

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

In re:)
)
ICE THEATERS, LLC,) **Case No. 15-26965**
) **Chapter 11**
)
Debtor.) **Hon. Pamela S. Hollis**
)

**AMENDED DISCLOSURE STATEMENT RELATING TO
DEBTOR ICE THEATERS PLAN OF LIQUIDATION**

PLEASE NOTE:

This disclosure statement is being submitted for approval but has not been approved by the bankruptcy court. This is not a solicitation of acceptances or rejections of the plan. Acceptances or rejections may not be solicited until a disclosure statement has been approved by the bankruptcy court.

Dated: July 21, 2016

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Counsel for Debtor Ice Theaters, LLC

I.

INTRODUCTION

Ice Theaters, LLC (“Debtor”), as the debtor and debtor-in-possession, is proposing a chapter 11 plan of liquidation (the “Plan”). A copy of the Plan is attached as Exhibit 1 to this Disclosure Statement. Debtor is making this disclosure now in order to enable the Plan to be confirmed by the Bankruptcy Court. Capitalized terms used in this Disclosure Statement, but not defined herein have the meanings ascribed to such terms in the Plan. Legal counsel for the Debtor is Hiltz & Zanzig LLC. They may be contacted at:

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To assist parties-in-interest in evaluating the Plan, Debtor has prepared a liquidation analysis estimating likely recoveries in the event this case is converted to chapter 7. The Debtor’s liquidation analysis appears in Section XI of this Disclosure Statement. Because Debtor is proposing a liquidating plan under which Debtor will no longer operate going forward, Debtor has not included any projected future cash flow and budget, summary of scheduled assets and liabilities, or consolidated annual financial statements. *See* Local Rule 3016-1(2)(a)-(c). Debtor believes that confirmation of the Plan is in the best interests of all parties, including the Debtor’s creditors, and urge all creditors to vote to accept the Plan.

WHO IS ENTITLED TO VOTE: As provided under 11 U.S.C. § 1126(f), unimpaired classes are conclusively presumed to have accepted the Plan and therefore solicitation of acceptances with respect to such classes from Holders of Claims of such class is not required.

Because Class 1 claims (Claims Secured by the Real Property) are unimpaired, Holders of Class 1 claims are deemed to have accepted the Plan and are not entitled to vote.

To be counted, a ballot containing your vote to accept or to reject the Plan must be received by the Clerk of the United States Bankruptcy Court for the Northern District of Illinois, 219 S. Dearborn, Chicago, IL 60603 by no later than 5:00 p.m. (Central Standard Time) on a date to be determined by separate court order.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

II.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following table summarizes the treatment of Claims and Interests under the Plan.

Reference should be made to the entirety of the Disclosure Statement and the Plan for a more fulsome description of the classification and treatment of all claims and interests.

Class	Type of claim	Treatment	Estimated Amount¹	Estimated Recovery²
NONE	Administrative Claims	Paid in full.	\$30,000	100%
1	Claims Secured by the Real Property	Unimpaired ³	\$0	100%
2	General Unsecured Creditors	Impaired -- Paid pro rata share of remaining Property of the Estate after payment of Administrative Claims on the Effective Date or as soon after as practicable. ⁴	\$330,000	57%
3	Old Equity	Impaired Payment after payment in full of Administrative Claims, Class 1 claims, and Class 2 claims.	N/A	N/A

¹ The amounts listed here are Debtor's estimates; actual amounts will depend on final resolution of all allowed Claims.

² The balance in the Debtor-in-Possession account is currently \$118,157.44. The balance in the Property Tax Escrow Account is \$100,000.00.

³ All Holders of claims secured by the Real Property were paid in full in connection with the closing of the sale of the Real Property and all such claims shall be deemed to be fully satisfied and thus holders of such claims are not entitled to any further distribution under the Plan.

⁴ See Section V(F)(1) below for further information of timing of distributions.

III.

OVERVIEW OF CHAPTER 11 PROCESS

Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business and liquidate its property for the benefit of itself and all economic parties in interest. Chapter 11 promotes equal treatment of similarly situated claims and similarly situated equity interests with respect to the distribution of a debtor's assets. The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of liquidation is the principal objective of the Debtor's current chapter 11 case. The Debtor's Plan sets forth the means for satisfying claims against, and interests in, the Debtor. Confirmation of the Plan by the Bankruptcy Court makes the Plan binding upon the Debtor, any person acquiring property under the Plan, and any creditor of, or holder of an equity interest in, the Debtor.

