

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

In re: )  
 ) Chapter 11  
 )  
ALT Hotel, LLC, ) Case No. 11-19401 (ABG)  
 )  
Debtor. ) **Hearing Date: July 23, 2012**  
 ) **Hearing Time: 10:30 a.m.**

**FIRST AMENDED PLAN OF REORGANIZATION UNDER CHAPTER 11  
OF THE BANKRUPTCY CODE PROPOSED BY THE DEBTOR**

ALT HOTEL, LLC (“Debtor”), the debtor and debtor in possession in the above-captioned Chapter 11 case, files the following First Amended Plan of Reorganization pursuant to Chapter 11 of the United States Bankruptcy Code:

**ARTICLE I**

**DISCLOSURE STATEMENT**

The Debtor has filed a Disclosure Statement pursuant to 11 U.S.C. § 1125 and Bankruptcy Rule 3016(c) (the “Disclosure Statement”). The Disclosure Statement was approved by the Bankruptcy Court on April 9, 2012. The Disclosure Statement provides information that the Bankruptcy Court has determined to be adequate to enable holders of claims and interests to make informed judgments about the Plan. PLEASE READ THE DISCLOSURE STATEMENT WITH CARE.

**ARTICLE II**

**DEFINITION OF TERMS**

**A. Definitions**

A term or word that is used in this Plan and that is not defined below, but that is defined in the Bankruptcy Code, shall have the meaning that is ascribed to it in the Bankruptcy Code and shall be construed in accordance with section 102 of the Bankruptcy Code. When used in this Plan, the following terms, when they are capitalized as set forth below, shall have the meanings that are specified below, unless the Plan otherwise indicates or unless the context otherwise requires:

1. Administrative Expense Claim: a Claim that, if allowed, would be entitled to priority under section 503(b) of the Bankruptcy Code, including (a) a claim that is incurred by the Debtor on or after the Petition Date; (b) a Claim of a Professional Person under sections 330

and 331 of the Bankruptcy Code and Bankruptcy Rule 2016; and (c) any and all fees and charges that are assessed against the Estate under 28 U.S.C. § 1930.

2. Affiliate Claim: a claim held or asserted by an affiliate of the Debtor, as “affiliate” is defined in section 101(2) of the Bankruptcy Code.

3. Allowed Claim: any Claim that

- (a) has been listed in the Schedules and is not described as disputed, contingent, or unliquidated;
- (b) has been listed and described in the Schedules as a disputed, contingent, or unliquidated Claim, but only to the extent that the validity and amount of the Claim has been approved by Final Order of the Bankruptcy Court; or
- (c) is presently or later becomes subject to an objection, and is subsequently allowed, but only in such amount as is allowed by a Final Order of the Bankruptcy Court.

4. Amended and Restated Guaranty: that certain Amended and Restated Guaranty which shall be filed and served upon the Secured Lender not later than five (5) Business Days prior to the hearing on the adequacy of the Disclosure Statement, as the same may subsequently be amended or modified pursuant to the agreement of the Debtor and the Secured Lender.

5. Amended and Restated Loan Agreement: that certain Amended and Restated Loan Agreement which shall be filed and served upon the Secured Lender not later than five (5) Business Days prior to the hearing on the adequacy of the Disclosure Statement, as the same may subsequently be amended or modified pursuant to the agreement of the Debtor and the Secured Lender.

6. Amended and Restated Loan Documents: the Amended and Restated Guaranty, Amended and Restated Loan Agreement, Amended and Restated Mortgage, Amended and Restated Promissory Note, Amended and Restated Security Agreement, and any other agreement or instrument that must reasonably be drafted and executed to memorialize and give effect to the provisions of the Plan insofar as such provisions relate to the treatment of the Secured Lender under the Plan.

7. Amended and Restated Mortgage: that certain Amended and Restated Mortgage which shall be filed and served upon the Secured Lender not later than five (5) Business Days prior to the hearing on the adequacy of the Disclosure Statement, as the same may subsequently be amended or modified pursuant to the agreement of the Debtor and the Secured Lender.

8. Amended and Restated Promissory Note: that certain Amended and Restated Promissory Note which shall be filed and served upon the Secured Lender not later than five (5) Business Days prior to the hearing on the adequacy of the Disclosure Statement, as the same may subsequently be amended or modified pursuant to the agreement of the Debtor and the Secured Lender.

