsuit against the 800 Building Debtor and has filed a proof of claim in the 800 Building Debtor's chapter 11 case asserting a claim of $1,053,733.50.[4]

Due to Fine Homes' filing of the *lis pendens* against The 800 Building, the title company would not agree to close the sale and issue policies in favor of the purchaser and its lender. Accordingly, on May 15, 2015, the 800 Building Debtor commenced its chapter 11 case and immediately filed a motion to approve sale procedures, establish Village Green as the stalking-horse purchaser and, after the conclusion of the sale period and auction, confirm the sale. The Bankruptcy Court granted the 800 Building the relief it sought, and after additional post-petition marketing efforts, Village Green was declared the successful purchaser of The 800 Building. The sale closed on June 12, 2015.

As noted above, the successful closing of the sale of The 800 Building resulted in gross proceeds of $20.65 million. At the closing, the 800 Building Debtor paid off the Republic Bank Debt in full and paid off the 800 Building Loans, leaving total net proceeds of $4.3 million, which remains IBC's collateral under the remaining IBC Loans. However, if the Debtors' are

[4] The Debtors dispute this claim and intend to object to it.

able to consummate the Plan and restructure the IBC Loans, the proceeds from the sale of The 800 Building will be freed up to resolve the Debtors' and the Petcovs' disputes with 1st Equity, challenge Fine Homes' claims against the Debtors, and make payments to the 800 Building Debtor's unsecured creditors. Moreover, the Plan will also permit the Hollywood Debtor to pay its unsecured creditors in full and emerge successfully from chapter 11 protection.

III.
CHAPTER 11 CASE

A. OPERATIONAL MOTIONS AND RELATED RELIEF

1. Postpetition Use of Cash Collateral

On March 12, 2014, the Court entered an order (a) authorizing the Hollywood Debtor to, among other things, continue to use the Secured Parties' cash collateral on an interim basis, (b) granting the Secured Parties adequate protection, and (c) deeming the Secured Parties adequately protected. Since the entry of the first, interim cash collateral order, the Court has entered subsequent interim orders. The Hollywood Debtor is presently authorized to use the Secured Parties cash collateral through December 18, 2015.

The use of cash collateral has allowed the Hollywood Debtor to, among other things, continue its business in an orderly manner, maintain valuable relationships with vendors, suppliers, tenants, and employees, satisfy its adequate protection obligations, and support overall operational needs—which was necessary to preserve and maintain the going-concern value of the Hollywood Debtor's business and, ultimately, help ensure a successful reorganization.

2. Employment and Compensation of Professional Advisors

Prior to the Petition Date the Hollywood Debtor retained the law firm of Edwards Wildman Palmer LLP ("***Edwards Wildman***") to advise the Hollywood Debtor with respect to its in- and out-of-court restructuring alternatives and to assist the Hollywood Debtor in carrying out its duties as a debtor in possession and represent its interests in these Chapter 11 Cases. On April 16, 2014, the Bankruptcy Court entered an order authorizing the Debtor to retain Edwards Wildman as its restructuring counsel in connection with these Chapter 11 Cases. Since that time, Edwards Wildman has continued to represent the Debtor as its restructuring counsel in these Chapter 11 Cases. Since the Petition Date, no other professionals have been retained by the Debtor. On January 7, 2015, the Bankruptcy Court entered an order granting Edwards Wildman's first application or compensation on an interim basis in the amount of $95,996.94, consisting of $94,996.94 in fees for services rendered and $750.94 as reimbursement for expenses incurred. The Bankruptcy Court's order also authorized the Debtor to borrow money from Leon and Helen Petcov on an unsecured, post-petition basis to pay the allowed fees and expenses of Edwards Wildman. If the Plan is confirmed, and granted the Petcovs an administrative claim for the amount loaned. If the Plan is confirmed, the Petcovs loan will be converted into a portion of the New Equity Contribution contemplated by the Plan. On January 10, 2015, Edwards Wildman completed its merger with Locke Lord, LLP to form Locke Lord LLP, doing business as "Locke Lord Edwards" ("***Locke Lord***").

On July 8, 2015, the Bankruptcy Court entered an order authorizing the 800 Building Debtor to retain and employ Locke Lord as its chapter 11 counsel and to retain and employ Tikijian Associates as its real estate broker with respect to The 800 Building sale. On August 25, 2015, the Bankruptcy Court entered an order authorizing the 800 Building Debtor to pay Tikijian Associates its commission for the sale of The 800 Building in the amount of $400,000, which amount was subsequently paid. On August 26, 2015, the Bankruptcy Court entered an order authorizing the 800 Building Debtor to retain and employ Wyatt, Tarrant & Combs as its real estate counsel. On October 8, 2015, Locke Lord filed its first application or interim application in the 800 Building Debtor's chapter 11 case, in the amount of $144,020.51, consisting of $143,528.50 in fees for services rendered and $492.01 as reimbursement for expenses incurred, which application is set for hearing on October 29, 2015.

B. OTHER MATERIAL EVENTS IN THESE CHAPTER 11 CASES

1. Schedules and Statements

On February 24, 2014, the Hollywood Debtor filed its Schedules with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code. On March 11, 2014, the Hollywood Debtor filed amended Schedules. As set forth in the Schedules, the Hollywood Debtor's assets consist entirely of cash on hand as of the Petition Date and the Hollywood Property and *de minimis* personal property used in the operation, maintenance, and management of the Hollywood Property (such as office, cleaning, and maintenance supplies). The Schedules value the Hollywood's Debtor's assets at book value of approximately $7.9 million.

On June 1, 2015, the 800 Building Debtor filed its Schedules with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code. On June 5, 2015 and again on June 8, 2015, the 800 Building Debtor filed amended Schedules. As set forth in the Schedules, the 800 Building Debtor's assets consist entirely of cash on hand as of the filing of its chapter 11 case, The 800 Building, the Garage, and *de minimis* personal property used in the operation, maintenance, and management of The 800 Building. The 800 Building Debtor's Schedules value the 800 Building Debtor's assets at book value of approximately $21.56 million.

2. Claims Bar Date and Administrative Claims Bar Date

On January 29, 2015, the Bankruptcy Court entered an order establishing March 27, 2015, as the deadline for all persons and entities, other than governmental units, to file proofs of claim, and establishing March 27, 2015, as the deadline for governmental units to file proofs of claim against the Hollywood Debtor.

On July 8, 2015, the Bankruptcy Court entered an order establishing September 15, 2015, as the deadline for all persons and entities, other than governmental units, to file proofs of claim, and establishing November 12, 2015, as the deadline for governmental units to file proofs of claim against the 800 Building Debtor.

Furthermore, the Plan fixes the deadline for persons or entities asserting Claims entitled to administrative expense priority to file such claims with the Bankruptcy Court (as discussed in Section IV.B.1(a) herein, entitled "Requests for Payment of Administrative Claims").

3. Filing of the Original Plan of Reorganization.

On April 29, 2014, the Hollywood Debtor filed the *Plan of Reorganization of 1016 West Hollywood, LLC Pursuant to Chapter 11 of the Bankruptcy Code* (the "***Original Plan***"). Subsequently, the Debtor filed amended plans on May 29, 2014, September 30, 2014, and January 16, 2015 (the "***Third Amended Plan***"). The current Plan makes certain modifications and amendments to the Third Amended Plan, replaces the Third Amend Plan with respect to the Hollywood Debtor.

C. MEETING OF CREDITORS AND COMMITTEE APPOINTMENT

The meeting of creditors pursuant to section 341 of the Bankruptcy Code was held on February 25, 2014 with respect to the Hollywood Debtor. The meeting was adjourned until March 12, 2014, and then concluded. On June 21, 2015, the meeting of creditors was held with respect to the 800 Building Debtor and concluded that day. In accordance with Bankruptcy Rule 9001(5) (which requires, at a minimum, that one representative of the debtor appear at such meeting of creditors for the purpose of being examined the United States Trustee and other attending parties in interest), the Debtors' manager, Mr. Petcov, as well as counsel to the Debtors attended the meeting and answered questions posed by the United States Trustee and counsel for the Secured Parties. Due to the small size of these Chapter 11 Cases and a lack of indications of interest from unsecured creditors, no official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

D. THE PLAN SUPPORT AGREEMENT WITH INTERNATIONAL BANK AND THE BANK'S SUPPORT FOR THE CURRENT PLAN

The Debtors, the Non-Debtor Affiliates, Leon Petcov, and IBC have reached agreement in principle on the terms for a restructuring of the Debtors' and the Non-Debtor Affiliates' obligations, subject to finalization and Bankruptcy Court approval of a IBC Restructuring Support Agreement that includes the following material terms:

- Pursuant to the terms of a confirmed plan of reorganization, on the Plan Effective Date, the Hollywood Loans will be resolved as follows:
    - Leon and Helen Petcov will contribute the $200,000 New Equity Contribution to the Reorganized Debtor, from the proceeds of the Sale;
    - the balance of the Hollywood Loans will be reduced by $300,000 and consolidated (the "***Reorganized Hollywood Debt***"), and the Reorganized Debtor will issue to IBC a single promissory note for the Reorganized Hollywood Debt (the "***New Hollywood Note***") in the amount of $5.2 million;
    - the New Hollywood Note will be payable in full 18 months from the Effective Date and will accrue simple interest at a rate of 4.5 percent *per annum*;
    - the Reorganized Debtor will make monthly payments of principal and interest on the New Hollywood Note, calculated to amortize the New Hollywood Note over 25 years from the Effective Date;

  - International Bank's first- and second-priority liens on the Hollywood Property will be consolidated into a single, first-priority lien;

  - until the New Hollywood Note is repaid in full, the New Hollywood Note and the A Note (as defined below) will be secured by a first-priority lien on the Hollywood Property (the "***New Hollywood Mortgage***"); and

  - upon repayment of the New Hollywood Note in full, International Bank will release its liens on the Reorganized Debtor's property, including, without limitation, its liens on the Hollywood Property.

- Effective on the Effective Date, the balance of the IBC Loans, excluding the Hollywood Loans and totaling $10,770,597.22 (the "***Remaining IBC Debt***"), will be consolidated, and the obligation to repay the Remaining IBC Debt will be represented by two replacement promissory notes, an A Note and a B Note, both as defined and described below:

  - the A Note:

    - upon the Effective Date, 2006 Heyburn Building, 800 Cawthon, Leon Enterprises, and 900-7th Street Properties (the "***A Note Obligors***") will issue a promissory note to International Bank (the "***A Note***") in the principal amount of $8.15 million of the Remaining IBC Debt (the "***A Note Debt***");

    - the A Note will be payable in full 36 month from the Effective Date and will accrue simple interest at a rate of 4.5 percent *per annum*;

    - the A Note Obligors will make monthly payments of principal and interest on the A Note, calculated to amortize the A Note over 25 years from the Effective Date;

    - the A Note will be secured by first-priority liens on all of the assets of the A Note Obligors (collectively, the "***Note A Obligor Collateral***"), specifically:

      - the Heyburn Building;

      - the Cawthon Building;

      - the Leon Enterprises Properties; and

      - the 900-7th Street Properties.

    - the A Note will be guaranteed by Leon Petcov.

    - the A Note will also be guaranteed by the Reorganized Debtor (the "***Reorganized Debtor Guarantee***") and cross-collateralized by the

New Hollywood Mortgage; *provided, however*, that upon repayment in full of the New Hollywood Note, the Reorganized Debtor Guarantee and the New Hollywood Mortgage will be released; and

- once the A Note is paid off in full, all of IBC's liens on the Note A Obligor Collateral will be released.

- the B Note:

  - upon the Effective Date, Leon Petcov will issue a promissory note to IBC (the "***B Note***") in the principal amount of $2,602,097.22 (the "***B Note Debt***"), representing the balance of the Remaining IBC Debt after subtracting the A Note Debt;

  - the B Note will be payable in full 5 years from the Effective Date and will accrue simple interest at 1.0 percent *per annum*;

  - interest on the B Note will be payable annually on the anniversary of the Effective Date, with no amortization of principal;

  - the B Note will be renewable, at Mr. Petcov's option, for an additional 5-year term, but simple interest in the second 5-year term will accrue at a rate of 1.5 percent *per annum*, with no amortization of principal; and

  - the B Note will be unsecured and will have Mr. Petcov as its sole obligor.

In exchange for the entry by the Debtor, the Non-Debtor Affiliates, and Leon Petcov being willing to enter into a Restucturing Support Agreement, and for the Debtor proposing a plan of reorganization consistent with the above terms, IBC Bank has agreed to support the Debtor's Plan. Accordingly, the Debtor has amended the Plan to conform to the terms of its agreement with IBC. The Debtor believes that confirmation and consummation of the Plan will successfully allow the Debtor to reorganize its obligations, reduce its secured debt, and pay unsecured creditors in full as set forth below.

E. THE 1ST EQUITY RESTRUCTURING SUPPORT AGREEMENT AND 1ST EQUITY'S SUPPORT FOR THE CURRENT PLAN; RESOLUTION OF THE FINE HOMES CLAIMS

The Debtor is currently in the process of finalizing the terms of a restructuring support agreement with 1st Equity (as defined in the Plan, the "***Restructuring Support Agreement***") that will include the following material terms:

- On the Effective Date, the reorganized 800 Building Debtor and 1st Equity will enter into the Note Purchase Agreement, pursuant to which the reorganized 800 Building Debtor will purchase the 1st Equity Note and Mortgage for consideration consisting of: (a) the $3 million 1st Equity Note Purchase Cash Payment; and (b) the $3.7

million 1st Equity Note Purchase Promissory Note. The 1st Equity Note Purchase Promissory Note will be guaranteed by Leon and Helen Petcov, will mature on June 1, 2017, and will provide that payments on such 1st Equity Note Purchase Promissory Note totaling $1.7 million, if made to 1st Equity on or before June 1, 2017, shall constitute full and final satisfaction of such 1st Equity Note Purchase Promissory Note.

- Pursuant to the Note Purchase Agreement, on the Effective Date, and concurrent with the 1st Equity Note Purchase Cash Payment, 1st Equity will assign the 1st Equity Note and Mortgage to the reorganized 800 Building Debtor, and 1st Equity will receive a first-priority security interest in the 1st Equity Note and Mortgage as collateral for the 1st Equity Note Purchase Promissory Note. The reorganized 800 Building Debtor will not hypothecate the 1st Equity Note and Mortgage without the consent of 1st Equity.

- No later than the Effective Date, Leon and Helen Petcov will cause two non-Debtor affiliates, 233 W. Chestnut Street LLC and 601 S. Third Street LLC to grant 1st Equity a first-priority lien on the parking lots that each such entity owns; *provided, however*, that 1st Equity will agree to subordinate such liens to a further financing of the entities properties; *provided, further*, that 1st Equity will be entitled to receiver half of the proceeds of such financing as a payment against the balance of the 1st Equity Note Purchase Promissory Note.

- No later than the Effective Date, Leon and Helen Petcov will pay all outstanding real property taxes on the Glencoe House. Leon and Helen Petcov will also establish a property tax and insurance escrow for the Glencoe House with 1st Equity, and will make regular payments into the escrow along with payment on the 1st Equity Note Purchase Promissory Note.

- The reorganized 800 Building Debtor will diligently prosecute the 1st Equity Note and Mortgage, including any guarantees, any judgments obtained as of the Effective Date, and any supplemental proceedings with respect thereto. To the extent that a judgment is obtained on account of the 1st Equity Note or any guarantee thereof, citations will issue and will be prosecuted against the judgment debtor. Furthermore, the reorganized 800 Building Debtor will provide 1st Equity will notice on all such court and supplemental proceedings. With respect to any foreclosure proceeding on the Glencoe House, the reorganized 800 Building Debtor will engage a lawyer reasonably acceptable to 1st Equity, pursuant to a $10,000 evergreen retainer, and will pay of such attorney's invoices within 60 days of the due date of such invoices.

- If the reorganized 800 Building Debtor obtains title to the Glencoe House prior to repayment in full of the 1st Equity Note Purchase Promissory Note, 1st Equity will receive a first-priority mortgage on the Glencoe House as security for payment in full of the 1st Equity Note Purchase Promissory Note.

- The reorganized 800 Building Debtor will not settle any claim related to the 1st Equity Note and Mortgage without: (a) the consent of 1st Equity, which consent will

not be unreasonably withheld; and (b) payment in full of the 1st Equity Note Purchase Promissory Note.

- Any Cash recovery on the 1st Equity Note and Mortgage will be tendered to 1st Equity and applied as a prepayment against the 1st Equity Note Purchase Promissory Note.