The proponent of a proposed plan – here, the Debtor – must solicit acceptances of the proposed plan through a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. As such, the Debtor is submitting this Disclosure Statement in accordance with the requirements of § 1125 and 1126 of the Bankruptcy Code and Local Rule 3016-1.

IV.

BACKGROUND REGARDING DEBTOR'S BUSINESS AND THE BANKRUPTCY CASE

The Debtor is a limited liability company organized and existing under the laws of the State of Illinois. For a number of years, the Debtor owned and operated a movie theater located

at 3330 West Roosevelt Road, Chicago, Illinois 60624. Debtor ceased theater operations in December of 2013 and has since rented space in the former theater to a variety of church and civic groups on an *ad hoc* basis. As of the Petition Date, the Debtor's principal asset consisted of the Real Property and improvements located on the Real Property. As a result of the cessation of theater operations, Debtor was unable to remain current on property taxes and as a result the Real Property was subject to a potential tax sale. Prior to filing the bankruptcy case, Debtor engaged a well-qualified real estate broker experienced in the sale of similar commercial properties in order to market and sell the Real Property. As a result of such efforts, the Debtor was able to identify a willing buyer and entered into a letter of intent. Debtor filed this case on August 6, 2015 (the "Petition Date"), in order to consummate an orderly sale of the Real Property pursuant to such letter of intent and in turn generate sufficient proceeds to afford a maximum recover to creditors, including unsecured creditors. Debtor estimates unsecured creditors would likely have received nothing in the event the tax sale went forward.

Following continued negotiations with the potential buyer, Debtor entered into a purchase agreement to sell the Real Property for a sale price of \$1,950,000. On December 22, 2015, Debtor sought Court approval of such sale according to the terms of the purchase agreement. The Court entered an order approving the sale on January 7, 2016. Prior to the sale of the Real Property, Debtor sought to reject certain leases with respect to various churches that had been using the Real Property. The Court entered an Order rejecting those leases on March 10, 2016.

The sale of the Real Property closed on March 18, 2016. All creditors holding claims secured by the Real Property were paid in full at closing. In connection with the closing, Debtor agreed to place \$100,000 into a Property Tax Escrow to ensure payment of the Debtor's share of pending property taxes. The Debtor expects that a majority, if not all, of such escrowed funds

will be returned to the estate and in turn available for distribution under the terms of the Plan.

Debtor expects the Property Tax Escrow to be resolved prior to the Effective Date.

Excluding the funds in the Property Tax Escrow, the sale of the Real Property resulted in net proceeds to the Debtor's bankruptcy estate of \$208,575.61. From those proceeds, the Debtor has paid administrative claims consisting principally of court-approved legal fees and ordinary operating expenses of the debtor-in-possession.

The Court set a deadline of June 13, 2016, for all creditors, except Holders of administrative claims, to file claims against the estate. By the deadline, creditors filed nine proofs of claim asserting general unsecured claims. In its original petition, the Debtor had scheduled six other general unsecured claims. In total, there are approximately \$330,000 in general unsecured claims asserted against the bankruptcy estate consisting of unpaid pre-petition professionals, trade creditors, utilities and lenders.

V.

THE PLAN OF LIQUIDATION

A. Overview

The following is a general discussion of the provisions of the Plan. The Plan is attached as Exhibit 1 to this Disclosure Statement. In the event of any discrepancies between this Disclosure Statement and the Plan, the terms of the Plan will govern.

The Plan calls for liquidation of all Property of the Estate and distribution of the proceeds first to pay any Allowed Administrative Claims in full and then distribute any remaining proceeds to Holders of Allowed Class 2 claims (General Unsecured Creditors) on a *pro rata* basis. In the event that all Allowed Class 2 claims are paid in full, the Plan calls for the

distribution of any remaining Property of Estate to be distributed to Holders of Class 3 claims (Old Equity).

Having sold the Real Property during the course of the bankruptcy case, the Debtor has liquidated the bulk of the Property of the Estate. Among other assets requiring liquidation, the Debtor anticipates collecting any surplus proceeds from the Property Tax Escrow and investigating the status of any property tax appeals, including the bankruptcy estate's interest, if any, in any corresponding property tax refunds.

