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15 UNITED STATES BANKRUPTCY COURT
16 CENTRAL DISTRICT OF CALIFORNIA
17 SAN FERNANDO VALLEY DIVISION

18 In re
19 MERUELO MADDUX PROPERTIES, INC., et
20 al.,
21 Debtor.

Case No. 1:09-bk-13356-KT

Chapter 11

CHARLESTOWN CAPITAL ADVISORS,
LLC'S AND HARTLAND ASSET
MANAGEMENT CORPORATION'S
DISCLOSURE STATEMENT DESCRIBING
~~FIRST~~SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF MERUELO
MADDUX PROPERTIES, INC., ET AL.
DATED ~~AUGUST 20~~SEPTEMBER 15, 2010

Hearing
Date: September ~~10~~15, 2010
Time: 9:30 a.m.
Place: Courtroom 301
21041 Burbank Blvd.
Woodland Hills, CA 91367

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EXHIBITS

The Charlestown Plan (Exhibit A);

Order approving the Charlestown Disclosure Statement (Exhibit B);

Chart of the Debtors' Corporate Structure (Exhibit C);

Loan Modification Agreements (Exhibit D);

The Debtors' Projected Financial Information (Exhibit E);

The Debtors' Unexpired Leases and Executory Contracts (Exhibit F);

The Debtors' Liquidation Analysis (Exhibit G);

The Claims and Interests of the Debtors (Exhibit H);

List of Administrative Expense Claims (Exhibit H.1)

List of Class "B" Priority Unsecured Claims (Exhibit H.2);

List of Class "C" General Unsecured Claims — Tenant Security Deposit Claims
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List of Class "C" Unsecured Guaranty Claims (Exhibit H.6);

List of Class "D" Intercompany Claims (Exhibit H.7);

List of Class "E" Interests (Exhibit H.8);

List of Debtors' Transfers During the 90-Day and One-Year Avoidance Periods (Exhibit I);

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DEFINITIONS

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<u>620 S. Gladys Avenue Encumbered Real Property</u>	means the real property located at 620 S. Gladys Avenue, 830-838 6 th Street, and 647-649 Ceres Avenue, Los Angeles, California, APNs 5147-030-005, 5147-030-006, 5147-030-007, 5147-030-008, 5147-030-009, 5147-030-037, 5147-030-050, 5147-030-053, 5147-030-054, 5147-030-055, 5147-030-061 and 5147-030-062.
<u>620 S. Gladys Avenue Unencumbered Real Property</u>	means the real property located at 643 and 644 South Gladys Avenue, Los Angeles, California, APNs 5147-030-064 and 5147-029-045.
<u>729 E. Temple Street Real Property</u>	means the real property located at 729 E. Temple Street, 718-736 Jackson Street, and 223 Center Street, Los Angeles, California, APNs 5173-015-006, 5173-014-001 and 5173-014-002.
<u>788 S. Alameda</u>	means 788 South Alameda, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13395.
<u>788 S. Alameda Real Property</u>	means the real property located at 788 South Alameda Street, Los Angeles, California, APN 5166-031-014.
<u>815 E. Temple Street Real Property</u>	means the real property located at 815 E. Temple Street, 210 & 234 Center Street, and 740 Jackson Street, Los Angeles, California, APNs 5173-022-001, 5173-022-002, 5173-022-004, 5173-022-005 and 5173-015-003.
<u>905 8th Street</u>	means 905 8th Street, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13396.
<u>905 8th Street Real Property</u>	means the real property located at 905 E. 8th Street, Los Angeles, California, APN 5146-029-039.
<u>1119 S. Olive Street Real Property</u>	means the real property located at 1117-1119 S. Olive Street, Los Angeles, California, APNs 5139-020-006 and 5139-020-007.
<u>1124 S. Olive Street Real Property</u>	means the real property located at 1124 S. Olive Street, and 218 W. 11th Street, Los Angeles, California, APNs 5139-019-011 and