9. Amended and Restated Security Agreement: that certain Amended and Restated Security Agreement which shall be filed and served upon the Secured Lender not later than five (5) Business Days prior to the hearing on the adequacy of the Disclosure Statement, as the same may subsequently be amended or modified pursuant to the agreement of the Debtor and the Secured Lender.

10. Bankruptcy Code: Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as it is in effect upon the Petition Date, together with all amendments thereto that are applicable to this Chapter 11 Case.

11. Bankruptcy Court or Court: the United States Bankruptcy Court for the Northern District of Illinois (Eastern Division) or, if either the reference of this Chapter 11 Case is withdrawn by the United States District Court or venue of this Chapter 11 Case is transferred, the United States District Court for the Northern District of Illinois or such other court of competent jurisdiction that exercises jurisdiction over the Chapter 11 Case.

12. Bankruptcy Rules: the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court that are in effect on the Petition Date, together with all amendments thereto that are applicable to the Chapter 11 Case.

13. Business Day: any day, except a Saturday, a Sunday, or a “legal holiday,” as defined in Bankruptcy Rule 9006(a).

14. Chapter 11 Case: the Chapter 11 case pending before the Bankruptcy Court that was commenced by the Debtor on the Petition Date and is designated Case No. 11-19401.

15. Claim: a claim, as defined in section 101(5) of the Bankruptcy Code.

16. Claims Bar Date: December 16, 2011.

17. Class: a class of Claims or Interests, as defined in Article III of this Plan.

18. Confirmation: the entry of the Confirmation Order by the Bankruptcy Court.

19. Confirmation Order: the order that is entered by the Bankruptcy Court confirming the Plan.

20. Debtor: ALT Hotel, LLC, whether acting as the debtor in possession or as the Reorganized Debtor.

21. DIP Loan: the Post-Petition loan that was to be made by the Secured Lender to the Debtor pursuant to section 364 of the Bankruptcy Code.

22. Disputed Claim: a Claim that is represented by a Proof of Claim as to which an objection has been filed by any party in interest, or a Claim that is described in the Debtor’s schedules as disputed, unliquidated, or contingent.

23. Effective Date: the first Business Day that is at least fourteen (14) calendar days following the day upon which the Confirmation Order becomes a Final Order.

24. Equity Holder: Hotel Allerton Mezz, LLC, the sole member of, and sole holder of an Interest in, the Debtor.

25. Equity Holder's Deficiency Claim: the Claim represented by the Proof of Claim that has been filed by the Equity Holder.

26. Estate: the estate that was created upon the commencement of the Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

27. Equitable Subordination Litigation: The adversary proceeding that is captioned *ALT Hotel, LLC, et al. v. DiamondRock Allerton Owner, LLC*, is designated Adv. No. 11-01469, and is currently pending in the Bankruptcy Court.

28. Excess Cash Flow: such cash as is generated by the Hotel from its operations and from any other source after payment of, or reasonably adequate reserve for, operating expenses, applicable taxes, reasonable capital expenditures, payments required under the Plan and Confirmation Order, and reasonably anticipated seasonal liquidity needs, as determined by the Reorganized Debtor, in the exercise of its reasonable business judgment.

29. Final Order: an order or judgment of the Bankruptcy Court (or any alteration, modification or amendment thereto), the implementation, operation, or effect of which has not been stayed and as to which the time to appeal or seek review, rehearing or issuance of a *writ of certiorari* has expired, and as to which no appeal or petition for review, reconsideration, rehearing or issuance of *writ of certiorari* has been taken or is still pending.

30. Foreclosure Proceeding: the foreclosure lawsuit that is captioned *DiamondRock Allerton Owner, LLC v. Alt Hotel, LLC*, is designated Case No. 10 CH 18859 (Atkins, J.), and is currently pending (although stayed under section 362 of the Bankruptcy Code) in the Circuit Court of Cook County, Illinois, Chancery Division, but not the Removed Litigation, as defined below.

31. General Unsecured Claims: all Unsecured Claims, other than any Unclassified Claims, any Administrative Expense Claims, any Priority Tax Claims, the Equity Holder's Deficiency Claim, or any claims other than Administrative Expense Claims that are otherwise entitled to priority under section 507 of the Bankruptcy Code.

32. Guaranty: that certain Guaranty Agreement that was dated as of October 1, 2010, executed by PS CDO Manager, LLC, and given to the Secured Lender.