Because the Debtor estimates that the remaining administrative costs associated with the Plan will be materially less than a liquidation of the Debtor under chapter 7, the Debtor projects that creditors will receive more value under the Plan than under chapter 7 or other alternatives.

B. Plan Funding

The Plan will be funded by the Debtor using net receipts from the sale of the Real Property as well as the Debtor's interest in the Property Tax Escrow Account and any property tax refunds in which the Debtor has an interest, as well as proceeds from any other causes of action that constitute Property of the Estate. The balance in the Debtor-in-Possession account is currently \$118,157.44. The balance in the Property Tax Escrow Account is \$100,000.00.

C. Classification and Treatment of Claims and Interests

Under the Bankruptcy Code, only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. In general, an "allowed" claim or "allowed" equity interest simply means that the Debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the Debtor. By operation of § 1111(a), 501(a), and 502(a) of the Bankruptcy Code, a claim that appears in the schedules filed by the Debtor and is not identified as disputed,

contingent, or unliquidated, is deemed “allowed” unless a party in interest objects. Additionally, § 502(a) of the Bankruptcy Code provides that a timely filed proof of claim or equity interest is deemed “allowed” (regardless of the Debtor’s schedules) unless the debtor or other party in interest objects. Section 502(b) of the Bankruptcy Code specifies certain claims that may not be “allowed” in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor’s equity in the property, claims for services that exceed their reasonable value, real property leases and employment contract rejection damage claims in excess of specified amounts, late filed claims, and contingent claims for contribution and reimbursement.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divides the different claims against, and equity interests in, a debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the “claims” and “equity interests” themselves, rather than their Holders, are classified.

Under the Debtor’s Plan, claims are classified as follows and afforded the corresponding treatment:

Class 1 (Secured Claims). Class 1 claims consist of those claims that are secured by the Real Property. In connection with the sale of the Real Property, Holders of Class 1 claims were paid in full satisfaction of their claims and therefore will not receive any further distributions under the Plan.

Class 2 (General Unsecured Claims). Class 2 claims consist of all remaining general unsecured claims. Holders of Class 2 claims shall receive a pro-rata share of each distribution of the Property of the Estate remaining after Administrative Claims are paid in full up to 100% of the amount their Allowed Claim.

Class 3 (Old Interests). Class 3 interests consist of the equity interests in the Debtor. Holders of Class 3 interests shall receive the remainder of the Property of the Estate after (i) all Disputed Claims filed against the Debt have become Allowed Claims or have been disallowed, and (2) the Holders of Allowed Class 2 Claims have been paid in full.

D. Impairment and Voting on the Plan

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as “impaired” (affected by the plan) or “unimpaired” (unaffected by the plan). If a class of claims is “impaired,” the Bankruptcy Code affords certain rights to the Holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the Holder would receive if the debtor were liquidated in a case under chapter 7. Under § 1124 of the Bankruptcy Code, a class of claims is “impaired” unless the plan (i) does not alter the legal, equitable and contractual rights of the Holders or (ii) irrespective of the Holders’ acceleration rights, cures all defaults (other than those arising from the Debtor’s insolvency, the commencement of the case, or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims in the class, compensates the Holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable and contractual rights. In most cases, this means that the Holder of an unimpaired claim will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in cash, with post-petition

interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor’s obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the Debtor’s obligations, the Holder of an unimpaired claim will be placed in the position it would have been in had the debtor’s case not been commenced. Pursuant to § 1126(f) of the Bankruptcy Code, Holders of unimpaired claims are “conclusively presumed” to have accepted the plan. Accordingly, their votes are not solicited. **Under the Debtor’s Plan here, Holders of Class 1 claims (Claims Secured by the Real Property) are unimpaired and conclusively presumed to accept the Plan.**

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of liquidation. For example, a class is deemed to reject a plan of liquidation under § 1126(g) of the Bankruptcy Code if the Holders of claims in such class do not receive or retain property under the plan on account of their claims or equity interests. Here, none of the classes described above are deemed to reject the Plan.

The following table summarizes the impairment and voting status of each of the classes of claims and interest under the Debtor’s Plan.