- On the Effective Date, the reorganized 800 Building Debtor and Leon and Helen Petcov will deliver the following documents to an escrow, to be transmitted to 1st Equity upon an event of default under the Restructuring Support Agreement, the Note Purchase Agreement, or the 1st Equity Note Purchase Promissory Note, or the maturity without payment in full of the 1st Equity Note Purchase Promissory Note:

    - a quit claim deed to the Glencoe House, executed by Leon Petcov, Helen Petcov, and the 800 Building Debtor, to be recorded by 1st Equity in the event of a default, provided that the 800 Building Debtor has completed the foreclosure on the Glencoe House or the 800 Building or Leon and Helen Petcov have obtained title to the Glencoe House prior to such event of default, and 1st Equity shall have discretion to accept or reject tender of such deed by escrow);

    - a re-assignment of the 1st Equity Note and Mortgage to 1st Equity, to be recorded by 1st Equity if the foreclosure with respect to the Glencoe House is still ongoing at the time of such default under the 1st Equity Note Purchase Promissory Note;

    - affidavits by each of Leon and Helen Petcov attesting to the enforceability of the 1st Equity Note Purchase Promissory Note and their guarantees in the event of such default; and

    - signed stipulations by each of Leon and Helen Petcov consenting to foreclosure relief with respect to the Glencoe House and agreeing to vacate the property within 45 days of such default.

- On the Effective Date, the Guarantee Judgment will be transferred to the 800 Building Debtor and released, and any supplemental proceedings with respect thereto will be dismissed.

Pursuant to the terms of the 1st Equity Restructuring Support Agreement, on the Effective Date or as soon as reasonably practicable thereafter, the reorganized 800 Building Debtor will: (1) enter into and consummate the Note Purchase Agreement with 1st Equity; (2) fund 1st Equity Note Purchase Cash Payment to 1st Equity; (3) issue the 1st Equity Note Purchase Promissory Note; and (4) enter into a note pledge and security agreement with 1st Equity, pledging the 1st Equity Note and Mortgage as security for the 1st Equity Note Purchase Promissory Note.

On the Effective Date or as soon as reasonably practicable thereafter, and consistent with the claims resolution provisions of the Plan, the Reorganized Debtors shall commence such proceedings as may be necessary or prudent to resolve the various Claims between the Debtors and Fine Homes including, without limitation, Fine Homes claims against the Debtors, the Brickyard Bank Judgment, and the 1st Equity Note and Mortgage. The Debtors believe that the value of their claims exceed the value of Fine Homes claims against the Debtors, however, the Plan provides for the allocation of the Fine Homes Claim Resolution Reserve in an amount up to $1,053,733.50, minus the amount of the Brickyard Bank Judgment as of the Effective Date. The Brickyard Bank Judgment is in the amount of $298,650.00 and accrues statutory interest at a rate of 19.0% *per annum*. As of date of filing of this Disclosure Statement, the Brickyard Bank Judgment, plus accrued interest, is in the amount of $471,367.89. The Debtors anticipate that the Fine Homes Claim Resolution Reserve will be no more than $582,365.61.

IV.
SUMMARY OF THE PLAN

THIS SECTION IV IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE KEY TERMS, STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE ENTIRE PLAN AND EXHIBITS THERETO. ALTHOUGH THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN, THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A PRECISE OR COMPLETE STATEMENT OF ALL SUCH TERMS AND PROVISIONS, AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. INSTEAD, REFERENCE IS MADE TO THE PLAN AND ALL SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS. THE PLAN ITSELF (INCLUDING ATTACHMENTS) WILL CONTROL THE TREATMENT OF CREDITORS AND EQUITY SECURITY HOLDERS UNDER THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THIS SECTION IV AND THE PLAN (INCLUDING ATTACHMENTS) THE LATTER SHALL GOVERN.

A. GENERAL BASIS FOR THE PLAN

The Debtors are the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The terms of the Debtors' Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the distributions contemplated under the Plan and pay their continuing obligations in the ordinary course of their business. Under the Plan, Claims against and Interests in the Debtors are divided into separate Classes according to their relative seniority, legal nature and other criteria, and the Plan proposes recoveries for Holders of Claims against and Interests in the Debtors in such Classes, if any.

B. TREATMENT OF UNCLASSIFIED CLAIMS

Pursuant to and in accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtor has not classified Administrative Claims, Priority Tax Claims, and the United States Trustee's Statutory Fees.

1. Administrative Claims

Administrative Claims are the actual and necessary costs and expenses of the Chapter 11 Case that are Allowed under and in accordance with sections 330, 365, 503(b), 507(a)(1), 507(a)(2), and 507(b) of the Bankruptcy Code. *Allowed Administrative Claims do not include Claims filed after the applicable deadline set forth in the Confirmation Order* (except as otherwise provided by a separate order of the Bankruptcy Court). By way of example only, such expenses include the actual and necessary expenses of operating the Debtors' business during the pendency of the Chapter 11 Case, including amounts owed to vendors providing goods and services to the Debtors during the Chapter 11 Cases.

The Plan provides that, subject to the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, except to the extent that a Holder of an Allowed Administrative Claim and the Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash:

- on the Effective Date or as soon as reasonably practicable thereafter or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter;

- if an Administrative Claim is Allowed after the Effective Date, on the date such Administrative Claim is Allowed or as soon as reasonably practicable thereafter or, if not then due, when such Allowed Administrative Claim is due;

- at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Reorganized Debtors, as the case may be; or

- at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Notwithstanding the foregoing, the Plan also provides that Allowed Administrative Claims that arise in the ordinary course of the Debtors' or Reorganized Debtors' business shall be paid in full in Cash in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions.

(a) Requests for Payment of Administrative Claims

All requests for payment of an Administrative Claim that accrued on or before the Effective Date that were not otherwise accrued in the ordinary course of business must be filed with the Bankruptcy Court and served on the Debtor no later than 60 days from the Effective Date (the "***Administrative Claim Bar Date***"). A notice setting forth the Administrative Claim

Bar Date will be filed on the Bankruptcy Court's docket. Further notice of the Administrative Claim Bar Date will be provided as may be directed by the Bankruptcy Court. No request for payment of an Administrative Claim need be filed with respect to an Administrative Claim previously Allowed by Final Order.

The Reorganized Debtors, in their sole and absolute discretion, may settle Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. The Debtors or the Reorganized Debtors may also choose to object to any Administrative Claim no later than 90 days from the Administrative Claim Bar Date, subject to extensions by the Bankruptcy Court or on motion of a party in interest approved by the Bankruptcy Court. Unless the Debtors or the Reorganized Debtors (or other party with standing) objects to a timely-filed and properly served Administrative Claim, such Administrative Claim will be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors objects to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be allowed and, if so, in what amount.

Any requests for payment of Administrative Claims that are not properly filed and served by the Administrative Claim Bar Date shall not appear on the Claims Register maintained by the Clerk of the Court and shall be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

(b) Payment of Professional Compensation and Reimbursement Claims

The Plan provides that all final requests for Professional Compensation and Reimbursement Claims shall be filed no later than 45 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Compensation and Reimbursement Claims shall be determined by the Bankruptcy Court.

To receive payment for unbilled fees and expenses incurred through the Effective Date, the Retained Professionals shall estimate their Accrued Professional Compensation (net of any unapplied retainer amounts) prior to and as of the Effective Date and shall deliver such estimate to the Debtors on or before the Effective Date. If a Retained Professional does not provide such estimate, the Reorganized Debtors may estimate the unbilled fees and expenses of such Retained Professional. Such estimate, however, will not be considered an admission or limitation with respect to the fees and expenses of such Retained Professional. The total amount so estimated as of the Effective Date shall comprise the "Professional Fee Reserve Amount," as described in Article XI.B of the Plan.

2. Priority Tax Claims

The Plan provides that each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive, as soon as reasonably practicable after the Effective Date, on account of, and in full and final satisfaction, settlement, release and discharge of and in exchange for, such Claim: (a) Cash in an amount equal to the amount of such Allowed Priority

Tax Claim; (b) Cash in an amount agreed to by the Debtors or Reorganized Debtors, as applicable, and such Holder (although such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date); or (c) at the option of the Debtors, Cash in an aggregate amount of such Allowed Priority Claim payable in installment payments over a period not more than five years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code.

The Plan further provides that any Allowed Priority Tax Claim not due and owing on or before the Effective Date will be paid in full in Cash in accordance with the terms of any agreement between the Debtors and such Holder, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

3. United States Trustee Statutory Fees

The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, until the entry of a Final Order, dismissal of the Chapter 11 Case or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

In accordance with section 1122 of the Bankruptcy Code, the Plan places Claims and Interests into one of the thirteen (13) Classes listed in the table below, together with the respective status and voting rights of each Class:

Class	Claim/Equity Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	800 Building IBC Lien Claims	Impaired	Entitled to Vote
4	Hollywood First Lien IBC Claims	Impaired	Entitled to Vote
5	Hollywood Second Lien IBC Claims	Impaired	Entitled to Vote
6	Hollywood Third Priority Lien Claims	Impaired	Entitled to Vote
7	Hollywood Fourth Priority Lien Claims	Impaired	Entitled to Vote
8	800 Building Fine Homes Unsecured Claims	Impaired	Entitled to Vote
9	Hollywood Chicago Water Department Claims	Impaired	Entitled to Vote
10	800 Building General Unsecured Claims	Impaired	Entitled to Vote
11	Hollywood General Unsecured Claims	Impaired	Entitled to Vote
12	800 Building Equity Interests	Impaired	Entitled to Vote
13	Hollywood Equity Interests	Impaired	Deemed to Reject

Generally speaking, the Debtors first placed Claims and Interests into Classes based on a classification scheme consistent with its capital structure (*i.e.*, debt is classified separately from equity, secured debt is classified separately from unsecured debt, Insider Claims are classified separately from Claims involving third parties, and so on).

The proposed classification scheme also recognizes that treating the Claims of certain trade creditors important to the continuation of the Reorganized Debtors' business and operations, and against whom the Debtors may have certain setoff rights, differently from the Claims of creditors that would provide minimal value or no net benefit to the Reorganized

Debtors going forward is necessary to preserve goodwill post-emergence and ensure the Debtors' long-term economic viability.

If the Plan is Confirmed by the Bankruptcy Court and Consummated, (a) Claims in certain Classes will be reinstated, modified, or otherwise treated so as to receive distributions equal to the full amount of such Claims, (b) Claims in certain other Classes will be modified and receive distributions constituting a partial recovery on such Claims, and (c) Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests.

1. Class 1 – Other Priority Claims

The Plan defines an "Other Priority Claim" as any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

The Plan provides that each Holder of such Allowed Other Priority Claim shall be paid in full in Cash on or as reasonably practicable after (a) the Effective Date, (b) the date on which such Other Priority Claim against the Debtor becomes an Allowed Other Priority Claim or (c) such other date as may be ordered by the Bankruptcy Court, in exchange for full and final satisfaction, settlement, release and discharge of each Allowed Other Priority Claim against the Debtor (except to the extent that a Holder of an Allowed Other Priority Claim against the Debtor agrees to less favorable treatment).

Other Priority Claims are Unimpaired, and Holders of such Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan. The Debtors have estimated that the aggregate amount of Allowed Other Priority Claims payable under the Plan will be less than $50,000.

2. Class 2 – Other Secured Claims

The Plan defines an "Other Secured Claim" as any secured Claim against the Debtors not specifically described in the Plan (and excluding the Prepetition Credit Agreement Claims).

The Plan provides that Holders of Allowed Other Secured Claims shall receive one of the following treatments, in the sole discretion of the Debtors: (a) payment in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code, on or as reasonably practicable after the Effective Date on or as reasonably practicable after the Effective Date, the date on which such Other Secured Claim against the Debtor becomes an Allowed Other Secured Claim or such other date as may be ordered by the Bankruptcy Court; (b) delivery of the collateral securing any such Allowed Other Secured Claim; or (c) treatment in any other manner that shall render such Allowed Other Secured Claim Unimpaired, in exchange for full and final satisfaction, settlement, release and discharge of each Allowed Other Secured Claim against the Debtor (except to the extent that a Holder of an Allowed Other Secured Claim against the Debtor agrees to less favorable treatment).

Other Secured Claims are Unimpaired, and Holders of such Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy

Code. Therefore, the Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan. To the best of the Debtors' knowledge, information and belief, insofar as they have been able to ascertain after reasonable inquiry, the Debtor is not aware of any Allowed Other Secured Claims that would be payable under the Plan; to the extent any Other Secured Claims are asserted and Allowed, the Debtor believes that the aggregate amount of such Claims would be *de minimis*.

3. Class 3 – 800 Building IBC Lien Claims

The Plan defines "800 Building IBC Lien Claims" as all claims arising under or in connection with the 800 Building IBC Lien, including, without limitation, all Adequate Protection Claims that arise on account of such Claims.

The Plan provides that, except to the extent that a Holder of an Allowed 800 Building IBC Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed 800 Building IBC Lien Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtor Affiliate based on a Claim arising under any loan secured by the 800 Building IBC Lien, the Holder of such Claim shall receive a *Pro Rata* share of an interest in the IBC A Note on account of such Holder's 800 Building IBC Lien Claim.

The IBC A Note shall be collateralized by substantially all of the assets of the IBC A Note Obligors and cross-collateralized with the Replacement Note, which shall be secured by the Replacement Mortgage. Upon payment in full of the IBC A Note, the Replacement Mortgage shall be released.

800 Building IBC Lien Claims are Impaired, and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – Hollywood First Lien IBC Claims

The Plan defines "Hollywood First Lien IBC Claims" as all claims arising under or in connection with the Hollywood First Lien IBC Loan Documents, including, without limitation, all Adequate Protection Claims that arise on account of such Claims.

The Plan provides that except to the extent that a Holder of an Allowed Hollywood First Lien IBC Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood First Lien IBC Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtors Affiliate based on a Claim arising under the Hollywood First Lien IBC Loan Documents shall be consolidated with the Allowed Hollywood Second Lien IBC Claims, and on the Effective Date, a Holder of such consolidated Claims shall receive such Holder's *Pro Rata* share of an interest in the Replacement Note on account of such Holder's Allowed Hollywood First Lien IBC Claim and such Holder's Allowed Hollywood Second Lien IBC Claim; *provided, however*, that the foregoing Plan treatment is to be understood as a single, consolidated treatment of both the Allowed Hollywood First Lien IBC Claims and the Allowed Hollywood Second Lien IBC Claims, and not a separate treatment or basis for recovery.

The Replacement Note shall be secured by a first-lien mortgage on the Hollywood Property, which first-line mortgage shall also cross-collateralize the A Note (which mortgage is identified in the Plan as the Replacement Mortgage).

Upon payment in full of the Replacement Note, the Replacement Mortgage shall be released.

Hollywood First Lien IBC Claims are Impaired, and Holders of Class 4 Claims are entitled to vote to accept or reject the Plan.

5. Class 5 – Hollywood Second Lien IBC Claims

The Plan defines "Hollywood Second Lien IBC Claims" as all claims arising under or in connection with the Hollywood Second Lien IBC Loan Documents, including, without limitation, all Adequate Protection Claims that arise on account of such Claims.

As described above with respect to Allowed Class 4 Hollywood First Lien IBC Claims, the Plan provides that except to the extent that a Holder of an Allowed Hollywood Second Lien IBC Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Second Lien IBC Claim, including, without limitation, any Claim of breach, default, event of default, or cross-default against any Debtors Affiliate based on a Claim arising under the Hollywood Second Lien IBC Loan Documents shall be consolidated with the Allowed Hollywood First Lien IBC Claims, and on the Effective Date, a Holder of such consolidated Claims shall receive such Holder's *Pro Rata* share of an interest in the Replacement Note on account of such Holder's Allowed Hollywood First Lien IBC Claim and such Holder's Allowed Hollywood Second Lien IBC Claim; *provided, however*, that the foregoing Plan treatment is to be understood as a single, consolidated treatment of both the Allowed Hollywood First Lien IBC Claims and the Allowed Hollywood Second Lien IBC Claims, and not a separate treatment or basis for recovery.

As described above with respect to Allowed Class 4 Hollywood First Lien IBC Claims, the Replacement Note shall be secured by the Replacement Mortgage.

As described above with respect to Allowed Class 4 Hollywood First Lien IBC Claims, upon payment in full of the Replacement Note, the Replacement Mortgage shall be released.

Hollywood Second Lien IBC Claims are Impaired, and Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.

6. Class 6 – Hollywood Third Priority Lien Claims

The Plan defines "Hollywood Third Priority Lien Claims" as any Claim, including, without limitation, the Claims of Fine Homes, LLC, consisting of a security interest, such as mortgage or other lien against property of the Hollywood Estate.