33. Guaranty Litigation: the lawsuit that is captioned *DiamondRock Allerton Owner, LLC v. PS CDO Manager, LLC*, is designated Index No. 652224/2011, and is currently pending in the Supreme Court of the State of New York, County of New York.

34. Hotel: the Allerton Hotel, an operating hotel that is owned by the Debtor and located at 701 North Michigan Avenue, Chicago, Illinois.

35. Interest: the membership interest of the Equity Holder in the Debtor, which constitutes the sole membership interest in the Debtor.
36. Manager: Kokua Hospitality, LLC, the manager of the Hotel.
37. Net Sale Proceeds: the proceeds from the sale of any property of the Estate, or any portion thereof, less costs of sale for which the Debtor or Reorganized Debtor is liable.
38. Notice and Hearing: legal proceedings in the Bankruptcy Court as described in section 102(1) of the Bankruptcy Code.
39. Petition Date: May 5, 2011, the date upon which the Debtor commenced this Chapter 11 Case.
40. Plan: this Plan of Reorganization, as it may be amended or modified from time to time either by the filing of an amended Plan by the Debtor or pursuant to an order of the Bankruptcy Court.
41. Post-Petition: occurring after the Petition Date.
42. Priority Tax and Duty Claims: Allowed unsecured claims of governmental units which are entitled to priority under section 507(a)(8) of the Bankruptcy Code.
43. Professional Persons: any and all Persons that have been employed and/or that are to be compensated or reimbursed pursuant to any of sections 326, 327, 328, 330 or 1103 of the Bankruptcy Code.
44. Pro Rata: proportionally, so that the ratio of the amount that is distributed on account of a particular Allowed Claim to the amount of such Allowed Claim is the same as the ratio of the amount distributed on account of all Allowed Claims in the Class of which such particular Allowed Claim is a member to the aggregate amount of all Allowed Claims in such Class.
45. Removed Litigation: the portion of the Foreclosure Proceeding that was removed to the Bankruptcy Court, captioned *Hotel Allerton Mezz, LLC v. Wells Fargo Bank, N.A., et al.*, and designated Adv. No. 11-01651, and that is currently pending in the Bankruptcy Court.
46. Reorganized Debtor: following the Effective Date, the Debtor as reorganized pursuant to the Plan.
47. Schedules: the schedules, statement of financial affairs, and lists filed by the Debtor on and after the Petition Date pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as amended.
48. Secured Claim: a Claim that is a secured by a duly-perfected mortgage, security interest, or lien against property of the Debtor and that is quantified in accordance with section 506(a) of the Bankruptcy Code.

49. Secured Lender: DiamondRock Allerton Owner, LLC.

50. Governmental Unit: any governmental unit, agency, or entity that is the holder a Claim that is not a Secured Claim and that is otherwise entitled to treatment as a Priority Claim pursuant to section 507(a)(8) of the Bankruptcy Code.

**B. Rules of Interpretation.**

The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan.

**ARTICLE III**

**CLASSIFICATION OF CLAIMS AND INTERESTS**

1. Unclassified Claims: Administrative Expense Claims and Priority Tax and Duty Claims.
2. Class 1: the Secured Claim of the Secured Lender, the amount of which is in dispute.
3. Class 2: any Secured Claim other than the Class 1 Claim of the Secured Lender including, but not limited to, the claim of any “lessor” under a “financing lease” or “capital lease.”
4. Class 3: General Unsecured Claims.
5. Class 4: the Equity Holder’s Deficiency Claim.
6. Class 5: the Interest of the Equity Holder.

**ARTICLE IV**

**TREATMENT OF UNCLASSIFIED CLAIMS AND CLASSES OF CLAIMS AND INTERESTS UNDER THE PLAN**

**A. Unclassified Claims**

1. Administrative Expense Claims. Pursuant to section 1129(a)(9)(A) of the Bankruptcy Code, each Allowed Administrative Expense Claim, with the exception of each Administrative Expense Claim of a Professional Person, shall be paid in full on or before the Effective Date or pursuant to terms that are otherwise agreed to by the Debtor and the holder of such claim. Each Administrative Expense Claim of a Professional Person shall be paid in full within fourteen (14) days after the entry of a Final Order by the Bankruptcy Court allowing the application for compensation and reimbursement of such Professional Person.