Class	Designation	Impairment	Entitled to Vote
Class 1	Secured Claims	No	No (deemed accepted)
Class 2	General Unsecured Claims	Yes	Yes
Class 3	Old Equity Interests	Yes	Yes

E. Administrative Claims

Administrative Claims are the actual and necessary costs and expenses of the Debtor’s Case that are allowed under § 503(b), 507(a)(1) and 507(b) of the Bankruptcy Code. Such

expenses will include, but are not limited to, amounts owed to vendors providing goods and services to the Debtor during the chapter 11 cases and tax obligations incurred after the Petition Date. Other Administrative Expenses include the actual, reasonable, and necessary professional fees and expenses of the Debtor incurred during the pendency of the Case and statutory fees assessed against the bankruptcy estate, including fees due under 28 U.S.C. § 1930.

Under the Bankruptcy Code, Allowed Administrative Claims must be paid in full. Accordingly, under the Plan, except to the extent that a Holder of an Allowed Administrative Claim agrees to a less favorable treatment, as soon as reasonably practicable on or after the later of either (i) the Effective Date or (2) the date an order allowing an Administrative Claim becomes final, the Debtor shall pay Cash in an amount equal to such Allowed Administrative Claim to each Holder of such claim.

F. Plan Provisions Governing Distributions

1. Timing of Distributions.

Generally, all distributions made under the Plan will be made on the Effective Date, or as soon as practicable thereafter and deemed made on the Effective Date. In the event that any portion of a Claim is Disputed, no payment or distribution shall be made on account of the disputed portion of such Claim unless and until such Disputed Claim becomes Allowed. The Disbursing Agent shall reserve sufficient funds to pay the amount due to Holders of Disputed Claims in the event the dispute is resolved against the Debtor. In the event the Disputed Claim is not Allowed, any funds otherwise reserved for such claim shall be distributed pursuant to the terms of the Plan.

2. Debtor as Disbursing Agent.

All distributions under this Plan shall be made by the Debtor as Disbursing Agent or such other entity designated by the Debtor as a Disbursing Agent on the Effective Date, which Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties. Among other things, the Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under this Plan, (ii) make all distributions contemplated hereby, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement claims (including, without limitation, reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Debtor.

3. Delivery of Distributions.

Subject to Bankruptcy Rule 9010, all distributions to any Holder of an Allowed Claim shall be made at the address of such Holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, as applicable, unless the Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim by such Holder that contains an address for such Holder different from the address reflected for such Holder on the Schedules. In the event that any distribution to

any Holder is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of such Holder, but no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided that such distributions shall be deemed unclaimed property under § 347(b) of the Bankruptcy Code at the expiration of the later of 6 months from the Effective Date or 6 months after such Claim is Allowed. After such date, all unclaimed property or interest in property shall revert to the Debtor, and the Claim of any other Holder to such property or interest in property shall be discharged and forever barred.

4. Procedures for Objecting to Claims

Unless extended by the Court, the Debtor may file objections to, and requests for estimation of, any Claims within 21 days of the Administrative Claims Bar Date and thereafter prosecute such objections in the ordinary course. In the event that no objection or request for estimation of a particular Claim is filed by the then effective filing deadline, then such Claims shall be deemed an Allowed Claim.

VI.

EFFECT OF CONFIRMATION

A. Conditions to Plan Becoming Effective

The Effective Date shall not occur and the Plan shall not become effective unless and until the following conditions are satisfied in full or waived in accordance with the Plan:

- a) the Confirmation Order becomes a Final Order;
- b) seven days have occurred since the deadline to object to claims provided for in Article VII.1 of the Plan, including any extensions of such deadline;

- c) all actions and all agreements, instruments, or other documents necessary to implement the terms and provisions of this Plan are effected or executed and delivered, as applicable; and
- d) all authorizations, consents, and regulatory approvals, if any, required by the Debtor in connection with the consummation of this Plan are obtained and not revoked.

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any Holder of a Claim against the Debtor, whether or not the Claim of such Holder is impaired under this Plan, whether or not such Holder has accepted this Plan, and whether or not such Holder is entitled to a distribution under this Plan.