The Plan provides that, except to the extent that a Holder of an Allowed Hollywood Third Priority Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Third Priority

Lien Claim, Holder of such Hollywood Third Priority Lien Claims shall receive such Holder's *Pro Rata* share of the Fine Homes Claim Resolution Reserve.

Hollywood Third Priority Lien Claims are Impaired, and Holders of Class 6 Claims are entitled to vote to accept or reject the Plan.

7. Class 7 – Hollywood Fourth Priority Lien Claims

The Plan defines "Hollywood Fourth Priority Lien Claims" as any Claim, including, without limitation, the Claims of 1st Equity Bank Northwest, consisting of a security interest, such as mortgage or other lien against property of the Hollywood Debtor's Estate, that secures the obligations of an Entity other than the Debtors, on account of which the Debtors are not obligated to make any payment or are not otherwise indebted beyond such Claim Holder's security interest in the property of the Estates.

The Plan provides that, except to the extent that a Holder of an Allowed Hollywood Fourth Priority Lien Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed Hollywood Fourth Priority Lien Claim, the lien of each such Holder of an Allowed Hollywood Fourth Priority Lien Claim shall receive its *Pro Rata* share of the 1st Equity Note Purchase Cash Payment and the 1st Equity Note Purchase Promissory Note.

Hollywood Fourth Priority Lien Claims are Impaired, and Holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – 800 Building Fine Homes Claims

The Plan defines "800 Building Fine Homes Claims" means any Claim of Fine Homes against the 800 Building Debtor.

The Plan provides that, except to the extent that a Holder of an Allowed 800 Building Fine Homes Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for each and every Allowed 800 Building Fine Homes Claim, Holder of such Allowed 800 Building Fine Homes Claim shall receive such Holder's *Pro Rata* share of the Fine Homes Claim Resolution Reserve, after allowing offsets for claims of the Debtors again Fine Homes.

800 Building Fine Homes Claims are Impaired, and Holders of Class 8 Claims are entitled to vote to accept or reject the Plan.

9. Class 9 – Hollywood Chicago Water Department Claims

The Plan defines "Hollywood Chicago Water Department Claims" as the Claims of the City of Chicago, Department of Water Management against the Hollywood Debtor.

The Plan provide that, en exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Chicago Water Department Claim, except to the extent that a Holder of an Allowed Chicago Water Department Claim and the Debtors agree to less favorable

treatment to such Holder, each Holder of an Allowed Chicago Water Department Claim will receive, beginning on the Initial Distribution Date, 60 monthly cash payments equal in the aggregate to the value as of the Effective Date of the Allowed Chicago Water Department Claim.

Hollywood Chicago Water Department Claims are Impaired, and Holders of Class 9 Claims are entitled to vote to accept or reject the Plan.

10. Class 10 – 800 Building General Unsecured Claims

The Plan defines "800 Building General Unsecured Claims" as any General Unsecured Claim (other than the 800 Building Fine Homes Claims) against the 800 Building Debtor.

The Plan provides that, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed 800 Building General Unsecured Claim, except to the extent that a Holder of an Allowed 800 Building General Unsecured Claim and the 800 Building Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed 800 Building General Unsecured Claim will receive (a) beginning on the Initial Distribution Date, 12 monthly cash payments equal in the aggregate to the value as of the Effective Date of such Allowed General 800 Building Unsecured Claim; (b) if a 800 Building General Unsecured Claim is Allowed after the Effective Date, on the date such 800 Building General Unsecured Claim is Allowed or as soon as reasonably practicable thereafter; (c) at such time and upon such terms as may be agreed upon by such Holder and the 800 Building Debtor or the Reorganized 800 Building Debtor, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

800 Building General Unsecured Claims are Impaired, and Holders of Class 10 Claims are entitled to vote to accept or reject the Plan.

11. Class 11 – Hollywood General Unsecured Claims

The Plan defines "Hollywood General Unsecured Claims" as any General Unsecured Claim (other than Hollywood Chicago Water Department Claims) against the Hollywood Debtor.

The Plan provides that, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Hollywood General Unsecured Claim, except to the extent that a Holder of an Allowed Hollywood General Unsecured Claim and the Hollywood Debtor agree to less favorable treatment to such Holder, each Holder of an Allowed Hollywood General Unsecured Claim will receive (a) beginning on the Initial Distribution Date, 12 monthly cash payments equal in the aggregate to the value as of the Effective Date of such Allowed Hollywood General Unsecured Claim; (b) if a Hollywood General Unsecured Claim is Allowed after the Effective Date, on the date such Hollywood General Unsecured Claim is Allowed or as soon as reasonably practicable thereafter; (c) at such time and upon such terms as may be agreed upon by such Holder and the Hollywood Debtor or the Reorganized Hollywood Debtor, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Hollywood General Unsecured Claims are Impaired, and Holders of Class 11 Claims are entitled to vote to accept or reject the Plan.

12. Class 12 – 800 Building Equity Interests

The Plan defines "800 Building Equity Interests" as Equity Interests in the 800 Building Debtor.

The Plan provides that, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed 800 Building Equity Interest, except to the extent that a Holder of an Allowed 800 Building Equity Interest and the Debtors agree to less favorable treatment to such Holder, each Holder of an Allowed 800 Building Equity Interest will receive such Holder's *Pro Rata* share of (a) $200,000, which amount shall immediately be contributed to the reorganized Hollywood Debtor as part of the New Equity Contribution, and (b) the New 800 Building Equity Interests.

800 Building Equity Interests are Impaired, and Holders of Class 12 Interests are entitled to vote to accept or reject the Plan.

13. Class 13 – Hollywood Equity Interests

The Plan defines "Hollywood Equity Interests" as Equity Interests in the Hollywood Debtor.

The Plan provides that Holders of Hollywood Equity Interests shall not receive any distribution account of such Equity Interests. On the Effective Date, all Hollywood Equity Interests shall be discharged, cancelled, released, and extinguished.

Equity Interests are Impaired, but Holders of such Class 13 Interests are conclusively deemed to have rejected the Plan pursuant to 1126(g) of the Bankruptcy Code. Therefore, Holders of Hollywood Equity Interests are not entitled to vote to accept or reject the Plan.

D. CERTAIN MEANS FOR IMPLEMENTATION OF THE PLAN

1. General Settlement of Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan. Distributions made to Holders of Allowed Claims in any Class are intended to be final.

2. Continuation of the Business

The Plan provides that, upon confirmation of this Plan, the Reorganized Debtors will continue their legal existence pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such

certificate of incorporation and bylaws (or other formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity except for those expressly required pursuant to the Plan.

3. Approval of the 1st Equity Restructuring Support Agreement

The Plan provides that confirmation of the Plan will constitute authorization for the Reorganized Debtors to enter into the 1st Equity Restructuring Support Agreement, which will include the following material terms:

(a) On the Effective Date, the reorganized 800 Building Debtor and 1st Equity will enter into the Note Purchase Agreement, pursuant to which the reorganized 800 Building Debtor will purchase the 1st Equity Note and Mortgage for consideration consisting of: (i) the $3 million 1st Equity Note Purchase Cash Payment; and (ii) the $3.7 million 1st Equity Note Purchase Promissory Note. The 1st Equity Note Purchase Promissory Note will be guaranteed by Leon and Helen Petcov, will mature on June 1, 2017, and will provide that payments on such 1st Equity Note Purchase Promissory Note totaling $1.7 million, if made to 1st Equity on or before June 1, 2017, shall constitute full and final satisfaction of such 1st Equity Note Purchase Promissory Note.

(b) Pursuant to the Note Purchase Agreement, on the Effective Date, and concurrent with the 1st Equity Note Purchase Cash Payment, 1st Equity will assign the 1st Equity Note and Mortgage to the reorganized 800 Building Debtor, and 1st Equity will receive a first-priority security interest in the 1st Equity Note and Mortgage as collateral for the 1st Equity Note Purchase Promissory Note. The reorganized 800 Building Debtor will not hypothecate the 1st Equity Note and Mortgage without the consent of 1st Equity.

(c) No later than the Effective Date, Leon and Helen Petcov will cause two non-Debtor affiliates, 233 W. Chestnut Street LLC and 601 S. Third Street LLC to grant 1st Equity a first-priority lien on the parking lots that each such entity owns; *provided, however*, that 1st Equity will agree to subordinate such liens to a further financing of the entities properties; *provided, further*, that 1st Equity will be entitled to receiver half of the proceeds of such financing as a payment against the balance of the 1st Equity Note Purchase Promissory Note.

(d) No later than the Effective Date, Leon and Helen Petcov will pay all outstanding real property taxes on the Glencoe House. Leon and Helen Petcov will also establish a property tax and insurance escrow for the Glencoe House with 1st Equity, and will make regular payments into the escrow along with payment on the 1st Equity Note Purchase Promissory Note.

(e) The reorganized 800 Building Debtor will diligently prosecute the 1st Equity Note and Mortgage, including any guarantees, any judgments obtained as of the Effective Date, and any supplemental proceedings with respect thereto. To the extent that a judgment is obtained on account of the 1st Equity Note or any guarantee thereof, citations will issue and will be prosecuted against the judgment debtor. Furthermore, the reorganized 800 Building Debtor will provide 1st Equity will notice on all such court and supplemental proceedings. With respect to any foreclosure proceeding on the Glencoe House, the reorganized 800 Building Debtor will

engage a lawyer reasonably acceptable to 1st Equity, pursuant to a $10,000 evergreen retainer, and will pay of such attorney's invoices within 60 days of the due date of such invoices.

(f) If the reorganized 800 Building Debtor obtains title to the Glencoe House prior to repayment in full of the 1st Equity Note Purchase Promissory Note, 1st Equity will receive a first-priority mortgage on the Glencoe House as security for payment in full of the 1st Equity Note Purchase Promissory Note.

(g) The reorganized 800 Building Debtor will not settle any claim related to the 1st Equity Note and Mortgage without: (i) the consent of 1st Equity, which consent will not be unreasonably withheld; and (ii) payment in full of the 1st Equity Note Purchase Promissory Note.

(h) Any Cash recovery on the 1st Equity Note and Mortgage will be tendered to 1st Equity and applied as a prepayment against the 1st Equity Note Purchase Promissory Note.

(i) On the Effective Date, the reorganized 800 Building Debtor and Leon and Helen Petcov will deliver the following documents to an escrow, to be transmitted to 1st Equity upon an event of default under the Restructuring Support Agreement, the Note Purchase Agreement, or the 1st Equity Note Purchase Promissory Note, or the maturity without payment in full of the 1st Equity Note Purchase Promissory Note:

(i) a quit claim deed to the Glencoe House, executed by Leon Petcov, Helen Petcov, and the 800 Building Debtor, to be recorded by 1st Equity in the event of a default, provided that the 800 Building Debtor has completed the foreclosure on the Glencoe House or the 800 Building or Leon and Helen Petcov have obtained title to the Glencoe House prior to such event of default, and 1st Equity shall have discretion to accept or reject tender of such deed by escrow);

(ii) a re-assignment of the 1st Equity Note and Mortgage to 1st Equity, to be recorded by 1st Equity if the foreclosure with respect to the Glencoe House is still ongoing at the time of such default under the 1st Equity Note Purchase Promissory Note;

(iii) affidavits by each of Leon and Helen Petcov attesting to the enforceability of the 1st Equity Note Purchase Promissory Note and their guarantees in the event of such default; and

(iv) signed stipulations by each of Leon and Helen Petcov consenting to foreclosure relief with respect to the Glencoe House and agreeing to vacate the property within 45 days of such default.

(j) On the Effective Date, the Guarantee Judgment will be transferred to the 800 Building Debtor and released, and any supplemental proceedings with respect thereto will be dismissed.

4. Purchase of 1st Equity Note and Mortgage

Pursuant to the terms of the 1st Equity Restructuring Support Agreement, on the Effective Date or as soon as reasonably practicable thereafter, the reorganized 800 Building Debtor will: (a) enter into and consummate the Note Purchase Agreement with 1st Equity; (b) fund 1st Equity Note Purchase Cash Payment to 1st Equity; (c) issue the 1st Equity Note Purchase Promissory Note; and (d) enter into a note pledge and security agreement with 1st Equity, pledging the 1st Equity Note and Mortgage as security for the 1st Equity Note Purchase Promissory Note.

5. Resolution of the Fine Homes Claims

The Plan provides that, on the Effective Date or as soon as reasonably practicable thereafter, and consistent with the claims resolution provisions of the Plan, the Reorganized Debtors shall commence such proceedings as may be necessary or prudent to resolve the various Claims between the Debtors and Fine Homes including, without limitation, Fine Homes claims against the Debtors, the Brickyard Bank Judgment, and the 1st Equity Note and Mortgage. The Debtors believe that the value of their claims exceed the value of Fine Homes claims against the Debtors, however, the Plan provides for the allocation of the Fine Homes Claim Resolution Reserve in an amount up to $1,053,733.50, minus the amount of the Brickyard Bank Judgment as of the Effective Date. The Brickyard Bank Judgment is in the amount of $298,650.00 and accrues statutory interest at a rate of 19.0% *per annum*. As of date of filing of this Disclosure Statement, the Brickyard Bank Judgment, plus accrued interest, are in the amount of $471,367.89. Accordingly, the Debtors anticipate that the Fine Homes Claim Resolution Reserve will be no more than $582,365.61.

6. Restructuring Transactions

The Plan provides that, on the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates of incorporation, merger, or consolidation with the appropriate governmental authorities pursuant to applicable law; and (d) all other actions that the Reorganized Debtors determines are necessary or appropriate.

7. Exit Financing

The Plan provides that no later than 18 months after the Effective Date, the Reorganized Hollywood Debtor will enter into the Exit Financing and draw an amount thereunder sufficient to pay the Replacement Note in full.

8. Corporate Existence

The Plan provides that, to the extent necessary to implement the Plan, and subject to any restructuring transactions as permitted under Article IV.B, the Reorganized Debtors shall continue to exist after the Effective Date as separate corporate entities, with all the powers of limited liability companies pursuant to the applicable law in the jurisdiction in which the Debtors are organized and pursuant to the certificates of organization and operating agreement in effect prior to the Effective Date, except to the extent such certificates of organization and operating agreements are amended by or in connection with the Plan or otherwise and, to the extent such documents are amended, such documents are deemed to be authorized pursuant hereto and without the need for any other approvals, authorizations, actions, or consents.

9. Vesting of Assets in the Reorganized Debtors

The Plan provides that, except as otherwise provided herein or in any agreement, instrument, or other document relating thereto, on or after the Effective Date, all property of the Debtors' Estate (including, without limitation, Causes of Action) and any property acquired during these Chapter 11 Cases or pursuant hereto shall vest in the respective Reorganized Debtors, free and clear of all liens, Claims, charges, or other encumbrances. Except as may be provided herein, on and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

10. Cancellation of Agreements and Equity Interests

The Plan provides that on the later of the Effective Date and the date on which distributions are made pursuant to the Plan, except as otherwise specifically provided for in the Plan: (a) the obligations of the Reorganized Debtors under the Debtors' prepetition credit agreements and any other certificate, equity security, share, note, bond, indenture, purchase right, option, warrant or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest (except such certificates, notes or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan), shall be cancelled solely as to the Debtors and their Affiliates, and the Reorganized Debtors shall not have any continuing obligations thereunder; and (b) the obligations of the Debtors and their Affiliates pursuant, relating or pertaining to any agreements, indentures, certificates of designation, by-laws or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indentures, purchase rights, options, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such agreements, certificates, notes or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; *provided, however*, the foregoing shall not effect the cancellation of shares issued pursuant to the Plan.

11. Funding of the New Equity Contribution

The Plan provides that on the Effective Date, the Equity Sponsor will fund the New Equity Contribution to the Reorganized Hollywood Debtor by delivery of a check, wire transfer, or ACH payment. The New Equity Contribution may be contributed to the Reorganized Hollywood Debtor directly by 800 Building Debtor, in which case the New Equity Contribution shall be deemed to be contributed by the Equity Sponsor.

12. Sources of Cash for Plan Distributions

The Plan provides that all Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be funded with Cash on hand. Cash on hand will be derived from the vesting of the Debtors' assets in the respective Reorganized Debtor, the New Equity Contribution and the Exit Financing, as described in the Plan. Cash payments to be made pursuant to the Plan will be made by the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtors, subject to any applicable limitations set forth in the Exit Financing, shall have the right and authority without further order of the Bankruptcy Court to raise additional capital and obtain additional financing as the Reorganized Debtors' manager deems appropriate.