1		<u>5139-019-015.</u>
2	<u>1339 E. 7th Street Real Property</u>	<u>means the real property located at 1339 E. 7th</u>
3		<u>Street, Los Angeles, California, APNs</u>
4		<u>5147-035-004, 5147-035-005, 5147-035-006,</u>
5		<u>5147-035-007 and 5147-035-008.</u>
6	<u>1248 Figueroa Street</u>	<u>means 1248 Figueroa Street, LLC.</u>
7	<u>1248 Figueroa Street Collateral</u>	<u>means the MG 2529 Santa Fe Avenue Real</u>
8		<u>Property</u>
9	<u>1500 Griffith Avenue Real Property</u>	<u>means the real property located at 1467 and</u>
10		<u>1500 Griffith Avenue and 833 E. 15th Street,</u>
11		<u>Los Angeles, California, APNs 5132-025-018,</u>
12		<u>5132-026-028 and 5132-026-030.</u>
13	<u>1510 Griffith Avenue Real Property</u>	<u>means the real property located at 1510 Griffith</u>
14		<u>Avenue, Los Angeles, California, APNs</u>
15		<u>5132-025-004, 5132-025-006 and</u>
16		<u>5132-025-017.</u>
17	<u>2131 Humboldt Encumbered Real Property</u>	<u>means the real property located at 2131</u>
18		<u>Humboldt Street, Los Angeles, California,</u>
19		<u>APNs 5447-009-018 and 5447-009-019.</u>
20	<u>2131 Humboldt Unencumbered Real Property</u>	<u>means the real property located at 350-354 N.</u>
21		<u>Avenue 21 Street, Los Angeles, California,</u>
22		<u>APN 5447-009-020, and at 336-346 N. Avenue</u>
23		<u>21, Los Angeles, California, APNs</u>
24		<u>5447-009-007, 5447-009-008, and</u>
25		<u>5447-009-009.</u>
26	<u>2640 Washington Boulevard</u>	<u>means 2640 Washington Boulevard, LLC, a</u>
27		<u>California limited liability company and a</u>
28		<u>Debtor in Possession in Chapter 11 Case</u>
		<u>number 1:09-bk-13397.</u>
	<u>2640 Washington Boulevard Real Property</u>	<u>means the real property located at 2640 E.</u>
		<u>Washington Boulevard, Los</u>
		<u>Angeles, California, APN 5168-017-012.</u>
	<u>Administrative Claim</u>	<u>means any right to payment constituting a cost</u>
		<u>or expense of administration of the Chapter 11</u>
		<u>Cases of a kind specified under Section 503(b)</u>
		<u>and entitled to priority under Section 507(a)(2)</u>
		<u>of the Bankruptcy Code, including, without</u>
		<u>limitation, any actual and necessary costs and</u>
		<u>expenses of preserving the estates of the</u>
		<u>Debtors, any actual and necessary costs and</u>
		<u>expenses of operating the respective businesses</u>
		<u>of the Debtors, any indebtedness or</u>
		<u>obligations incurred or assumed by any of the</u>
		<u>Debtors in connection with the conduct of their</u>
		<u>respective businesses, including, without</u>