Further, the rights afforded in this Plan and the treatment of all Claims against the Debtor, its Affiliates, and Representatives shall be in exchange for and in complete satisfaction, discharge, and release of all debts of, Claims against, and Interests in, the Debtor, its Affiliates, and Representatives of any nature whatsoever, known or unknown, including, without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, or against its Estate, or its properties or interests in property. Upon the Effective Date, all Claims against and Interests in the Debtor, its Affiliates, and Representatives shall be satisfied, discharged and released in full exchange for the consideration, if any, provided hereunder. Except as otherwise provided in the Plan or in the Confirmation Order, all Persons shall be precluded from asserting against the Debtor, its Affiliates, and Representatives or its properties or interests in property, any other Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

B. Term of Injunctions or Stays

Upon and continuing after the Effective Date, all Persons who have held, hold or may hold Claims will be permanently enjoined from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim against the Debtor, its Affiliates, and

Representatives, (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtor, its Affiliates, and Representatives with respect to such Claim, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtor, its Affiliates, and Representatives or against the property or interests in property of the Debtor, with respect to such Claim, and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to the Debtor, its Affiliates, and Representatives or against the property or interests in property of the Debtor, its Affiliates, and Representatives, with respect to such Claim.

Moreover, unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Cases under § 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until and after the Effective Date.

C. Exculpation

As of the Confirmation Date, the Debtor, its Affiliates, and Representatives shall be deemed to have solicited acceptances of this Plan of Liquidation in good faith and in compliance with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. The Debtor its Affiliates, and Representatives, shall have no liability to any Holder of any Claim or any other person for any act or omission taken or not taken in good faith in connection with, or arising out of, the Case, the Disclosure Statement, this Plan, the solicitation of votes for and the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence as determined by a Final Order and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

VII.

VOTING PROCEDURES AND REQUIREMENTS

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan. Please carefully follow the instructions set forth in the ballot and vote and return your ballots to:

**Clerk of the United States Bankruptcy Court
for the Northern District of Illinois
219 S. Dearborn
Chicago, IL 60604**

TO BE COUNTED, YOUR BALLOT ACCEPTING OR REJECTING THE PLAN MUST BE RECEIVED NO LATER THAN 5:00 P.M. (PREVAILING CENTRAL TIME) ON THE DATE SET BY SEPARATE COURT ORDER (THE “VOTING DEADLINE”). ANY BALLOT WHICH IS EXECUTED BUT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN, OR FOR WHICH BOTH THE ACCEPTANCE AND REJECTION BOX IS CHECKED, WILL BE CONSIDERED NULL AND VOID AND WILL NOT BE COUNTED. ANY BALLOT THAT IS EITHER UNRETURNED BY THE VOTING DEADLINE OR IS RETURNED BUT NOT EXECUTED WILL BE CONSIDERED NULL AND VOID AND WILL NOT BE COUNTED.

If you are a Holder of a Claim entitled to vote on the Plan and did not receive a ballot, received a damaged ballot or lost your ballot, or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please call counsel for the Debtor, Hiltz & Zanzig LLC, Attention: John F. Hiltz or Blair R. Zanzig, 312-566-9008.

VIII.

CONFIRMATION OF THE PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of liquidation. As set forth in the Disclosure Statement Order, the Bankruptcy Court has scheduled the confirmation hearing for _____, 2016. The confirmation hearing may be adjourned from time-to-time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

ANY OBJECTION TO CONFIRMATION OF THE PLAN MUST BE IN WRITING, MUST CONFORM TO THE BANKRUPTCY RULES, MUST SET FORTH THE NAME OF THE OBJECTOR, THE NATURE AND AMOUNT OF CLAIMS HELD OR ASSERTED BY THE OBJECTOR AGAINST THE DEBTOR'S ESTATE OR PROPERTY, THE BASIS FOR THE OBJECTION AND THE SPECIFIC GROUNDS THEREFORE, AND MUST BE FILED WITH THE BANKRUPTCY COURT, TOGETHER WITH PROOF OF SERVICE THEREOF, NO LATER THAN 5:00 P.M. ON _____, 2016. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation of the Plan of Liquidation

At the confirmation hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in detail in § 1129 of the Bankruptcy Code have been satisfied.

Among other things, the Bankruptcy Code requires that to confirm a plan, such plan must provide that each Holder of an impaired claim or equity interest either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. The Debtor believes that the Plan affords a recovery to all creditors and interest Holders at least as great as they would receive in a chapter 7 liquidation. The Debtor's costs of liquidation under chapter 7 would include the fees payable to a chapter 7 trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtor during the chapter 11 case and allowed in the chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals. The foregoing types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured claims. Finally, a chapter 7 liquidation may also extend the time before any distribution can be made while the chapter 7 trustee is appointed, investigates the Debtor's financial affairs, and effects the liquidation.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, and (iii) substantial increases in claims which would be satisfied on a priority basis, the Debtor has determined that confirmation of the Debtor's Plan will provide each

creditor and equity holder with a recovery that is not less than it would receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code. Moreover, any distributions in a chapter 7 case may not occur for a substantial period of time while the trustee fully administers the case. Such delay may further increase administrative expenses and reduce recovery to creditors.