2. Priority Tax and Duty Claims. Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, each Allowed Priority Tax and Duty Claim shall be paid in full on or before

the Effective Date or pursuant to terms that are otherwise agreed to by the Debtor and the holder of such Claim.

**B. Classified Claims and Interests**

1. Class 1: Secured Claim of Secured Lender.

The Class 1 Secured Claim of the Secured Lender, which is impaired under the Plan, shall be treated as follows:

- (a) The Secured Lender will retain all of its liens and security interests in property of the Debtor, which liens and security interests will have the same priority and validity as the Pre-Petition liens and security interests of the Secured Lender, unless the validity and priority of such liens and security interests have been altered by a Final Order of the Bankruptcy Court or any other court of competent jurisdiction.
- (b) If, as, and when it is allowed, but in no event earlier than the Effective Date, the amount of the Allowed Secured Claim of the Secured Lender will be increased by all principal and interest due under or otherwise related the DIP Loan, including amounts, if any, owed under section 1.2 of that certain DIP Loan and Security Agreement, dated February 21, 2012. (“DIP Loan Debt”).
- (c) The sum of the amount of the Allowed Secured Claim of the Secured Lender and the DIP Loan Debt, which the Debtor currently estimates to be \$66,800,000, will constitute the new principal balance of the Secured Claim of the Secured Lender (“New Principal Balance”).
- (d) The New Principal Balance will bear interest at the rate of 4.86% percent per annum, which interest will be payable to the Secured Lender monthly, for a period of sixty (60) months, commencing upon the first Business Day of the calendar month following the later to occur of (i) the Effective Date or (ii) the date upon which a Final Order is entered allowing the Secured Claim of the Secured Lender (“Secured Loan Payment Commencement Date”).
- (e) The New Principal Balance, together with any accrued and unpaid interest, from and after the Secured Loan Payment Commencement Date, will be repaid in full upon the date of payment of the final installment of interest provided for immediately above (“Maturity Date”).
- (f) The New Principal Balance, together with any accrued and unpaid interest, may be prepaid at any time prior to the Maturity Date, without penalty.

- (g) During the period from the Effective Date to April 30, 2013 (the “Reserve Period”), the Equity Holder shall make available a reserve of \$600,000 to protect the Secured Lender from any cash flow shortfall arising from seasonal fluctuations in Hotel cash flow (the “Reserve Account”). This amount will be made available by the Equity Holder as new value. At the conclusion of the Reserve Period, and if no event of default has occurred, or if an event of default has occurred and has been cured, the Reserve Account, or any portion thereof not used to cover interest payments due under the Amended and Restated Loan Documents, will cease to be made available.
- (h) Upon an event of default under the Amended and Restated Loan Documents, the Secured Lender shall have the right to approve the Reorganized Debtor’s annual budget.
- (i) The Foreclosure Proceeding will be dismissed with prejudice.
- (j) The Guaranty Litigation will be dismissed with prejudice, the claims asserted in the Guaranty Litigation will be released, any judgment entered in the Guaranty Litigation will be released and/or deemed satisfied, and the Guaranty will be replaced and superseded by the Amended and Restated Guaranty, which will contain the same substantive terms as the Guaranty. The guarantor shall be PS CDO Manager, LLC (“PS CDO”). Notwithstanding the foregoing, at the Debtor’s election, the Debtor shall be entitled to provide an alternative guarantor to PS CDO. The alternative guarantor shall execute the Amended and Restated Guaranty. Any such alternative guarantor shall meet the financial requirements of an “Acceptable Replacement Guarantor”, as such term is defined on page 2 of the Intercreditor Agreement, dated March 21, 2007.
- (k) The Amended and Restated Loan Documents will be executed, delivered, and (where appropriate) recorded in order to memorialize and give effect to the provisions of the Plan insofar as such provisions relate to the treatment of the Secured Lender under the Plan. The Debtor will file any revised versions of the Amended and Restated Loan Documents on or before July 9, 2012.

2. Class 2: Other Secured Claims

These Claims, if any, are unimpaired under the Plan. Each holder of an Allowed Other Secured Claim, if any, shall retain, unaltered, the legal, equitable and contractual rights (including any liens that secure such Claim) to which such Claim entitles each such holder and such Allowed Other Secured Claim, if any, shall be reinstated as of the Effective Date.