13. Exemption from Certain Transfer Taxes and Recording Fees

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfer from each of the Debtors to the respective Reorganized Debtors or to any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, securities, or other interest in the Debtor or the Reorganized Debtor; (b) the creation, modification, consolidation, or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles, or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

14. Effectuating Documents and Further Transactions

The Debtors or the Reorganized Debtors, as applicable, may take all actions to execute, deliver, file, or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, including, without limitation, the distribution of the securities to be issued pursuant hereto in the name of and on behalf of the Reorganized Debtors, without the need for

any approvals, authorizations, actions, or consents except for those expressly required pursuant hereto. Any authorized agent of the Debtors shall be authorized to certify or attest to any of the foregoing actions. Prior to, on, or after the Effective Date (as appropriate), all matters provided for pursuant to the Plan that would otherwise require approval of the shareholders, directors, or members of the Debtors shall be deemed to have been so approved and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by the members or managers of the Debtors, or the need for any approvals, authorizations, actions, or consents.

E. POST-EMERGENCE CAPITAL STRUCTURE

1. Funded Indebtedness

Following the Effective Date, the shall issue the Replacement Note on account of the Allowed Prepetition Credit Agreement Claims, which shall remain outstanding, at the Reorganized Hollywood Debtor's discretion, for up 18 months. Until the Replacement Note paid in full in Cash, or otherwise satisfied as agreed to by the Holders of Allowed Prepetition Credit Agreement Claims, the Reorganized Hollywood Debtor shall continue to make principal and interest payments in accordance with the terms of the Replacement Note.

2. Reorganized Hollywood Debtor's Equity Interests

(a) New Membership Interests

The Plan provides that all Equity Interests in the Hollywood Debtor will be deemed cancelled and of no further force and effect as of the Effective Date, whether surrendered for cancellation or otherwise. On the Effective Date, the Reorganized Hollywood Debtor shall issue or reserve for issuance all of the New Membership Interests. The New Membership Interests shall represent all of the Equity Interests in the Reorganized Hollywood Debtor as of the Effective Date and shall be issued to the Equity Sponsor.

The issuance of the New Membership Interests by the Reorganized Hollywood Debtor is authorized without the need for further corporate action and all of the shares of New Membership Interests issued pursuant to the Plan shall be duly authorized, validly issued, fully-paid and non-assessable. For purposes of distribution, the New Membership Interests will be deemed to have the Plan Equity Value, regardless of the date of distribution.

(b) Important Securities Law Disclosure

The issuance of the New Membership Interests will be exempt from registration under the applicable state law and the Securities Act by virtue of section 1145 of the Bankruptcy Code, Rule 701 promulgated under the Securities Act, or a "no sale" under the Securities Act and applicable state law, to the maximum extent permitted by section 1145 of the Bankruptcy Code, the Securities Act, and other applicable non-bankruptcy law.

F. POST-EFFECTIVE DATE CORPORATE EXISTENCE

1. Organizational Documents

Subject to any restructuring transactions permitted under Article IV of the Plan, the Plan provides that the Debtors shall continue to exist after the Effective Date as the Reorganized Debtors, with all the powers of a corporation pursuant to the applicable law in the jurisdiction in which the Debtors are incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents in the case of a limited liability company) in effect prior to the Effective Date, except to the extent such certificate of incorporation or bylaws are amended by or in connection with the Plan or otherwise. Any such amendments are deemed to be authorized pursuant to the Plan without the need for any other approvals, authorizations, actions, or consents.

The Plan provides that the Reorganized Debtors shall enter into such agreements and amend its corporate governance documents to the extent necessary to implement the terms and conditions of the Plan. Without limiting the generality of the foregoing, as of the Effective Date, the Reorganized Debtors shall be governed by the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws. From and after the Effective Date, the organizational documents of the Reorganized Debtor will comply with section 1123(a)(6) of the Bankruptcy Code for so long as it is applicable.

In addition, the Plan provides that, as of the Effective Date, the Debtors bylaws shall provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, directors, officers, employees, or agents who were directors, officers, employees or agents of the Debtor at any time prior to the Effective Date, at least to the same extent as the bylaws the Debtor on the Petition Date, against any Claims or Causes of Action, whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and the Reorganized Debtors shall not amend and/or restate its certificate of incorporation or bylaws before or after the Effective Date to terminate or materially adversely affect any of the Reorganized Debtors' obligations or such directors', officers', employees', or agents' rights; *provided*, *however*, that, with respect to former officers and directors, the Debtors shall be obligated to indemnify such individuals only to the extent of available coverage under its D&O Liability Insurance Policies (and payable from the proceeds of such D&O Liability Insurance Policies), including the advancing of defense costs prior to final adjudication.

2. Post-Effective Date Governance

As required by Section 1129(a)(5) of the Bankruptcy Code, the Debtors discloses that, following the Effective Date, Leon Petcov will continue to be the sole manager of the Reorganized Debtors. At this time, it is not anticipated that Leon Petcov will receive a management fee or other compensation for his management of the Reorganized Debtors.

G. PRESERVATION OF CERTAIN RIGHTS OF ACTION

1. Overview of Avoidance Actions Generally

Certain transactions may have occurred prior to the Petition Date that could potentially give rise to Avoidance Actions (including, without limitation, preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims or causes of action under sections 510, 544, 547, 548, 549, 550, and/or 553 of the Bankruptcy Code and other applicable bankruptcy or non-bankruptcy law). Pursuant to section 546(a) of the Bankruptcy Code, the statute of limitations with respect to the commencement of Avoidance Actions against the Debtor (or Reorganized Debtor, as applicable) under sections 544, 545, 547 548, and 553 of the Bankruptcy Code will expire on January 29, 2016 with respect to the Hollywood Debtor and May 15, 2017 with respect to the 800 Building Debtor (*i.e.,* two years from each of the Debtors' respective Petition Dates).

The Debtors believe that any potential recoveries from Avoidance Actions are uncertain in light of, among other things, the various defenses that could be asserted. Likewise, the Liquidation Analysis attached hereto does not reflect any potential recoveries that might be realized by a chapter 7 trustee's potential pursuit of any Avoidance Actions because the Debtors believe such claims are highly speculative. This includes any potential Avoidance Actions against Released Parties, as defined in the Plan. Accordingly, the Debtors have not initiated or pursued any such causes of action because it is not aware, at this time, of any possible Avoidance Actions that could materially increase the recovery of the Debtors' unsecured creditors. However, as noted below, unless expressly released under the Plan, all Avoidance Actions are preserved under the Plan, as is the Debtors' right to object to Claims under section 502(d) of the Bankruptcy Code.

(a) Preference Actions

Under sections 547 and 550 of the Bankruptcy Code, a debtor may seek to avoid and recover certain prepetition payments and other transfers made by the debtor to or for the benefit of a creditor in respect of an antecedent debt, if such transfer (i) was made when the debtor was insolvent and (ii) enabled the creditor to receive more than it would receive in a hypothetical liquidation of the debtor under Chapter 7 of the Bankruptcy Code where the transfer had not been made. Transfers made to a creditor that was not an "insider" of the debtor are subject to these provisions generally only if the payment was made within 90 days prior to the debtor's filing of a petition under chapter 11 of the Bankruptcy Code (the "***Preference Period***").

Under section 547 of the Bankruptcy Code, certain defenses, in addition to the solvency of the debtor at the time of the transfer and the lack of preferential effect of the transfer, are available to a creditor from which a preference recovery is sought. Among other defenses, a debtor may not recover a payment to the extent such creditor subsequently gave new value to the debtor on account of which the debtor did not, among other things, make an otherwise unavoidable transfer to or for the benefit of the creditor.

A debtor may not recover a payment to the extent such payment was part of a substantially contemporaneous exchange between the debtor and the creditor for new value given

to the debtor. Further, a debtor may not recover a payment if such payment was made, and the related obligation was incurred, in the ordinary course of business of both the debtor and the creditor. The debtor has the initial burden of proof in demonstrating the existence of all the elements of a preference and is presumed to be insolvent during the Preference Period. The creditor has the initial burden of proof as to the aforementioned defenses.

(b) Fraudulent Transfer and Conveyance Actions

Generally, a conveyance or transfer is fraudulent if: (i) it was made with the actual intent to hinder, delay or defraud a creditor (*i.e.,* an intentional fraudulent conveyance); or (ii) reasonably equivalent value was not received by the transferee in exchange for the transfer and the debtor was insolvent at the time of the transfer, was rendered insolvent as a result of the transfer or was left with insufficient capitalization as a result of the transfer (*i.e.,* a constructive fraudulent conveyance). Two primary sources of fraudulent conveyance law exist in a chapter 11 case:

- The first source of fraudulent conveyance law in a chapter 11 case is section 548 of the Bankruptcy Code, under which a debtor in possession or bankruptcy trustee may avoid fraudulent transfers that were made or incurred on or within one year before the date that a bankruptcy case is filed.

- The second source of fraudulent conveyance law in a chapter 11 case is section 544 of the Bankruptcy Code—the so-called "strong-arm provision"—under which the debtor in possession (or creditors with Bankruptcy Court permission) may have the rights of a creditor under state law to avoid transfers as fraudulent. State fraudulent conveyance laws generally have statutes of limitations longer than one year and are applicable in a bankruptcy proceeding pursuant to section 544 of the Bankruptcy Code if the statute of limitations with respect to a transfer has not expired prior to the filing of the bankruptcy case. If such statute of limitations has not expired, the debtor in possession (or creditors with Bankruptcy Court permission) may bring the fraudulent conveyance claim within the time period permitted by section 546 of the Bankruptcy Code notwithstanding whether the state statute of limitations period expires prior to such time.

2. Retention of Rights to Prosecute Causes of Action

Subject to the provisions set forth in Article X of the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all their respective rights to commence and pursue, as appropriate, any and all of their respective Causes of Action, including Avoidance Actions, whether arising before or after the Petition Dates, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date or the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. Any Causes of Action that the Debtor may hold against any Entity shall vest in the Reorganized Debtors, and the Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors.

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or the Effective Date.

The Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any of their respective Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them. The Debtors or Reorganized Debtors, as applicable, expressly reserves all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

V.
TREATMENT OF CONTRACTS AND LEASES

A. Assumption of Executory Contracts and Unexpired Leases Generally

Subject to the provisions in the Plan, each of the Debtors' Executory Contracts and Unexpired Leases shall be deemed assumed as of the Effective Date except any Executory Contract or Unexpired Lease (i) previously assumed or rejected by the Debtor during these Chapter 11 Cases, (ii) identified on the Contract/Lease Schedule (which will be filed with the Bankruptcy Court on the Contract/Lease Schedule Date) as an Executory Contract or Unexpired Lease designated for rejection, or (iii) which is the subject of a separate motion or notice to reject filed by the Debtor and pending as of the Confirmation Hearing.

The Plan provides that entry of the Confirmation Order by the Bankruptcy Court shall constitute an order approving the assumptions or rejections of such Executory Contracts and Unexpired Leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated in the Plan, by separate motion or otherwise, all assumptions or rejections of such Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each such Executory Contract and Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order, and not assigned to a third party prior to the Effective Date, shall re-vest in, and be fully enforceable by, the respective Reorganized Debtor in accordance with its terms, except as such terms may have been modified by agreement of the parties or order of the Bankruptcy Court.

Notwithstanding anything to the contrary in the Plan, the Debtors or Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Executory Contracts and Unexpired Leases identified on the Contract/Lease Schedule in their discretion prior to the Effective Date on proper notice to the non-debtor Entity party thereto.

B. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any provisions or terms of the Debtors' Executory Contracts or Unexpired Leases to be assumed pursuant to the Plan that are, or may be, alleged to be in default, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, solely by Cure or by an agreed-upon waiver of Cure on or as soon as reasonably practicable after the Effective Date.

The Debtors will file the Contract/Lease Schedule(s) with the Bankruptcy Court, and serve the affected counterparties with individual rejection or assumption/Cure notices, as the case may be, at least fourteen (14) days prior to the Plan Objection Deadline. The Contract/Lease Schedule will include (i) the name of the non-debtor counterparty, (ii) the legal description of the contract or lease to be assumed or rejected, and (iii) in the case of assumption, the proposed Cure, if any. On or as soon as practicably thereafter, the Debtors will serve the Contract/Lease Schedule and notice of filing upon each non-debtor counterparty listed thereon that will describe the procedures by which such parties may object to the proposed assumption or rejection of their respective Executory Contract or Unexpired Lease and explain how such disputes will be resolved by the Bankruptcy Court if the parties are not able to resolve a dispute consensually.

Objections, if any, to the proposed assumption and/or Cure or rejection by the Debtors of any Executory Contract or Unexpired Lease listed on the Contract/Lease Schedule, must be filed with the Bankruptcy Court and served so as to be *actually received* on or before the Plan Objection Deadline by the notice parties listed in Section I.E.1 herein, entitled "Plan Objection Deadline."

Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption or Cure will be deemed to have assented to such matters, and any subsequent or additional requests for Cure, other payments or assurances of future performance shall be disallowed, automatically and shall not be enforceable against the Reorganized Debtors, without the need for any objection by the Reorganized Debtors or further notice to or action, order, or approval of the Bankruptcy Court, and any Claim for Cure shall be deemed fully satisfied, released and discharged, notwithstanding anything included in the Schedules or in any Proof of Claim to the contrary.

Nothing shall prevent the Reorganized Debtors from paying any Cure despite the failure of the relevant counterparty to file such request for payment of such Cure. The Reorganized Debtors also may settle any Cure without further notice to or action, order, or approval of the Bankruptcy Court.

In the event of a dispute regarding (i) the amount of any payments to Cure such a default, (ii) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the

contract or lease to be assumed, or (iii) any other matter pertaining to assumption, then Cure shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors or Reorganized Debtors, and the counterparty to the Executory Contract or Unexpired Lease.

If an objection to Cure is sustained by the Bankruptcy Court, the Reorganized Debtors in their sole option, may elect to reject such Executory Contract or Unexpired Lease in lieu of assuming it on proper notice to the non-debtor Entity party thereto, which non-debtor Entity parties shall then be entitled to file Proofs of Claim asserting Claims arising from the rejection thereof, if applicable, in accordance with the terms of the Plan and the Claims Bar Date Order entered by the Bankruptcy Court in these Chapter 11 Cases.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise, except any Executory Contract with a state or local franchise authority, shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest (or payments relating to such change in control) or composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to or upon the effective date of assumption.

Except as provided elsewhere in the Plan, any Proof of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

The Debtors or Reorganized Debtors, as applicable, reserve the right, either to reject or nullify, the assumption of any Executory Contract or Unexpired Lease no later than thirty (30) days after entry of any Final Order determining the Cure or any request for adequate assurance of future performance required to assume such Executory Contract or Unexpired Lease.

C. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the respective Petition Date by a Debtor, including any Executory Contracts and Unexpired Leases assumed by a Debtor, will be performed by such Debtor or Reorganized Debtor in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

D. Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim asserting Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan or otherwise must be filed by Holders of such Claims with the Noticing and Claims Agent no later than thirty (30) days after the later of (i) the Effective Date or (ii) the effective date of earlier rejection for such Holders to be entitled to receive distributions under the Plan on account of such Claims. Holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease will be provided with notice of the Confirmation

Hearing, which will, among other things, inform such Entities how they may vote on the Plan pursuant to, and as described in greater detail in, the Solicitation Procedures Order.

Any Proofs of Claim arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases that are not timely filed shall be disallowed automatically, and shall not be enforceable against the Reorganized Debtors without the need for any objection by the Reorganized Debtors or further notice to or action, order, or approval of the Bankruptcy Court, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

VI.
DISTRIBUTIONS ON ACCOUNT OF ALLOWED CLAIMS

A. Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, the Reorganized Debtors shall make initial distributions under the Plan on account of Claims Allowed before the Effective Date on or as soon as practicable after the Initial Distribution Date. Payments on account of General Unsecured Claims Allowed as of the Effective Date shall commence on the Effective Date.

B. Claims Allowed After the Effective Date

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, distributions under the Plan on account of a Disputed Claim that becomes an Allowed Claim after the Effective Date shall be made on the first Periodic Distribution Date after the Disputed Claim becomes an Allowed Claim. Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims.

C. Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, on the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Effective Date, on or as soon as reasonably after the date that such a Claim becomes an Allowed Claim), each Holder of an Allowed Claim against a Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class. Distributions on account of Other General Unsecured Claims that become Allowed Claims before the Effective Date shall be paid on the Effective Date.

If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the applicable class treatment or in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for in

the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

D. Delivery and Distributions to Holders of Allowed Claims

Except as otherwise provided in the Plan, the Debtors or the Reorganized Debtors, as applicable shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtor's records as of the date of any such distribution; *provided, however*, that the manner of such distributions shall be determined at the discretion of the Debtors or the Reorganized Debtors, as applicable; and *provided further*, that the address for each Holder of an Allowed Claim shall be the address set forth in any Proof of Claim filed by that Holder.