In Section XI of this Disclosure Statement, the Debtor sets forth its liquidation analysis estimating the proceeds that may be available for distribution in a hypothetical chapter 7 liquidation of the assets of the Debtor taking into account the factors described above. As reflected in the liquidation analysis, the Debtor estimates that costs and delay of a chapter 7 liquidation would cause recoveries to be as much as 20% lower in a chapter 7 liquidation and at best the same as under the Plan.

IX.

ALTERNATIVES TO CONFIRMATION OF THE CHAPTER 11 LIQUIDATION PLAN

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtor under chapter 7 of the Bankruptcy Code; (ii) an alternative chapter 11 plan; and (iii) the dismissal of this Case.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Debtor's chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. In a chapter 7 liquidation, the Debtor believes that there would be a smaller distribution to the Holders of claims against, and interests in, the Debtor because of additional administrative expenses involved in the appointment of a trustee and additional

expenses and claims, some of which would be entitled to priority. Moreover, any such distribution would likely be delayed relative to the timing of distributions under the Plan.

B. Alternative Plan of Liquidation

If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different chapter 11 plan of liquidation. The Debtor believes that the Plan, as described herein, enables creditors and equity holders to realize the most value under the circumstances. Further, if a trustee were not appointed, because such appointment is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case.

C. Dismissal of the Case.

Alternatively, if no plan can be confirmed, the Debtor's case may be dismissed allowing individual creditors and interest holders to pursue the claims under state law or other applicable law.

X.

OTHER CONSIDERATIONS

A. Risk of Non-Confirmation of the Plan of Liquidation.

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the solicitation of votes.

B. The Debtor Has No Duty to Update.

The statements contained in this Disclosure Statement are made by the Debtor 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 been no change in the information set forth herein since that date. The Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

C. No Representations Outside of This Disclosure Statement Are Authorized.

No representations concerning or related to the Debtor, the Bankruptcy Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. 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.

D. Projections and Other Forward Looking Statements Are Not Assured, and Actual Results Will Vary.

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

E. Claims Could Be More Than Projected.

The Allowed amount of Claims in each class could be significantly more than projected, which, in turn, could cause the value of distributions to be reduced substantially.

F. No Legal or Tax Advice Is Provided to You by This Disclosure Statement.

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or Holder of a Claim should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim.

This Disclosure Statement is not legal advice to you. 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.

G. No Admissions Made.

Nothing contained herein shall constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtor or on Holders of Claims.

XI.

LIQUIDATION ANALYSIS

The following table represents the Debtor's estimates of likely recoveries in the event the Debtor was liquidated under chapter 7 of the Bankruptcy Code as of the Effective Date.

<u>Property of the Estate</u>	<u>Low Estimate</u>	<u>High Estimate</u>
Cash on Hand	\$118,157	\$118,157
Debtor's interest in Tax Escrow Account	\$45,000	\$100,000
Property Tax Refunds	\$0	\$150,000
TOTAL ASSETS:	\$163,157	\$368,157

Chapter 7 Liquidation Costs

Chapter 7 trustee's statutory fees	(\$11,300)	(\$21,657)
Chapter 11 Administrative Claims	(\$30,000)	(\$30,000)
Chapter 7 administrative claims	(\$20,000)	(\$20,000)
NET ASSETS:	\$101,857	\$296,500

Estimated Chapter 7 Recoveries:

Class 2 (General Unsecured) Claims	\$101,857	\$296,500
<i>Percent Recovery</i>	<i>(31%)</i>	<i>(90%)</i>
Class 3 (Old Equity) Interests	\$0	\$0

Estimated Recoveries Under Plan:

Plan Distribution to Class 2 (General Unsecured) Claims	\$133,157	\$330,000
<i>(Percent Recovery)</i>	<i>(40%)</i>	<i>(100%)</i>
Plan Distribution to Class 3 (Old Equity) Interests	\$0	\$8,157

XII.

CONCLUSION

The Debtor believes that confirmation and implementation of the Plan is in the best interests of all creditors.

Dated: July 21, 2016

Respectfully submitted,

ICE THEATERS, LLC

By: /s/ John F. Hiltz

(One of its Attorneys)

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