3. Class 3: General Unsecured Claims.



These Claims are impaired under the Plan. Each holder of an Allowed General Unsecured Claim shall receive fifty percent (50%) of the amount of such holder's Allowed General Unsecured Claim on the Effective Date and fifty percent (50%) of the balance of such holder's Allowed General Unsecured Claim, together with interest computed at the rate of five percent (5%) per annum, one hundred eighty (180) days after the Effective Date.

4. Class 4: Equity Holder's Deficiency Claim.

This Claim is impaired under the Plan. The Allowed Equity Holder's Deficiency Claim shall accrue interest at the rate of seven percent (7%) per annum commencing upon the Effective Date. Each month, commencing upon the first Business Day of the month following the month in which the Effective Date occurred, the holder of the allowed Equity Holder's Deficiency Claim shall receive a payment equal to the amount of Excess Cash Flow, if any, which shall be applied first to accrued and unpaid interest and second to principal, until the allowed Equity Holder's Deficiency Claim, together with all interest that has accrued thereon, has been paid in full.

5. Class 5: Interest of Equity Holder.

The Interest of the Equity Holder is unimpaired.

**C. Impairment of Classes and Interest.**

The Claims and/or Interests comprising Classes 1, 3 and 4 are impaired under the Plan (each, an "Impaired Class"). Pursuant to the provisions of section 1129(b) of the Bankruptcy Code, in the event an Impaired Class does not accept the Plan, the Debtor requests that the Court enter an order confirming the Plan without the acceptance of such Impaired Class pursuant to section 1129(b) of the Bankruptcy Code. All holders of Claims in Class 2, if any, and the holder of the Class 5 Interest, are deemed to have accepted the Plan.

**ARTICLE V**

**CLAIMS OBJECTIONS AND TREATMENT OF DISPUTED CLAIMS**

**A. Administration of Claims**

Each Claim shall be allowed or disallowed, as the case may be, in such amount as the Court shall determine, whether prior to or following Confirmation, and whether pursuant to this Plan or otherwise, upon such notice as the Bankruptcy Court or Bankruptcy Rules shall permit, except that (i) after the Effective Date, the Reorganized Debtor may settle or compromise any controversies regarding Claims without notice or further order of the Court and (ii) pursuant to section 502(d) of the Bankruptcy Code, any Claims held by any entities from which property is recoverable under sections 542, 543, 550 or 553 of the Bankruptcy Code, or that are transferees of transfers that are avoidable under sections 544, 545, 547, 548 or 549 of the Bankruptcy Code, are deemed disallowed and the holders thereof may not vote to accept or to reject the Plan unless such entities or transferees have paid the amount, or turned over any such property, for which such entities or transferees are liable under section 542, 550 or 553 of the Bankruptcy Code.

**B. Claims Assigned to Reorganized Debtor.**

On the Effective Date, the Debtor shall be deemed to have assigned to the Reorganized Debtor, and the Reorganized Debtor shall be deemed to have acquired and become the successor to, all causes of action, claims, lawsuits, defenses, counterclaims and setoffs, whether equitable or legal, available to the Debtor as of the Effective Date, including all claims of the Debtor for relief against any other person existing as of the Effective Date. Any objection to Claims must be filed and served in accordance with Bankruptcy Rule 3007; provided, however, that the foregoing limitations do not apply to any Claims filed subsequent to Confirmation.

**C. No Distribution on Disputed Claims.**

Notwithstanding any provision of the Plan specifying the time for payment of distributions to holders of claims, no payment, dividend, or distribution shall be made to the holder of any Disputed Claim until the time such Claim has been determined to be an Allowed Claim. Notwithstanding the existence of a Disputed Claim in a Class to which a distribution under this Plan is due, such distribution to other creditors shall not be affected by any delay in the resolution of the Disputed Claim. Upon the allowance of any Disputed Claim, the holder shall be paid the amount that such holder would have received had its Claim been an Allowed Claim on the Effective Date.