E. Setoffs

The Debtors and the Reorganized Debtors may withhold (but not setoff except as set forth below) from the distributions called for under the Plan on account of any Allowed Claim an amount equal to any claims, equity interests, rights, and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim.

In the event that any such claims, equity interests, rights, and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount.

Neither the failure to effect such a setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, equity interests, rights, and Causes of Action that the Debtors or the Reorganized Debtors may possess against any such Holder, except as specifically provided in the Plan.

F. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Debtors, the Reorganized Debtors, or the Clerk of the Court, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not the Debtors or Reorganized Debtors.

Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not the Debtors

or the Reorganized Debtors on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to the Reorganized Debtors, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan; *provided*, *that* if the Debtors become aware of the payment by a third party, the Debtors or Reorganized Debtors, as applicable, will send a notice of wrongful payment to such party requesting return of any excess payments and advising the recipient of the provisions of the Plan requiring turnover of excess estate funds.

The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtors annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

2. Claims Payable by Insurers

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, Distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

VII.
RESOLUTION OF CONTINGENT, UNLIQUIDATED, OR DISPUTED CLAIMS

A. Allowance of Claims

After the Effective Date, the Reorganized Debtors shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim. All settled claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

B. Prosecution of Objections to Claims

Each such Tort Claim shall remain a Disputed Claim unless and until it becomes an Allowed Claim. After the Confirmation Date but before the Effective Date, the Debtors, and after the Effective Date the Reorganized Debtors, shall have the exclusive authority to file objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

C. Claims Estimation

After the Confirmation Date but before the Effective Date, the Debtors, and after the Effective Date, the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate (i) any Disputed Claim pursuant to applicable law and (ii) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection.

Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. All of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

D. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors or the Reorganized Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if the Entity, on the one hand, and the Debtors or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code and such Entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

Except as otherwise agreed, any and all proofs of claim filed after the applicable Claims Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order or approval of the Bankruptcy Court, and Holders of such Claims may

not receive any distributions on account of such Claims, unless such late proof of claim is deemed timely filed by a Bankruptcy Court order.

On or after the Effective Date, except as otherwise provided in the Plan, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and, to the extent such prior authorization is not received, any such new or amended Claim filed shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

E. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors or the Reorganized Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if the Entity, on the one hand, and the Debtors or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code and such Entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

Except as otherwise agreed, any and all proofs of claim filed after the applicable Claims Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless such late proof of claim is deemed timely filed by a Bankruptcy Court order.

On or after the Effective Date, except as otherwise provided in the Plan, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and, to the extent such prior authorization is not received, any such new or amended Claim filed shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

F. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

1. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies subject to the Plan, including, without limitation, those relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest.

Accordingly, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies—including, without limitation, Release by Holders of Claims or Equity Interests (both as defined

below)—as well as a finding by the Bankruptcy Court that such compromise or settlement is: (a) in exchange for the good and valuable consideration provided for in the Plan; (b) a good-faith settlement and compromise of all such Claims, Interests, and controversies; (c) in the best interests of the Debtor, its Estate, and Holders of Claims and Interests; (d) fair, equitable, and reasonable; (5) made after adequate notice and opportunity for hearing; and (e) a bar to any Person or Entity from asserting any such Claims, Interests, and controversies against the Debtors, the Reorganized Debtors, or the other Released Parties .

In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against them and Causes of Action against other Entities.

2. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise.

Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

3. Discharge of Claims and Termination of Equity Interests

Pursuant to and to the fullest extent permitted by section 1141(d) of the Bankruptcy Code, and except with respect to a Claim that is Reinstated by the Reorganized Debtors after the Effective Date or as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims, Equity Interests, and Causes of Action of any nature whatsoever (as used herein, the "***Discharge***"). This Discharge shall include any interest accrued on Claims or Equity Interests from and after the Petition Dates, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Equity Interests in, the Debtors, the Reorganized Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date. This Discharge shall also include any liability to the extent such Claims or Equity Interests relate to services performed by the employees of the Debtors prior to the Petition Date and arise from a termination of employment or a termination of any employee or retiree benefit program regardless of whether such termination occurred prior to or after the Effective Date. Finally, the Discharge shall include any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is

filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan.

Except as otherwise provided in the Plan, any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date with respect to the Debtors or any of the Debtors' Affiliates. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Equity Interests subject to the Effective Date occurring.

4. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article III of the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and its successors and assigns.

5. Debtor Releases

Article I.B.105 of the Plan provides that "*Released Parties*" means, collectively, the Debtors, the Debtors' Affiliates, and the Debtors' current manager, members, employees, agents, attorneys, and other professionals or representatives when acting in such capacities.

Article I.B.44 of the Plan provides that "Debtors' Affiliates" means Leon and Helen Petcov; Commercial Management, LLC; 2006 Heyburn Building LLC; 800 Cawthon, LLC; Leon Enterprises, LLC; and 900-7th Street, LLC.

For good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtors and implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, the Debtors, the Reorganized Debtors, and any Person seeking to exercise the rights of such parties or the Estate, shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever based on, relating to, or in any manner arising from: (a) the Chapter 11 Cases; (b) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan; (c) any default by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases; or (d) the negotiation, formulation, or preparation of (I) the Plan, (II) the Plan Supplement, (III) the Disclosure Statement, or (IV) related agreements, instruments, or other documents; *provided*, *however*, that the foregoing shall not include claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct, or gross negligence.

Notwithstanding anything to the contrary in the Plan, the foregoing "*Debtor Release*" shall not operate to waive or release any Causes of Action of the Debtors: (a) arising under any contract, instrument, agreement, release, or document delivered pursuant to the Plan; or (b) expressly set forth in and preserved by the Plan, the Plan Supplement or related documents.

6. Releasing Party Release

Article I.B.105 of the Plan provides that "*Released Parties*" means, collectively, the Debtor, the Debtor's Affiliates, and the Debtor's current manager, members, employees, agents, attorneys, and other professionals or representatives when acting in such capacities.

Article I.B.44 of the Plan provides that "Debtors' Affiliates" means Leon and Helen Petcov; Commercial Management, LLC; 2006 Heyburn Building LLC; 800 Cawthon, LLC; Leon Enterprises, LLC; and 900-7th Street, LLC.

Article I.B.106 of the Plan provides that "*Releasing Parties*" means each Holder of a Claim or Equity Interest in such capacity.

For good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtors and implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, the Releasing Parties shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever based on, relating to, or in any manner arising from: (a) the Chapter 11 Cases; (b) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan; (c) any default by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases; or (d) the negotiation, formulation, or preparation of (I) the Plan, (II) the Plan Supplement, (III) the Disclosure Statement, or (IV) related agreements, instruments, or other documents; *provided*, *however*, that the foregoing shall not include claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes criminal conduct, willful misconduct, or gross negligence.

Notwithstanding anything to the contrary herein, the foregoing "*Release by Holders of Claims or Equity Interests*" does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, agreement executed to implement the Plan.

FOR THE AVOIDANCE OF DOUBT, NO PARTY HAS RAISED, AND THE DEBTORS ARE NOT AWARE OF ANY CLAIMS OR CAUSES OF ACTION THAT MIGHT BE RAISED BY ONE OR MORE OF THE RELEASING PARTIES AGAINST ONE OR MORE OF THE RELEASED PARTIES AND SUBJECT TO THIS PROVISION, OTHER THAN INTERNATIONAL BANK'S CROSS-DEFAULT AND CROSS-COLLATERALIZATION CLAIMS AGAINST THE NON-DEBTOR AFFILIATES ARISING FROM THE DEBTORS' PREPETITION DEFAULTS UNDER THE PREPETITION CREDIT AGREEMENTS.

7. Consideration Provided by the Released Parties

The releases of the Released Parties by the Debtors and the Releasing Parties are critically important to the success of the Plan, which embodies the settlement of certain claims with the Debtors' primary stakeholders. Each of the Released Parties afforded value to the Debtors and aided in the reorganization process. The Released Parties played an integral role in the formulation of the Plan and the IBC Restructuring Support Agreement and have expended significant time and resources analyzing and negotiating the issues presented by the Debtors' prepetition capital structure. Furthermore, certain of the Released Parties are forgoing Claims or making other contributions to the Debtors' reorganization (including, without limitation, new capital and management and operational expertise) that are essential to the successful consummation of the Plan, the Debtors' emergence from chapter 11, and the success of the Reorganized Debtors' future operations. The Plan also reflects the settlement and resolution of numerous issues and claims, and the releases are an integral part of the consideration to be provided in exchange for the contributions to the reorganization, compromises, and resolutions embodied in the Plan.

The Debtors, with the assistance of counsel, have also spent considerable time investigating potential Avoidance Claims and other Causes of Action against the parties being released pursuant to the Plan and does not believe there is evidence suggesting viable claims that would result in substantial recoveries (if any) to general unsecured creditors.

The Debtors believe, in their sound business judgment, that the Debtor Release and the Release by Holders of Claims or Equity Interests set forth in the Plan and described above are limited, appropriate, and fall well within the range of reasonableness and, thus, satisfy the applicable provisions of the Bankruptcy Code and Bankruptcy Rules relating to the approval of settlements and the case law governing the permissible scope of releases under a plan of reorganization in this Circuit. Accordingly, the Plan provides that entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtor Release and the Release by Holders of Claims or Equity Interests.

8. Exculpation

Upon and effective as of the Effective Date, the Debtors and their directors, officers, employees, attorneys, and other professional advisors and agents will be deemed to have solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code.

Except with respect to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement or related documents, the Exculpated Parties shall neither have nor incur any liability to any Entity for any prepetition or postpetition act taken or omitted to be taken in good faith in connection with, or arising from or relating in any way to, the Chapter 11 Cases, including, without limitation: (a) the operation of the Debtors' business during the pendency of these Chapter 11 Cases; (b) formulating, negotiating, preparing, disseminating, implementing, and/or effecting the Disclosure Statement and the Plan (including the Plan Supplement and any related contract, instrument, release, or other agreement or document created or entered into in connection therewith); (c) the

solicitation of votes for the Plan and the pursuit of Confirmation and Consummation of the Plan; (d) the administration of the Plan and/or the property to be distributed under the Plan; (e) the offer and issuance of any securities under the Plan; and/or (f) any other prepetition or postpetition act taken or omitted to be taken in good faith in connection with or in contemplation of the restructuring of the Debtors. In all respects, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its respective duties under, pursuant to, or in connection with, the Plan.

Notwithstanding anything herein to the contrary, nothing in the foregoing "*Exculpation*" shall (a) exculpate any Person or Entity from any liability resulting from any act or omission constituting fraud, willful misconduct, gross negligence, criminal conduct, malpractice, misuse of confidential information that causes damages, or ultra vires acts as determined by a Final Order or (b) limit the liability of the professionals of the Exculpated Parties to their respective clients pursuant to Illinois law.

9. Injunction

The satisfaction, release, and discharge pursuant to Article IX of the Plan shall also act as an injunction against any Person bound by such provision commencing or continuing any action, employment of process or act to collect, offset, or recover any Claim, Cause of Action, breach, default, event of default, or cross-default satisfied, released, cured, or discharged under the Plan or the Confirmation Order against the Reorganized Debtors, any of the Released Parties, or any property of the Reorganized Debtors or any of the Released Parties to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof.

10. No Release of Any Claims Held by the United States

Nothing in the Confirmation Order or the Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in the Confirmation Order or the Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action or other proceedings against the Released Parties for any liability whatever, including, without limitation, any Claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state or local authority, nor shall anything in the Confirmation Order or the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties.

G. MODIFYING, REVOKING, OR WITHDRAWING THE PLAN

Subject to the limitations contained in the Plan, the IBC Restructuring Support Agreement and the 1st Equity Restructuring Support Agreement, and in accordance with the IBC Restructuring Support Agreement and the 1st Equity Restructuring Support Agreement: (1) the Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtor or the Reorganized Debtor, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019. Subject to the IBC Restructuring Support Agreement and conditions to the Effective Date, the Debtor reserves the right to revoke or withdraw the Plan prior to the entry of the Confirmation Order and to file subsequent plans of reorganization.

If the Debtors revoke or withdraws the Plan, or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any claims by or against, or any Equity Interests in, the Debtors or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission of any sort by the Debtors or any other Entity.

VIII.
VALUATION AND FINANCIAL PROJECTIONS

THE VALUATIONS SET FORTH HEREIN REPRESENT ESTIMATED DISTRIBUTABLE VALUE AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE OF THE NEW MEMBERSHIP INTERESTS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE.

A. VALUATION OF THE REORGANIZED DEBTORs

In connection with developing the Plan, the Debtors estimated the Reorganized Debtors' going-concern value. In preparing the estimated total enterprise value range, the Debtors: (i) reviewed certain historical financial information of the Debtors for recent years and interim periods; (ii) reviewed the Debtors' operations and future prospects; (iii) considered certain economic and industry information relevant to the Debtors' operating business; and (v) conducted such other analyses as the Debtors deemed appropriate.

The Debtors estimate the total enterprise value of the Reorganized Hollywood Debtor to be between approximately $6.0 million and $7.8 million, as of an assumed Effective Date of December 15, 2015. The Debtors estimate the total enterprise value of the Reorganized Hollywood Debtor to be between $4.4 million and $5.0 million.

These valuations are based upon information available to, and analyses undertaken by, the Debtors as of October 31, 2015, and reflect, among other factors discussed below, the Debtors' income statements and balance sheets, current financial market conditions and the inherent uncertainty today as to the achievement of the Debtors' financial projections prepared by the Debtors.

This valuation also reflects a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, achieving the forecasts reflected in the financial projections, the amount of available Cash, market conditions and the Plan becoming effective in accordance with its terms on a basis consistent with the estimates and other assumptions discussed herein. These valuations do not take into account payments to be made under the Plan.

Additionally, an estimate of total enterprise value is not entirely mathematical but, rather, involves considerations and judgments concerning various factors that could affect the value of an operating business. Moreover, the value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business.

Further, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Accordingly, because the membership interests in the Reorganized Debtors will not be publicly tradable, the total enterprise value ascribed in the analysis does not purport to be an estimate of the post reorganization market trading value. Such trading value may be materially different from the total enterprise value ranges associated with the valuation analysis. Indeed, there can be no assurance that any trading market will develop for the Reorganized Debtors' interests.

The estimate of total enterprise value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein depending on the results of the Debtors' operations. Additionally, these estimates of value represent hypothetical enterprise and equity values of the Reorganized Debtors as the continuing operator of the Reorganized Hollywood Debtor's business and assets (the Reorganized 800 Building Debtor will has no go-forward operations, other than the *de minimis* rental of the Garage to the Heyburn Building), and do not purport to reflect or constitute appraisals, liquidation values, or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to creditors thereunder. The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business.

Because valuation estimates are inherently subject to uncertainties, neither the Debtors, nor any other person assumes responsibility for their accuracy, but the Debtor believes the estimates have been prepared in good faith based on reasonable assumptions.

B. FINANCIAL PROJECTIONS

As discussed in Section IX.A herein, entitled "Statutory Requirements for Confirmation of the Plan," the Debtors believe the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Reorganized Debtors. In connection with developing the Plan, and for purposes of determining whether the Plan satisfies the "feasibility" standard, the Debtors prepared the financial projections for the years of 2016 through 2020 set forth on **Exhibit B** (the "***Financial Projections***"). In general, as illustrated by the Financial Projections, the Debtors believe that the Reorganized Hollywood Debtor will be viable, while the Reorganized 800 Building Debtor will have no go-forward operation other than (a) the prosecution of and recovery on the 1st Equity Promissory Note and the *de minimis* rental of the Garage to the Heyburn Building. The Debtors believe that the Reorganized Debtors will have sufficient liquidity to fund obligations as they arise, thereby maintaining value. Accordingly, the Debtors believe the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. The Debtors prepared the Financial Projections in good faith, based upon estimates and assumptions made by the Debtors' management.

The Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by the assumed Effective Date. Any significant delay in the assumed Effective Date of the Plan may have a significant negative impact on the operations and financial performance of the Debtors including, without limitation, an increased risk of inability to meet sales forecasts and higher reorganization expenses. Additionally, the estimates and assumptions in the Financial Projections, while considered reasonable by management, may not be realized, and are inherently subject to uncertainties and contingencies. They also are based on factors such as industry performance, general business, economic, competitive, regulatory, market, and financial conditions, all of which are difficult to predict and generally beyond the Debtor's control.