**ARTICLE VI**

**EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**A. Assumption of Executory Contracts and Unexpired Leases.**

Except for any unexpired lease or executory contract that the Debtor rejects or designates as being subject to rejection on or before the Effective Date, all executory contracts and unexpired leases not previously assumed by the Debtor pursuant to section 365 of the Bankruptcy Code shall be deemed to have been assumed by the Debtor and the Plan shall constitute a motion to assume such executory contracts and unexpired leases to which the Debtor is a party. Subject to occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interests of the Debtor, the Estate and all parties in interest in the Reorganization Case. With respect to each such executory contract or unexpired lease assumed by the Debtor, unless otherwise determined by the Bankruptcy Court pursuant to Final Order or agreed to by the parties on or before the Effective Date, any defaults of the Debtor with respect to such assumed executory contracts or unexpired leases existing as of the Effective Date shall be cured in the ordinary course of the business of the Reorganized Debtor promptly after any such default becomes known to the Debtor and, if disputed, established pursuant to applicable law by the Bankruptcy Court, and the assumed executory contracts and unexpired leases shall be binding and enforceable upon the parties thereto, subject to the rights and defenses existing under each such executory contract and unexpired lease.

**B. Reservation of Rejection Rights.**

Notwithstanding subpart A of this Article VI, the Debtor may reject any executory contract or unexpired lease listed on an exhibit to be provided to the Bankruptcy Court and served on all creditors and other parties in interest no later than five (5) business days prior to the Confirmation Hearing. Any such exercise of the right to reject an unexpired lease of real property under which the Reorganized Debtor is a lessor shall entitle the lessee to all rights under section 365(h) of the Bankruptcy Code, unless otherwise agreed to in writing by the Reorganized Debtor and the particular lessee.

**ARTICLE VII**

**MEANS FOR EXECUTION OF THE PLAN**

On the Effective Date, or as soon thereafter as reasonably possible, the Guaranty Litigation will be dismissed without prejudice. On or before the Effective Date, the Equity Holder shall make available the Reserve Account and the Debtor and the Secured Lender shall have executed the Amended and Restated Loan Documents and such other agreements, instruments and other documents as shall give effect to the Plan and Confirmation Order. Notwithstanding any other provision of this Plan or any related agreement, instrument or document, the Debtor and the Secured Lender may amend the foregoing loan documents and all related agreement, instruments and other documents and enter into supplemental and ancillary documents without any additional approval of the Bankruptcy Court.

**ARTICLE VIII**

**MISCELLANEOUS PROVISIONS**

**A. Vesting of Assets.**

Upon the Effective Date, all assets of the Estate shall be vested in the Reorganized Debtor in accordance with section 1141 of the Bankruptcy Code, and no further order of the Court shall be necessary for the Reorganized Debtor to perform such acts as are within the ordinary scope of its business and/or necessary to carry out the purposes or intent of this Plan.

**B. Unmarked Ballots.**

Executed ballots respecting the Plan returned by Creditors to the Debtor that do not indicate acceptance or rejection of the Plan shall be deemed and counted as acceptance of the Plan.

**C. Negotiated Distribution Checks.**

Pursuant to section 347 of the Bankruptcy Code, ninety (90) days after any distribution to any creditor by the Reorganized Debtor provided for herein, the Reorganized Debtor shall stop payment on any check on such distribution remaining unpaid to a holder of an Allowed claim and funds shall be returned to the Reorganized Debtor. From and after the date the Reorganized

Debtor stops payment on any distribution check pursuant to this paragraph, the holder of the Allowed claim on account of which such check was issued shall be entitled to receive no further distributions on account of his/her/its claim and such holder's Allowed claim shall thereupon be deemed satisfied in full.

**D. Mailing List; Returned Distribution Checks.**

The official listing of creditor identities and mailing addresses is maintained by the Clerk of the Bankruptcy Court, United States Bankruptcy Court for the Northern District of Illinois (the "Official Mailing List"). It shall be the obligation of each creditor and/or party in interest to assure that the Official Mailing List is current and accurate as to each such person or entity. In the event that a distribution check, that has been properly posted to the creditor's address as set forth in the Official Mailing List, is returned as undeliverable by the United States Postal Service, the Reorganized Debtor shall be authorized, but not required, to avoid such check with the applicable funds becoming subject to further distribution pursuant to this Plan, and the Claim of such creditor being deemed satisfied in full.

**E. Administrative Claims Bar Date.**

The deadline for submission of all Claims entitled to administrative priority, with the exception of fees and costs of Professional Persons shall be thirty (30) days following Confirmation. Failure to file a Claim by this date shall conclusively bar the claimant from asserting his Claim, which Claim shall be forever discharged.

**F. Employment of Professional Persons.**

The Reorganized Debtor shall be authorized to employ and compensate Professional Persons following Confirmation upon such terms as the Reorganized Debtor deems reasonable and appropriate without further notice or order of the Court. All final applications for compensation for legal services rendered prior to the Effective Date and reimbursement of actual and necessary expenses shall be filed and served on the Reorganized Debtor and Office of the United States Trustee within forty-five (45) days following the Effective Date.

**G. Treatment of Negotiable Instruments.**

Any negotiable instrument held by the holder of an Allowed Claim shall be deemed exchanged, canceled, or satisfied, as the case may be, on the Effective Date.

**H. Timely Payments.**

The Reorganized Debtor shall make all payments required under the Plan and applicable law on a timely basis.

**I. Stay of Confirmation Order Shall Not Apply.**

The stay of enforceability of Confirmation Order pursuant to Bankruptcy Rule 3020(e) shall not apply, and the order of Confirmation shall be enforceable according to its terms absent further order of the Court.

**J. Event of Default; Consequences of Default.**

An event of default shall occur if the Reorganized Debtor shall fail to comply with a material provision of this Plan. In such an event, the party alleging such default shall provide written notice of the alleged default to the Reorganized Debtor and the attorneys for the Reorganized Debtor, at the following addresses:

Joseph Iacono  
c/o Hotel Allerton Mezz, LLC  
1370 Avenue of the Americas, 23<sup>rd</sup> Floor  
New York, NY 10019

With a copy to:

Neal L. Wolf  
Neal Wolf & Associates, LLC  
155 North Wacker Drive, Suite 1910  
Chicago, IL 60606

If, after thirty (30) days following the Reorganized Debtor's and its counsel's receipt of the notice of default, the Reorganized Debtor and such party have been unable to resolve, or the Reorganized Debtor has been unable to cure, the asserted default, such party may proceed with any remedies available to it under applicable law, provided that nothing herein shall limit or affect the Reorganized Debtor's right to seek appropriate relief from any court of competent jurisdiction, including the Bankruptcy Court.

**ARTICLE IX**

**SATISFACTION OF INDEBTEDNESS, DISCHARGE OF CLAIMS AND RELATED PROVISIONS**

**A. Satisfaction of Indebtedness and Discharge of Claims.**

The distribution made to the various classes of creditors as provided for in this Plan shall be in full and complete satisfaction of their Allowed Claims. Except to the extent provided for in this Plan, Confirmation shall operate, upon the Effective Date, as a discharge of any and all debts and claims as defined in section 101(5) of the Bankruptcy Code against the Debtor or Debtor in Possession that arose at any time prior to Confirmation. The discharge of the Debtor and the discharge of claims against the Debtor, whether asserted against the Debtor or the Debtor in Possession, shall be effective as to each claim, regardless of whether or not (a) the claim was scheduled, (b) a proof of claim was filed, (c) the claim is an Allowed Claim or (d) the holder thereof voted to accept the Plan.

**B. Release of Liabilities under Guaranty and Related Injunction.**

**AS OF THE EFFECTIVE DATE, AND IN CONSIDERATION FOR PS CDO MANAGER, LLC'S AGREEMENT TO ACT AS GUARANTOR UNDER THE AMENDED AND RESTATED GUARANTY, THE SECURED LENDERS SHALL**

**BE DEEMED TO HAVE FOREVER RELEASED, WAIVED AND DISCHARGED ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DEMANDS, DEBTS, CAUSES OF ACTION AND LIABILITIES SECURED LENDER MAY HAVE AGAINST PS CDO MANAGER, LLC WITH RESPECT TO THE GUARANTY AND SHALL BE PERMANENTLY ENJOINED FROM ANY ACTION TO ENFORCE THE GUARANTY.**

**C. Exculpation.**

As of the Effective Date, the Debtor, the Equity Holder, and their affiliates, and each of their respective present or former officers, members, employees, accountants, advisors, attorneys, consultants, experts or other agents, shall not have or incur any liability to any entity for any act or omission taken on or after the Petition Date in connection with or arising out of the negotiation of the Plan or other related document, the pursuit of Confirmation, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan. The Debtor and Equity Holder shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and any related document. In no event shall any party exculpated from liability under this section be exculpated from liability in the case of gross negligence, fraud or willful misconduct.