Because future events and circumstances may differ from those assumed and unanticipated events or circumstances may occur, the Debtors expect that the actual and projected results will differ and the actual results may be greater or less, perhaps materially, than those contained in the Financial Projections.

No representations can be made as to the accuracy of the Financial Projections or the Reorganized Debtors' ability to achieve the projected results. Therefore, the Financial Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the Financial Projections herein should not be regarded as an indication that the Debtors considered or consider the Financial Projections to reliably predict future performance.

The Financial Projections are subjective in many respects, and thus are susceptible to interpretations and periodic revisions based on actual experience and recent

developments. The Debtors do not intend to update or otherwise revise the Financial Projections to reflect the occurrence of future events, even in the event that assumptions underlying the Financial Projections are not borne out. The Financial Projections should be read in conjunction with the assumptions and qualifications set forth herein.

IX.
CONFIRMATION AND CONSUMMATION OF THE PLAN

A. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) the Debtors have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, these Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made before the Confirmation of the Plan is reasonable; or (ii) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.

- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Equity Interests deemed to reject the Plan (*discussed in more detail in Section IX.B below*).

- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code (*discussed in more detail in Section IX.B below*).

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Other

Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.
- The Debtors have paid the required filing fees pursuant to 28 U.S.C. § 1930 to the Clerk of the Bankruptcy Court.
- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtors will pay quarterly fees no later than the last day of the calendar month, following the calendar quarter for which the fee is owed in each of the Debtors' Chapter 11 Cases for each quarter (including any fraction thereof), to the Office of the United States Trustee, until the case is converted or dismissed, whichever occurs first.

1. Best Interests of Creditors Test/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if the Debtor's Chapter 11 Case was converted to a chapter 7 case and the assets of the Estate was liquidated; (b) determine the liquidation distribution that each non-accepting Holder of a Claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such Holder's liquidation distribution to the distribution under the Plan that such Holder would receive if the Plan were confirmed.

In chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

Accordingly, the Cash amount that would be available for satisfaction of Claims (other than Secured Claims) would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation. Such Cash would be reduced by the amount of the costs and expenses of the liquidation and by such additional administrative and priority

claims that may result from termination of the Debtors' business and the use of chapter 7 for purposes of a liquidation.

As described in more detail in the Liquidation Analysis attached hereto as **Exhibit C**, the Debtors believe that confirmation of the Plan will provide each Holder of an Allowed Claim in an Impaired Class with a greater recovery than the value of any distributions if the Chapter 11 Case was converted to cases under chapter 7 of the Bankruptcy Code because, among other reasons, the Debtors expect that there will be ***no*** proceeds to satisfy Claims other than the IBC Prepetition Credit Agreement Claims and that any such proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale of the Debtors' assets and the fees and expenses of a chapter 7 trustee would likely further reduce Cash available for distribution. In addition, distributions in chapter 7 cases may not occur for a longer period of time than distributions under the Plan, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a significant period while the chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Case and the Claims against the Debtors. Thus, the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code with respect to such Classes.

2. Feasibility Requirements

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of, or the need for further financial reorganization, of the debtor unless the plan contemplates such liquidation or reorganization. As mentioned above, the Debtors have analyzed its ability to meet its obligations under the Plan and retain sufficient liquidity and capital resources to conduct its business. As demonstrated by the Financial Projections, the Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code because Confirmation is not likely to be followed by (a) liquidation of the Reorganized Debtors or (b) the need for further financial reorganization of the Reorganized Debtors. The Financial Projections, together with the assumptions on which they are based, are attached hereto as **Exhibit B**.

In general, as illustrated by the Financial Projections, the Debtors believe that the Reorganized Debtors should have sufficient cash flow and availability to pay and service their debt obligations and to fund operations. The Debtors believe that Confirmation and Consummation is, therefore, not likely to be followed by the liquidation or further reorganization of the Reorganized Debtors. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest;

(b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives Cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor of acceptance.

Claims in Classes 1 and 2 are not Impaired under the Plan, and, as a result, the Holders of such Claims are deemed to have accepted the Plan.

Claims in Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 are Impaired under the Plan, and as a result, the Holders of Claims in such Classes are entitled to vote on the Plan. Pursuant to section 1129 of the Bankruptcy Code, the Holders of Claims in the Voting Classes must accept the Plan for the Plan to be confirmed *without* application of the "fair and equitable test" to such Classes, and without considering whether the Plan "discriminates unfairly" with respect to such Classes, as both standards are described directly below. As stated above, Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

4. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

(a) No Unfair Discrimination

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. Courts have also held that it is appropriate to classify unsecured creditors separately if the differences in classification are in the best interest of the creditors, foster reorganization efforts, do not violate the absolute priority

rule, and do not needlessly increase the number of classes. Accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

(b) Fair and Equitable

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class:

- <u>Secured Claims</u>. The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that: (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (b) each holder of a secured claim in the class receives deferred Cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

- <u>Unsecured Claims</u>. The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the following requirement that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property.

- <u>Equity Interests</u>. The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirements that either:

  - the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greater of: (a) the allowed amount of any fixed liquidation preference to which such holder is entitled; (b) any fixed redemption price to which such holder is entitled; or (c) the value of such interest; <u>*or*</u>

  - if the class does not receive the amount required in the paragraph directly above, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

The Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code in view of the deemed rejection by Class 13. To the extent that any of the Voting Classes vote to reject the Plan, the Debtors further reserve the right to seek (a) Confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (b) to modify the Plan in accordance with Section XIII.A of the Plan.

Notwithstanding the deemed rejection by Class 13 (or any Class that votes to reject the Plan, if applicable), the Debtor does not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Interests and believes that the Plan is fair and equitable. *First*, no Class of equal priority is receiving more favorable treatment from the Debtor, its assets or the Estate under the Plan than the treatment afforded Holders of Claims and Equity Interests in Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 (for a more detailed discussion of the Plan's treatment of Claims and Interests, see Section IV.C herein, entitled "Classification and Treatment of Claims and Interests"). Second, Classes 3, 4, and 5 will receive retain their liens and receive property on account of the Claims or in such class equal to the value of such Claims as of the Effective Date, and Classes 6, 7, and 8 will receive property on the Effective date equal to or in excess of the value of their interest in the Debtor's property. Third, Classes 9, 10, 11, and 12 will receive on account of the Claims in such classes deferred cash payments of a value, as of the Effective Date, equal to the Allowed amount of such Claims. Thus, the requirements of section 1129(b) of the Bankruptcy Code with respect to Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 are satisfied such that the Plan may be Confirmed over the deemed rejection thereof.

Accordingly, the Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan, including Classes 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 satisfy the foregoing requirements for nonconsensual Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

B. CONDITIONS FOR CONSUMMATION OF THE PLAN

The Plan will be consummated on the Effective Date so long as certain conditions precedent are satisfied or waived in accordance with the Article VIII.B of the Plan, including:

- the Bankruptcy Court shall have approved the Disclosure Statement, in a manner acceptable to the Debtors, as containing adequate information with respect to the Plan within the meaning of section 1125 of the Bankruptcy Code;
- the Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be reasonably acceptable to the Debtor;
- the Confirmation Order shall have been entered and become a Final Order in form and in substance reasonably satisfactory to the Debtor;
- the Confirmation Order shall provide that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, including, without limitation, entering into, implementing, and consummating the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with or described in the Plan;
- all documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery and (b) been effected or executed;

- all conditions precedent to such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements; and

- all actions, documents, certificates, and agreements necessary to implement this Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.

C. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Liquidation Under Chapter 7 of the Bankruptcy Code

If no chapter 11 plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which case, a trustee would be elected or appointed to liquidate the Debtors' assets. A discussion of the effect that a chapter 7 liquidation would have on the recovery of holders of Claims is set forth in Section IX.A herein, titled "Statutory Requirements for Confirmation of the Plan." In performing the liquidation analysis, the Debtors have assumed that all Holders of Claims will be determined to have "claims" that are entitled to share in the proceeds from any such liquidation. The Debtors believe that liquidation under chapter 7 would result in (a) smaller distributions being made to creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee, (b) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtors' operations, and (c) the failure to realize the greater, going-concern value of all of the Debtors' assets.

2. Filing of an Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of its assets. The Debtors believe that the Plan enables the Debtors to emerge from chapter 11 successfully and expeditiously, preserves their business and allows creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the assets of the Debtors would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in chapter 7 liquidations. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that liquidations under chapter 11 are much less attractive alternative to creditors than the Plan because the Plan provides for a greater return to creditors. In any liquidation, creditors would be paid their distribution, if any, in Cash.

X.
PLAN-RELATED RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CONSIDER CAREFULLY EACH OF THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. WHILE NUMEROUS, THESE RISK FACTORS SHOULD NOT BE CONSTRUED AS THE ONLY RISKS RELATING TO THE DEBTOR'S BUSINESS AND/OR THE PLAN.

The following provides a summary of various important considerations and risk factors associated with the Plan. However, it is not exhaustive. In considering whether to vote for or against the Plan, Holders of Claims in Voting Classes should read and carefully consider the factors set forth below and all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement.

A. RISKS RELATING TO CONFIRMATION OF THE PLAN

1. The Debtor sMay Not Be Able to Secure Confirmation of the Plan.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan, and there can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will Confirm the Plan. Moreover, Confirmation of the Plan is subject to the conditions set forth in Article IX.A of the Plan, which may not be achieved. Finally, although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur.

B. RISKS RELATING TO RECOVERIES UNDER THE PLAN

1. The Recovery to Holders of Allowed Claims Cannot Be Stated With Absolute Certainty.

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Financial Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates regarding the anticipated future performance of the Reorganized Debtors, including, without limitation, their ability to maintain or increase revenue and gross margins, control future operating expenses or make necessary capital, as well as assumptions concerning general business and economic conditions and overall industry performance and trends, which the Debtors are unable to control. Should any or all of these assumptions or estimates ultimately prove to be incorrect or not materialize, the actual future experiences of the Reorganized Debtors may turn out to be different from the Financial Projections.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will *not* be considered assurances or guarantees of the amount of funds or the amount of Claims that may be Allowed in the various Classes. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. Also, because the liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted.

The Claims estimates set forth herein are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Such differences may adversely affect the percentage recovery to Holders of such Allowed Claims under the Plan. Moreover, the estimated recoveries set forth herein are necessarily based on numerous assumptions, the realization of many of which are beyond the Debtors' control, including, without limitation, (a) the successful reorganization of the Debtors, (b) an assumed date for the occurrence of the Effective Date, (c) the Debtors' ability to achieve the operating and financial results included in the Financial Projections, (d) the Debtors' ability to maintain adequate liquidity to fund operations and (e) the assumption that the Debtors' ability to obtain financing to pay off the Allowed Prepetition Credit Agreement Claims will remain consistent with current conditions.

The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect, which could affect the percentage recovery to Holders of such Allowed Claims under the Plan, in some instances adversely. Also, the estimated recoveries to Holders of Allowed Claims are not intended to represent the private sale values of the Reorganized Debtors' securities.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders the subordination of any Allowed Claims to other Allowed Claims, whether the Debtor objects to the amount or classification of any Claim, whether the Debtor satisfies the requisite conditions to enter into the Exit Credit Agreement or New Second Priority Term Loan Agreement or whether, subject to the terms and conditions of the Plan, the Debtor is required to modify certain terms or conditions of the Plan in order to Confirm the Plan. The occurrence of contingencies that could affect distributions available to Holders of Allowed Claims under the Plan, however, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

2. The Value of Membership Interests in the Reorganized Debtors Cannot Be Stated with Absolute Certainty.

On the Effective Date, 100 percent of the New Membership Interests in the Reorganized Hollywood Debtor will be issued to the Equity Sponsor on account of the New Equity Contribution. However, due to the fact that the value of the New Membership Interests is based upon certain assumptions determining the valuation of the Reorganized Hollywood Debtor and the Financial Projections, the value of the New Membership Interests or the interests in the Reorganized 800 Building Debtor cannot be stated with certainty.

C. RISKS RELATING TO THE DEBTOR'S BUSINESS

1. Prolonged Continuation of the Chapter 11 Case Is Likely To Harm the Debtors' Business.

The prolonged continuation of these Chapter 11 Cases is likely to adversely affect the Debtors' business and operations. So long as the Chapter 11 Cases continue, senior management of the Debtors will be required to spend a significant amount of time and effort dealing with the Debtors' reorganization instead of focusing exclusively on business operations. Prolonged continuation of the Chapter 11 Case will also make it more difficult to attract and retain personnel necessary to the success and growth of the Debtors' business. In addition, so long as the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the proceedings. The prolonged continuation of the Chapter 11 Cases may also require the Debtors to seek additional financing, either under the Prepetition Credit Agreement or otherwise, in order to service its debt and other obligations. It may not be possible for the Debtors to obtain additional financing during the pendency of the Chapter 11 Cases on commercially favorable terms or at all. If the Debtors were to require additional financing during the Chapter 11 Cases and were unable to obtain the financing on favorable terms or at all, it is unlikely the Debtors could successfully reorganize.

2. The Chapter 11 Case May Affect the Tax Liability of Reorganized Debtors.

In connection with the Debtors' emergence from these Chapter 11 Cases, tax attributes may be significantly reduced due to the cancellation of indebtedness income, with any remaining tax attributes subject to limitation under Sections 382 and 383 of the IRC.

Holders of Claims should discuss the Plan and this Disclosure Statement with their professional advisors to determine how the tax implications of the Chapter 11 Cases and treatment of Allowed Claims under the Plan could adversely affect such Holders.

D. DISCLOSURE STATEMENT DISCLAIMER

1. No Representations Made Outside This Disclosure Statement Are Authorized.

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes. Except as otherwise provided herein or in the Plan, no representations relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the United States Trustee.

2. The Debtors Relied on Certain Exemptions from Registration Under the Securities Act.

This Disclosure Statement has not been filed with the Commission or any state regulatory authority. Neither the Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful. This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with the requirements of federal or state securities laws or other similar laws.

The offer of New Membership Interests under the Plan has not been registered under the Securities Act or similar state securities or "blue sky" laws. To the maximum extent permitted by section 1145 of the Bankruptcy Code, the Securities Act and other applicable non-bankruptcy law, the issuance of the New Membership Interests or any shares reserved for issuance under the Management Equity Plan, will be exempt from registration under the Securities Act by virtue of section 1145 of the Bankruptcy Code, Rule 701 promulgated under the Securities Act or a "no sale" under the Securities Act as described herein.

3. The Information Herein Was Provided by the Debtors and Relied Upon by Its Advisors.

The Debtors have used their reasonable business judgment to ensure the accuracy of the information, including financial information, provided in this Disclosure Statement, the Plan, and related documents. Nonetheless, the Debtors cannot, and do not, confirm the current accuracy of every statement appearing in this Disclosure Statement.

Statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. **Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.**

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement.

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Equity Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

5. No Admissions Are Made by This Disclosure Statement.

The information and statements contained in this Disclosure Statement will neither constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtor) nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Equity Interest or any other parties in interest. The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent, or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their Estates are specifically or generally identified herein.

In addition, no reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors may seek to investigate, file, and prosecute Claims and Equity Interest and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Objections to Claims.

RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtors' creditors than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code (which would likely result in no distribution to unsecured creditors). In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than that which is proposed under the Plan. Accordingly, the Debtor recommends that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Respectfully submitted,

Dated: November 3, 2015
Chicago, Illinois

By: */s/Leon Petcov*
Name: Leon Petcov
Title: Managing Member

Prepared by:

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EXHIBIT A

Fourth Amended Plan of Reorganization

EXHIBIT B

Financial Projections

1016 West Hollywood LLC

For estimation purposes only and subject to material change

	2016 Total	2017 Total	2018 Total	2019 Total	2020 Total
INCOME STATEMENT					
Gross Income	$ 576,000.00	$ 593,280.00	$ 611,078.40	$ 629,410.75	$ 648,293.07
Cost of Operations	$ 120,000.00	$ 122,400.00	$ 124,848.00	$ 127,344.96	$ 129,891.86
Gross profit	**$ 456,000.00**	**$ 470,880.00**	**$ 486,230.40**	**$ 502,065.79**	**$ 518,401.22**
Net income before taxes and debt service	**$ 456,000.00**	**$ 470,880.00**	**$ 486,230.40**	**$ 502,065.79**	**$ 518,401.22**
Debt Service	**$ 347,000.00**	**$ 347,000.00**	**$ 312,000.00**	**$ 312,000.00**	**$ 312,000.00**
Tax expense	**$ 95,000.00**	**$ 96,900.00**	**$ 98,838.00**	**$ 100,814.76**	**$ 102,831.06**
Net income	**$ 14,000.00**	**$ 26,980.00**	**$ 75,392.40**	**$ 89,251.03**	**$ 103,570.16**

1016 West Hollywood LLC

For estimation purposes only and subject to material change

(amounts in 000's) BALANCE SHEET	Estimated Pre Consummation 12/15/2015	Total Reorganization Adjustments	Estimated Post Consummation 12/15/2015	2016	2017	2018	2019	2020
ASSETS								
Current assets:								
Cash and equivalents	$ 27,500.00	$ 200,000.00	$ 81,000.00	$ 71,000.00	$ 73,980.00	$ 125,372.40	$ 190,623.43	$ 275,193.59
Accounts receivable, net	$ 20,000.00	$ -	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00
Total current assets	**$ 47,500.00**	**$ 200,000.00**	**$ 101,000.00**	**$ 91,000.00**	**$ 93,980.00**	**$ 145,372.40**	**$ 210,623.43**	**$ 295,193.59**
Fixed assets								
Building	$ 1,200,000.00	$ -	$ 1,200,000.00	$ 1,200,000.00	$ 1,200,000.00	$ 1,200,000.00	$ 1,200,000.00	$ 1,200,000.00
Land	$ 200,000.00	$ -	$ 200,000.00	$ 200,000.00	$ 200,000.00	$ 200,000.00	$ 200,000.00	$ 200,000.00
Improvements	$ 282,291.27	$ -	$ 282,291.27	$ 282,291.27	$ 282,291.27	$ 282,291.27	$ 282,291.27	$ 282,291.27
Carpet	$ 105,249.63	$ -	$ 105,249.63	$ 105,249.63	$ 105,249.63	$ 105,249.63	$ 105,249.63	$ 105,249.63
Elevator	$ 27,500.00	$ -	$ 27,500.00	$ 27,500.00	$ 27,500.00	$ 27,500.00	$ 27,500.00	$ 27,500.00
Applicances	$ 21,928.73	$ -	$ 21,928.73	$ 21,928.73	$ 21,928.73	$ 21,928.73	$ 21,928.73	$ 21,928.73
Equipment & furniture	$ 4,550.00	$ -	$ 4,550.00	$ 4,550.00	$ 4,550.00	$ 4,550.00	$ 4,550.00	$ 4,550.00
Total fixed assets	$ 1,841,519.63	$ -	$ 1,841,519.63	$ 1,841,519.63	$ 1,841,519.63	$ 1,841,519.63	$ 1,841,519.63	$ 1,841,519.63
Accumulated depreciation								
Applicances	$ (9,210.40)	$ -	$ (9,210.40)	$ (9,210.40)	$ (9,210.40)	$ (9,210.40)	$ (9,210.40)	$ (9,210.40)
Boiler	$ (43,636.00)	$ -	$ (43,636.00)	$ (43,636.00)	$ (43,636.00)	$ (43,636.00)	$ (43,636.00)	$ (43,636.00)
Building	$ (261,816.72)	$ -	$ (261,816.72)	$ (261,816.72)	$ (261,816.72)	$ (261,816.72)	$ (261,816.72)	$ (261,816.72)
Carpet	$ (31,444.67)	$ -	$ (31,444.67)	$ (31,444.67)	$ (31,444.67)	$ (31,444.67)	$ (31,444.67)	$ (31,444.67)
Elevator	$ (12,230.46)	$ -	$ (12,230.46)	$ (12,230.46)	$ (12,230.46)	$ (12,230.46)	$ (12,230.46)	$ (12,230.46)
Equipment & furniture	$ (3,395.10)	$ -	$ (3,395.10)	$ (3,395.10)	$ (3,395.10)	$ (3,395.10)	$ (3,395.10)	$ (3,395.10)
Improvements	$ (35,977.57)	$ -	$ (35,977.57)	$ (35,977.57)	$ (35,977.57)	$ (35,977.57)	$ (35,977.57)	$ (35,977.57)
Window blinds	$ (3,360.22)	$ -	$ (3,360.22)	$ (3,360.22)	$ (3,360.22)	$ (3,360.22)	$ (3,360.22)	$ (3,360.22)
Other accumulated depriation	$ (1,201,480.20)	$ -	$ (1,201,480.20)	$ (1,201,480.20)	$ (1,201,480.20)	$ (1,201,480.20)	$ (1,201,480.20)	$ (1,201,480.20)
Total accumulated depreciation	$ (1,602,551.34)	$ -	$ (1,602,551.34)	$ (1,602,551.34)	$ (1,602,551.34)	$ (1,602,551.34)	$ (1,602,551.34)	$ (1,602,551.34)
Net fixed assets	**$ 238,968.29**	**$ -**	**$ 238,968.29**	**$ 238,968.29**	**$ 238,968.29**	**$ 238,968.29**	**$ 238,968.29**	**$ 238,968.29**
Other assets								
Closing cost	$ 92,798.63	$ -	$ 92,798.63	$ 92,798.63	$ 92,798.63	$ 92,798.63	$ 92,798.63	$ 92,798.63
Refinance cost	$ 102,255.51	$ -	$ 102,255.51	$ 102,255.51	$ 102,255.51	$ 102,255.51	$ 102,255.51	$ 102,255.51
Accumulated amortization								
Closing cost	$ (92,798.63)	$ -	$ (92,798.63)	$ (92,798.63)	$ (92,798.63)	$ (92,798.63)	$ (92,798.63)	$ (92,798.63)
Refinance cost	$ (102,255.51)	$ -	$ (102,255.51)	$ (102,255.51)	$ (102,255.51)	$ (102,255.51)	$ (102,255.51)	$ (102,255.51)
Total accumulated amortization	$ (195,054.14)		$ (195,054.14)	$ (195,054.14)	$ (195,054.14)	$ (195,054.14)	$ (195,054.14)	$ (195,054.14)
Total other assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total assets	**$ 286,468.29**	**$ 200,000.00**	**$ 339,968.29**	**$ 329,968.29**	**$ 332,948.29**	**$ 384,340.69**	**$ 449,591.73**	**$ 534,161.89**
LIABILITIES								
Current liabilities								
Accounts payable	$ 141,000.00	$ (26,000.00)	$ 115,000.00	$ 96,000.00	$ 72,000.00	$ 48,000.00	$ 19,000.00	$ -
Accrued expenses	$ 120,500.00	$ (120,500.00)	$ -	$ 186,174.80	$ 186,174.80	$ 186,174.80	$ 186,174.80	$ 186,174.80
Total current liabilities	**$ 261,500.00**	**$ (146,500.00)**	**$ 115,000.00**	**$ 282,174.80**	**$ 258,174.80**	**$ 234,174.80**	**$ 205,174.80**	**$ 186,174.80**
Long-term debt	**$ 5,500,000.00**	**$ (300,000.00)**	**$ 5,200,000.00**	**$ 4,853,160.52**	**$ 4,637,117.93**	**$ 4,531,488.52**	**$ 4,421,006.52**	**$ 4,305,448.99**
Total liabilities	**$ 5,761,500.00**	**$ (446,500.00)**	**$ 5,315,000.00**	**$ 5,135,335.32**	**$ 4,895,292.73**	**$ 4,765,663.32**	**$ 4,626,181.32**	**$ 4,491,623.79**
SHAREHOLDERS' (DEFICIT) EQUITY								
Shareholders' (deficit) equity	$ (5,475,031.71)	$ 646,500.00	$ (4,975,031.71)	$ (4,805,367.03)	$ (4,562,344.44)	$ (4,381,322.63)	$ (4,176,589.60)	$ (3,957,461.90)
Total liabilities and shareholders' (deficit) equity	**$ 286,468.29**	**$ 200,000.00**	**$ 339,968.29**	**$ 329,968.29**	**$ 332,948.29**	**$ 384,340.69**	**$ 449,591.73**	**$ 534,161.89**

1016 West Hollywood LLC

For estimation purposes only and subject to material change

	2016 Total	2017 Total	2018 Total	2019 Total	2020 Total
CASH FLOW STATEMENT					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Net income (loss) from continuing operations	$ 14,000.00	$ 26,980.00	$ 75,392.40	$ 89,251.03	$ 103,570.16
Adjustments to reconcile operating income (loss) to operating cash flows					
Depreciation and amortization	$ -	$ -	$ -	$ -	$ -
Deferred income taxes	$ -	$ -	$ -	$ -	$ -
Total non-cash items	$ -	$ -	$ -	$ -	$ -
(Increase) / Decrease in assets					
Accounts receivable, net	$ -	$ -	$ -	$ -	$ -
Inventories	$ -	$ -	$ -	$ -	$ -
Prepaid income taxes	$ -	$ -	$ -	$ -	$ -
Prepaid expenses	$ -	$ -	$ -	$ -	$ -
Deposits	$ -	$ -	$ -	$ -	$ -
Total changes in assets	$ -	$ -	$ -	$ -	$ -
(Increase) / Decrease in liabilities					
Accounts payable	$ (24,000.00)	$ (24,000.00)	$ (24,000.00)	$ (24,000.00)	$ (19,000.00)
Accrued expenses	$ -	$ -	$ -	$ -	$ -
Customer Deposits	$ -	$ -	$ -	$ -	$ -
Other assets and liabilities	$ -	$ -	$ -	$ -	$ -
Total changes in liabilities	$ (24,000.00)	$ (24,000.00)	$ (24,000.00)	$ (24,000.00)	$ (19,000.00)
Net change in cash from operations	**$ (10,000.00)**	**$ 2,980.00**	**$ 51,392.40**	**$ 65,251.03**	**$ 84,570.16**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Capital expenditures	$ -	$ -	$ -	$ -	$ -
Purchases of intangible assets	$ -	$ -	$ -	$ -	$ -
Net change in cash from investing activities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Debt borrowings	$ -	$ 4,679,740.78	$ -	$ -	$ -
Debt payments	$ -	$ (4,679,740.78)	$ -	$ -	$ -
Other, net	$ -	$ -	$ -	$ -	$ -
Net change in cash from financing activities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net change in cash & equivalents	$ (10,000.00)	$ 2,980.00	$ 51,392.40	$ 65,251.03	$ 84,570.16
Cash & equivalents, beginning of period	$ 81,000.00	$ 71,000.00	$ 73,980.00	$ 125,372.40	$ 190,623.43
Cash & equivalents, end of period	**$ 71,000.00**	**$ 73,980.00**	**$ 125,372.40**	**$ 190,623.43**	**$ 275,193.59**

EXHIBIT C

Liquidation Analysis

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	Chapter 11 Reorganization
1016 WEST HOLLYWOOD, LLC,[1]	Case No. 14-02696
Debtors.	Hon. Jacqueline P. Cox

In re:	Chapter 11 Reorganization
THE 800 BUILDING, LLC,[2]	Case No. 15-17314
Debtors.	Hon. Jacqueline P. Cox

LIQUIDATION ANALYSIS

1016 West Hollywood, LLC (the "***Hollywood Debtor***") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Northern District of Illinois (the "***Bankruptcy Court***") on January 29, 2014 (the "***Petition Date***"). The 800 Building, LLC (the "***800 Building Debtor***" and, together with the Hollywood Debtor, the "***Debtors***") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court on May 15, 2015.

The Debtors are soliciting votes with respect to the *Joint Plan of Reorganization of 1016 West Hollywood, LLC and The 800 Building, LLC Pursuant to Chapter 11 of the Bankruptcy Code* (as it may be amended from time to time, the "***Plan***") as set forth in the Disclosure Statement for the Plan (as may be amended from time to time, the "***Disclosure Statement***"). All capitalized terms used by not defined in this liquidation analysis have the meanings set forth in the Plan.

A chapter 11 plan cannot be confirmed unless the bankruptcy court determines that the plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test requires a bankruptcy court to find either that (a) all members of an impaired class of claims or interests have accepted the plan or (b) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such

[1] Pursuant to 11 U.S.C. § 342(c)(1), the last four digits of the Debtors' federal tax identification number are: 1721. The location of the Debtors' place of business is 1016 West Hollywood Avenue, Chicago, Illinois 60660.

[2] Pursuant to 11 U.S.C. § 342(c)(1), the last four digits of the Debtors' federal tax identification number are: 2596. The location of the Debtors' place of business is 800 South 4th Street, Louisville, Kentucky 40202, and its address for notice purposes is 1016 West Hollywood Avenue, Chicago, Illinois 60660, Attn: Leon Petcov, Manager.

date. Accordingly, the Debtors prepared this hypothetical liquidation analysis for each of the Debtors' estates in connection with the Disclosure Statement and Plan to assist the Court in making the findings required under section 1129(a)(7) of the Bankruptcy Code to confirm the Plan.

This liquidation analysis indicates the estimated values that may be obtained from a disposition of the Debtors' assets under chapter 7 of the Bankruptcy Code as an alternative to the continued operation of the Debtors' business as contemplated by the Plan. Accordingly, the asset values discussed herein may be different than amounts set forth in the Plan.

Neither the Debtors nor their counsel makes any representation or warranty that the actual results of a liquidation of the Debtors' assets would or would not approximate the assumptions represented herein, and actual results could vary, in some cases materially.

General Assumptions

The determination of the costs of, and proceeds generated from, a hypothetical chapter 7 liquidation of the Debtors' assets is an uncertain process involving the extensive use of estimates and the assumptions described herein and in the Disclosure Statement which, although considered reasonable by the Debtors and their advisors, are inherently subject to business, economic, and competitive uncertainties and contingencies beyond their control. Inevitably, certain assumptions set forth herein would not materialize in an actual chapter 7 liquidation scenario, and certain unanticipated events and circumstances could materialize, both of which would affect the ultimate results in an actual chapter 7 liquidation. *In light of the foregoing, it is important to read and understand these "General Assumptions" and the "Specific Assumptions and Notes" set forth below.*

This analysis is based on the Debtors' good faith assumptions believed to be reasonable in light of the circumstances under which they are based. This analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. The estimates and assumptions, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond management's control. Accordingly, there can be no assurance that the results shown would be realized if the Debtors were liquidated, and actual results in such case could vary materially from those presented.

1. **Liquidation Period**. This liquidation analysis is predicated on the assumption that the Debtors would each commence chapter 7 liquidations on December 15, 2015 (the "***Liquidation Date***"). Except as otherwise set forth herein, this analysis assumes that substantially all of the Debtors' assets will be liquidated over a 12-month period by a chapter 7 trustee (the "***Chapter 7 Trustee***") appointed for each of the Debtors on the Liquidation Date. This analysis assumes the orderly sale of certain foreign assets as going concerns and the shut-down and liquidation of the remaining foreign entities. This analysis contemplates the Chapter 7 Trustee will shut down of the 800 Building Debtor's garage rental operations on the Liquidation Date and will wind down the Hollywood Debtor's residential apartment rental operations over a 12-month period (to allow tenants an opportunity to relocate), and that a distressed liquidation

sale of the Debtors' tangible and intangible assets will follow this wind-down over a six month period.

2. **Asset Value**. Unless otherwise noted, this liquidation analysis is based on the Debtor's balance sheet as projected at the Liquidation Date.

3. **Claims Estimates**. Much of the information regarding the Debtors' liabilities was derived from the Debtors' schedules of assets and liabilities and statements of financial affairs filed with the Bankruptcy Court (the "***Schedules***"). In preparing this liquidation analysis, the Debtors have estimated an amount of allowed claims for each class based upon a review of the Debtors' Schedules. Additional claims were estimated to include certain post-petition obligations. The estimate of all allowed claims in this liquidation analysis is based on the book value of those claims. No order or finding has been entered or made by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of allowed claims set forth in this liquidation analysis. The estimate of the amount of allowed claims set forth in this liquidation analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of allowed claims under the Plan. The actual amount of allowed claims could be materially different from the amount of claims estimated in this liquidation analysis.

4. **Liquidation Costs**. Conversion of these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code likely would result in additional costs to the estate, including, among other things, compensation of the Chapter 7 Trustee and retained counsel and professionals, asset disposition expenses, litigations expenses and unpaid administrative expenses incurred during these Chapter 11 Cases that are allowed in the chapter 7 cases. Except as otherwise stated, recoveries set forth herein are net of necessary liquidation expenses. If actual results were lower than those shown, or if the assumptions used in formulating this analysis were not realized, distribution to each member of each class of claims could be affected adversely.

6. **Certain Exclusions and Assumptions**. This liquidation analysis does not include estimates for the tax consequences that may be triggered upon the liquidation and sale events of assets in the manner described above. Such tax consequences may be material.

Specific Assumptions and Notes

1. **Note 1 – Cash**

As of the Liquidation Date, the Hollywood Debtor is expected to have a cash balance of $20,000, while the 800 Building Debtor is expected to have a cash balance of $3.962 million.