**D. No Liability for Solicitation or Participation.**

Pursuant to section 1125(e) of the Bankruptcy Code, the Confirmation Order will provide that all of the persons who have solicited acceptances or rejections of the Plan (including the Debtor and Equity Holder, and each of their respective present or former officers, members, employees, accountants, advisors, attorneys, consultants, experts or other agents) have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and are not liable on account of such solicitation or participation or for violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan.

**ARTICLE X**

**MODIFICATON OF THE PLAN**

Pursuant to the provisions of section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtor and Reorganized Debtor reserve the right to modify or alter the provisions of the Plan at any time prior to or subsequent to Confirmation, subject to the provisions of Bankruptcy Code and the Bankruptcy Rules.

**ARTICLE XI**

**RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT**

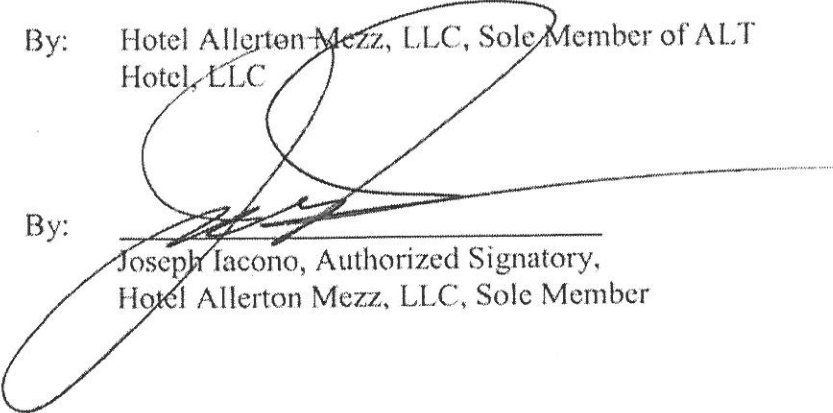
Notwithstanding Confirmation, until entry of a final decree, the Bankruptcy Court shall retain jurisdiction to ensure that the purposes and intent of the Plan are carried out. Without limiting the generality of the foregoing, the Court shall retain jurisdiction for the following purposes:

1. Fixing and allowing any Claim as a cost and expense of the administration of the Chapter 11 Case.
2. Reconsidering the allowance of any Claim that has been allowed.
3. Hearing and determining any objection to a Claim. The failure of the Debtor to object to, or to examine any claim for the purpose of voting, shall not be deemed to be a waiver of the Debtor's right to object to any claim in whole or in part.
4. Hearing and determining any action brought by the Debtor seeking to avoid any transfer of an interest of the Debtor in property, or any obligation incurred by Debtor, that is avoidable pursuant to applicable law.
5. With the exception of any applicable, remaining claims in the Foreclosure Proceeding, which shall be resolved in the Circuit Court of Cook County (or other applicable court), hearing and determining all causes of action, controversies, disputed, or conflicts between or among the Debtor and any other party, including those that were pending prior to Confirmation.
6. With the exception of any applicable, remaining claims in the Foreclosure Proceeding, which shall be resolved in the Circuit Court of Cook County (or other applicable court), hearing and determining all questions and disputes regarding title to the property of the Debtor or the Estate.
7. Correcting any defect, curing any omission, or reconciling any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan.
8. With the exception of any applicable, remaining claims in the Foreclosure Proceeding, which shall be resolved in the Circuit Court of Cook County (or other applicable court), hearing and determining any action brought by the Debtor to protect the Debtor and the Estate from actions of creditors, or other parties-in-interest.
9. Issuing any order that may be necessary to implement the Plan or Order of Confirmation, including without limitation, such declaratory judgments and injunctive orders as are appropriate to protect the Debtor, the Estate and the Reorganized Debtor from actions of creditors, or other parties in interest.
10. Hearing and determining any dispute relating to the terms or implementation of the Plan or Confirmation Order, or the rights and obligations of any parties in interest with respect thereto.
11. The modification of the Plan after Confirmation pursuant to the Bankruptcy Rules and the Bankruptcy Code in accordance with Article XI above.

Dated this 14<sup>th</sup> day of July, 2012.

ALT Hotel, LLC

By: Hotel Allerton Mezz, LLC, Sole Member of ALT  
Hotel, LLC

By:   
Joseph Iacono, Authorized Signatory,  
Hotel Allerton Mezz, LLC, Sole Member