2. **Note 2 – Accounts Receivable**

The Hollywood Debtor's accounts receivable consist of unpaid back rent. The table below shows the overall aging of the Hollywood Debtor's accounts receivable ("***A/R***") as of September 30, 2015:

Aging:	**Amount Due:**
1-30 Days	$7,450.00
31-60 Days	$0.00
61-90 Days	$0.00
90+ Days	$14,089.79
Total A/R:	**$21,539.79**

In the Hollywood Debtor's experience, A/R with an aging over 30 days becomes increasingly difficult to collect, and recovery is extremely doubtful, because the Hollywood Debtor's tenants tend to move out, not pay the last month's rent, and not leave a forwarding address. Accordingly, the Debtor anticipates that a Chapter 7 Trustee would not be able to collect on the Hollywood Debtor's A/R over 30 days' old.

The 800 Building Debtor has no accounts receivable other than the Brickyard Bank Judgment against Fine Homes in the amount of $479,157.51. While the 800 Building Debtor does not believe that this claim is recoverable, it can be offset against the Fine Homes claims, and the liquidation analysis assumes that this is what the Chapter 7 Trustee will seek to do.

3. **Note 3 – Inventory**

The Debtors' do not have inventory, as their business consists of the rental of residential apartments and parking spaces (in the case of the Hollywood Debtor) and parking spaces alone (in the case of the 800 Building Debtor).

4. **Note 4 – Prepaid Assets**

Prepaid assets primarily consist of prepaid insurance, rent deposits, and utility deposits. Most of these assets would be exhausted during the course of the liquidation or offset against other liabilities. The Debtors do not anticipate a recovery against this asset.

5. **Note 5 – Deferred Tax Assets and Tax Receivables**

The Debtors do not have any net operating losses from prepetition operations. Moreover, in a liquidation, there would be no income against which to apply these losses, and no ability to

otherwise realize upon these losses as an asset. Accordingly, the Debtors do not expect any recovery from this asset.

6. Note 6 – Fixed Assets

The Debtors' have no fixed assets other than the real properties they own: the 48-slot garage at 820 South 4th Street, Louisville, Kentucky in the case of the 800 Building Debtor; and the Hollywood Property. The office and maintenance equipment used to maintain the Hollywood Property are owned by the Debtors' non-debtor affiliate Commercial Management, LLC, and are of *de minimis* value in any case. The liquidation analysis assumes that these properties would be marketed and sold by the Chapter 7 Trustee.

7. Note 7 – Recoveries from Avoiding Powers

Based on the Debtors' books and records, all payments made by the Debtor to non-insiders in the one year preceding the Petition Date were on account of valid, prepetition debts. Additionally, based on the Debtor's books and records, payments made to non-insiders in the 90 days prior to the Petition Date appear to be paid in the ordinary course and according to ordinary business terms. This liquidation analysis assumes, for the sake of estimation, that the Debtors' members, Leon and Helen Petcov, will not have the resources to defend any avoidance actions brought against them on account of prepetition payments from the Debtors. However, given the fact that Leon and Helen Petcov are already subject to a $6.3 million judgment in favor of 1st Equity, will be subject to guaranty claims from IBC on account of the IBC Debt, and are liable to a claim by Fine Homes that Fine Homes exceeds $1 million. The Chapter 7 Trustee will, therefore, face significant difficulties collecting on any actions against the Debtors' insiders, even if they are unable to defend those actions. Accordingly, given the speculative and uncertain nature of any recovery on account of such claims, the Debtors have not included any estimate for recoveries on claims based on a hypothetical chapter 7 trustee's avoiding powers as to transfers made within the periods specified by the Bankruptcy Code.

8. Note 8 – Liquidation Costs

Conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code likely would result in additional costs to the estates, including, without limitation:

- Chapter 7 Trustee Fees – Liquidation expenses include Chapter 7 Trustee fees of 3% of total liquidation proceeds, net of cash on hand, and wind down costs.

- Wind-Down Expenses – For purposes of this liquidation analysis, wind-down costs include wrapping up the Hollywood Debtor's residential rental operations over the course of 12 months, costs for the marketing and sale of the Debtors' real properties, including broker commissions of 6% and additional closing costs of approximately 4%. At the high-end the Debtors assume 3 months to liquidate the estate. At the low-end the Debtors assume 12 months to wind down the estate.

- Payroll – This cost applies to the Hollywood Debtor only. Estimated cost for 2 employees to assist with the collection of receivables, the liquidation of the real

properties, and general accounting functions. High end of the range assumes 3 months at an average cost of $5,200 per employee, per month. Low end of the range assumes twelve months.

- Professional Fees – Estimated costs for legal advisors to the Chapter 7 Trustee, as well as tax professionals. High end of the range assumes 3 months at a cost of $15,000. Low range assumes 12 months and an additional $45,000 for unexpected contingencies and delays.

9. Note 9 – Prepetition Secured Debt Obligations

As of the Petition Date, the Hollywood Debtor had outstanding secured debt obligations of $5,515,757.31 under their senior secured credit facility, while the Debtors' assets cross-collateralize another $10,470,597.20 in secured IBC Debt. In the case of the Hollywood Debtor, the liquidation analysis assumes that the properties that serve as the primary collateral for this cross-collateralized debt would be sold through foreclosure proceedings in the event of a liquidation of the Debtors, and realize between 60% to 75% of the amount of the IBC Debt.

10. Note 10 – Administrative Claims

This analysis assumes that as of the Liquidation Date, the Hollywood Debtor would have: (a) approximately $30,000 in postpetition accounts payable; and (b) $90,000 in unpaid professional fees. This analysis also assume that as of the Liquidation Date, the 800 Building Debtor would have unpaid professional fees of approximately $75,000. The 800 Building Debtor has no postpetition accounts payable.

11. Note 11 – Priority Claims

The Debtors do not anticipate having any unpaid priority claims as of the Liquidation Date.

1016 West Hollywood, LLC
Liquidation Analysis

I. CALCULATION OF NET ESTIMATED PROCEEDS AVAILABLE FOR ALLOCATION

	Value at 12/15/2015 (a)	Estimated Recovery Rate Range			Estimated Recovery on Collateral			See Note
		Low	Medium	High	Low	Medium	High	
A. STATEMENT OF ASSETS								
Cash	**$ 20,000**	**100%**	**100%**	**100%**	**$ 20,000**	**$ 20,000**	**$ 20,000**	1
Accounts Receivable (b)	**$ 21,540**	**0%**	**17%**	**35%**	**$ -**	**$ 3,724**	**$ 7,451**	2
Inventory (c)	**$ -**				**$ -**	**$ -**	**$ -**	3
Prepaid Expenses	-				-	-	-	4
Utility Deposits	5,000	0%	3%	5%	-	125	250	4
Other Prepaid/Current Assets	40,000	0%	3%	5%	-	1,200	2,000	4
Prepaid Assets	**$ 45,000**				**$ -**	**$ 1,325**	**$ 2,250**	4
Deferred Tax Assets	-	0%	0%	0%	-	-	-	5
Tax Receivables	-				-	-	-	5
Prepaid Income Taxes	-				-	-	-	5
Tax Assets	**$ -**				**$ -**	**$ -**	**$ -**	5
Real Property	7,500,000	70%	80%	90%	5,250,000	6,000,000	6,750,000	6
Fixed Assets	**$ 7,500,000**				**$ 5,250,000**	**$ 6,000,000**	**$ 6,750,000**	6
								6
Total Assets	**$ 7,586,540**				**$ 5,270,000**	**$ 6,025,049**	**$ 6,779,701**	6
B. RECOVERIES FROM EXERCISE OF AVOIDING POWERS					-	-	-	7
C. GROSS PROCEEDS					**5,270,000**	**6,025,049**	**6,779,701**	
D. CREDITOR RECOVERY EXPENSES (POST-PETITION)								
Chapter 7 Trustee Fees (3% of Gross Proceeds)					158,100.00	180,751.48	203,391.02	8
Other Wind-Down Expenses					645,000.00	680,000.00	715,000.00	8
Payroll					124,800.00	62,400.00	31,200.00	8
Professional Fees					60,000.00	25,000.00	15,000.00	8
Total Post-Petition Administrative Expenses					**$ 987,900.00**	**$ 948,151.48**	**$ 964,591.02**	8
Net Estimated Proceeds Available for Allocation					**$ 4,282,100**	**$ 5,076,898**	**$ 5,815,110**	

(a) Asset Values as of 12/15/15 unless otherwise noted. All Liabilities as of 1/29/14 unless otherwise noted.
(b) Accounts Receivable are as of 9/30/11

1016 West Hollywood, LLC
Liquidation Analysis

II. ALLOCATION OF NET ESTIMATED PROCEEDS TO SECURED CLAIMS

	Estimated Allowable Claims			Estimated Recovery on Claims			Estimated Recovery Range			See Note
	Low	Medium	High	Low	Medium	High	Low	Medium	High	
Proceeds Available For Distribution to Secured Claims				**$ 4,282,100**	**$ 5,076,898**	**$ 5,815,110**				
Prepetition Credit Agreement Claims	5,515,757	5,515,757	5,515,757	5,515,757	5,515,757	5,515,757				9
Cross-Collateralzed IBC Debt Deficiency (After applying other collateral)	2,617,649	3,664,709	4,188,239	4,188,239	3,664,709	2,617,649				9
Net Estimated Proceeds After Secured Claims				**$ -**	**$ -**	**$ -**				
Secured Lender Deficiency Claim (General Unsecured Claim)				**5,421,896**	**4,103,569**	**2,318,297**				

1016 West Hollywood, LLC
Liquidation Analysis

III. ALLOCATION OF NET ESTIMATED PROCEEDS TO ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowable Claims			Estimated Recovery on Unsecured Claims			Estimated Recovery Range			See Note
	Low	Medium	High	Low	Medium	High	Low	Medium	High	
Proceeds Available For Distribution to Administrative, Priority and Unsecured Claims				$ -	$ -	$ -				
Less Admin Claims:										
Post Petition Accounts Payable	35,000	30,000	20,000	-	-	-	0.0%	0.0%	0.0%	10
Chapter 11 Professional Claims	95,000	75,000	45,000	-	-	-	0.0%	0.0%	0.0%	10
Total Admin Claims Distributions	-	-	-	-	-	-	0.0%	0.0%	0.0%	
Net Estimated Proceeds After Admin Claims	-	-	-	$ -	$ -	$ -				
Less Priority Claims:	-	-	-	-	-	-	0.0%	0.0%	0.0%	11
Total Priority Claims Distributions	-	-	-	-	-	-	0.0%	0.0%	0.0%	
Net Estimated Proceeds After Priority Claims				$ -	$ -	$ -				
General Unsecured Claims:										
Unsecured Claims	144,000	144,000	144,000	-	-	-	0.0%	0.0%	0.0%	12
Secured Lender Deficiency Claim	5,421,896	4,103,569	2,318,297	-	-	-	0.0%	0.0%	0.0%	12
Total General Unsecured Claims Distributions	-	-	-	-	-	-	0.0%	0.0%	0.0%	
Distributions	$ -	$ -	$ -	$ -	$ -	$ -				

(a) Assumes most claims satisfied as part of Chapter 11 case
(b) Priorty amounts consist of accrued vacation time and assume employees paid in arears with the majority of prepetition claims satisfied as part of the Chapter 11 Case.

The 800 Building, LLC
Liquidation Analysis

I. CALCULATION OF NET ESTIMATED PROCEEDS AVAILABLE FOR ALLOCATION

	Value at 12/15/2015 (a)	Estimated Recovery Rate Range			Estimated Recovery on Collateral			See Note
		Low	Medium	High	Low	Medium	High	
A. STATEMENT OF ASSETS								
Cash	**$ 4,106,247**	**100%**	**100%**	**100%**	**$ 4,106,247**	**$ 4,106,247**	**$ 4,106,247**	1
Accounts Receivable (b)	**$ 479,158**	**0%**	**0%**	**0%**	**$ -**	**$ -**	**$ -**	2
Inventory (c)	**$ -**				**$ -**	**$ -**	**$ -**	3
Prepaid Expenses	-				-	-	-	4
Utility Deposits	-	0%	3%	5%	-	-	-	4
Other Prepaid/Current Assets	10,000	0%	3%	5%	-	300	500	4
Prepaid Assets	**$ 10,000**				**$ -**	**$ 300**	**$ 500**	4
Deferred Tax Assets	-	0%	0%	0%	-	-	-	5
Tax Receivables	-				-	-	-	5
Prepaid Income Taxes	-				-	-	-	5
Tax Assets	**$ -**				**$ -**	**$ -**	**$ -**	5
Real Property	250,000	70%	80%	90%	175,000	200,000	225,000	6
Fixed Assets	**$ 250,000**				**$ 175,000**	**$ 200,000**	**$ 225,000**	6
								6
Total Assets	**$ 4,845,404**				**$ 4,281,247**	**$ 4,306,547**	**$ 4,331,747**	6
B. RECOVERIES FROM EXERCISE OF AVOIDING POWERS					-	-	-	7
C. GROSS PROCEEDS					**4,281,247**	**4,306,547**	**4,331,747**	
D. CREDITOR RECOVERY EXPENSES (POST-PETITION)								
Chapter 7 Trustee Fees (3% of Gross Proceeds)					128,437.40	129,196.40	129,952.40	8
Other Wind-Down Expenses					77,500.00	60,000.00	42,500.00	8
Payroll					-	-	-	8
Professional Fees					60,000.00	25,000.00	15,000.00	8
Total Post-Petition Administrative Expenses					**$ 265,937.40**	**$ 214,196.40**	**$ 187,452.40**	8
Net Estimated Proceeds Available for Allocation					**$ 4,015,309**	**$ 4,092,350**	**$ 4,144,294**	

(a) Asset Values as of 12/15/15 unless otherwise noted. All Liabilities as of 1/29/14 unless otherwise noted.
(b) Accounts Receivable are as of 9/30/11

The 800 Building, LLC
Liquidation Analysis

II. ALLOCATION OF NET ESTIMATED PROCEEDS TO SECURED CLAIMS

	Estimated Allowable Claims			**Estimated Recovery on Claims**			**Estimated Recovery Range**			**See Note**
	Low	Medium	High	Low	Medium	High	Low	Medium	High	
Proceeds Available For Distribution to Secured Claims				**$ 4,015,309**	**$ 4,092,350**	**$ 4,144,294**				
Cross-Collateralzed IBC Debt Deficiency (After applying other collateral)	3,996,589	5,595,224	6,394,542	6,394,542	5,595,224	3,996,589				9
Net Estimated Proceeds After Secured Claims				**$ -**	**$ -**	**$ 147,706**				
Secured Lender Deficiency Claim (General Unsecured Claim)				**2,379,232**	**1,502,874**	**-**				

The 800 Building, LLC
Liquidation Analysis

III. ALLOCATION OF NET ESTIMATED PROCEEDS TO ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowable Claims			**Estimated Recovery on Unsecured Claims**			**Estimated Recovery Range**			**See Note**
	Low	Medium	High	Low	Medium	High	Low	Medium	High	
Proceeds Available For Distribution to Administrative, Priority and Unsecured Claims				**$ -**	**$ -**	**$ 147,706**				
Less Admin Claims:										
Post Petition Accounts Payable	35,000	30,000	20,000	-	-	-	0.0%	0.0%	0.0%	10
Chapter 11 Professional Claims	95,000	75,000	45,000	-	-	-	0.0%	0.0%	0.0%	10
Total Admin Claims Distributions	-	105,000	65,000	-	-	-	0.0%	0.0%	0.0%	
Net Estimated Proceeds After Admin Claims	-	-	82,706	**$ -**	**$ -**	**$ 82,706**				
Less Priority Claims:	-	-	-	-	-	-	0.0%	0.0%	0.0%	11
Total Priority Claims Distributions	-	-	-	-	-	-	0.0%	0.0%	0.0%	
Net Estimated Proceeds After Priority Claims				**$ -**	**$ -**	**$ 82,706**				
General Unsecured Claims:										
Unsecured Claims	916,037	916,037	916,037	-	-	82,706	0.0%	0.0%	9.0%	12
Secured Lender Deficiency Claim	2,379,232	1,502,874	-	-	-	-	0.0%	0.0%	0.0%	12
Total General Unsecured Claims Distributions	-	-	82,706	-	-	82,706	0.0%	0.0%	9.0%	
Distributions	**$ -**	**$ -**	**$ 147,706**	**$ -**	**$ -**	**$ 82,706**				

(a) Assumes most claims satisfied as part of Chapter 11 case
(b) Priorty amounts consist of accrued vacation time and assume employees paid in arears with the majority of prepetition claims satisfied as part of the Chapter 11 Case.

EXHIBIT D

Solicitation Procedures Order