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	<u>limitation, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the estates of the Debtors under Section 1930 of chapter 123 of Title 28 of the United States Code.</u>
<u>Alameda Produce Market</u>	<u>means Alameda Produce Market, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13394.</u>
<u>Alameda Produce Market Encumbered Real Property</u>	<u>means the real property located at 1312 E. 7th Street, Los Angeles, California, APN 5146-009-003 (the "7th Street Produce Market"), and the property located at 761 Terminal Street, Los Angeles, California, APNs 5146-009-004 and 5146-009-005 ("Alameda Square").</u>
<u>Alameda Produce Market Unencumbered Real Property</u>	<u>means the real property located at 1215 E. 7th Street, Los Angeles, California, APN 5147-034-015.</u>
<u>Allowed Claim or Allowed Interest</u>	<u>means a Claim against or Interest in a Debtor to the extent that</u> <u>a. a proof of the Claim or Interest</u> <u>i. was timely Filed and served upon a Debtor and no objection to the Claim or Interest is Filed within the time fixed by the Bankruptcy Court for such objections;</u> <u>ii. is deemed Filed under applicable law (e.g., filed on the Schedules as noncontingent, nondisputed and liquidated) or pursuant to a Final Order of the Bankruptcy Court and no objection to the Claim or Interest is Filed within the time fixed by the Bankruptcy Court for such objections;</u> <u>iii. is Allowed pursuant to subparagraph b. of this definition; or</u> <u>iv. is Allowed under the Charlestown Plan.</u> <u>b. If a Debtor or other party in interest files an objection to a proof of Claim or Interest within a time fixed by the Bankruptcy Court, the Claim or Interest shall be Allowed to the extent of</u> <u>i. any amount of such Claim or Interest to which no party objected; or</u> <u>ii. any amount otherwise authorized by Final Order or the Charlestown Plan.</u>
<u>Allowed Class Claim</u>	<u>means an Allowed Claim in the particular Class described.</u>

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<u>Allowed Class Interest</u>	<u>means an Allowed Interest in the particular Class described.</u>
<u>Allowed Priority Tax Claim</u>	<u>means a Tax Claim against a Debtor to the extent that</u> <u>a. a proof of the Tax Claim</u> <u>i. was timely Filed and served upon a Debtor and no objection to the Tax Claim is Filed within the time fixed by the Bankruptcy Court for such objections; or</u> <u>ii. is deemed Filed under applicable law (e.g., filed on the Schedules as noncontingent, nondisputed and liquidated) or pursuant to a Final Order of the Bankruptcy Court and no objection to the Tax Claim is Filed within the time fixed by the Bankruptcy Court for such objections; or</u> <u>iii. is Allowed pursuant to subparagraph b. of this definition; or</u> <u>iv. is Allowed under the Charlestown Plan.</u> <u>b. If a Debtor or other party in interest files an objection to a proof of Tax Claim within a time fixed by the Bankruptcy Court, the Tax Claim shall be Allowed to the extent of</u> <u>i. any amount of such Tax Claim to which no party objected; or</u> <u>ii. any amount otherwise authorized by Final Order or the Charlestown Plan.</u>
<u>APN</u>	<u>means a county assessor's parcel number.</u>
<u>Ballots</u>	<u>means each of the ballot forms distributed with the Disclosure Statement to each Holder of an Impaired Claim or Impaired Interest (other than to Holders of Impaired Claims or Impaired Interests deemed to have rejected the Charlestown Plan or otherwise not entitled to vote on the Charlestown Plan), upon which is to be indicated, among other things, acceptance or rejection of the Charlestown Plan.</u>
<u>Balloting Procedures Order</u>	<u>Means the order of the Bankruptcy Court governing the solicitation and tabulation of votes from Holders of Impaired Claims and Interests.</u>
<u>Bankruptcy Code</u>	<u>means Title 11 of the United States Code, 11 U.S.C. § 101 et seq., as in effect on the date hereof or hereafter amended if such amendments are made applicable to the Chapter 11 Cases.</u>
<u>Bankruptcy Court</u>	<u>means, (a) the United States Bankruptcy Court</u>

1		<u>for the Central District of California (San</u>
2		<u>Fernando Valley Division), having jurisdiction</u>
3		<u>over the Chapter 11 Cases; (b) to the extent</u>
4		<u>there is no reference pursuant to Section 157 of</u>
5		<u>Title 28 of the United States Code, the United</u>
6		<u>States District Court for the Central District of</u>
7		<u>California; and (c) any other court having</u>
8		<u>jurisdiction over the Chapter 11 Cases.</u>
9	<u>Bankruptcy Rules</u>	<u>means the Federal Rules of Bankruptcy</u>
10		<u>Procedure as promulgated by the United States</u>
11		<u>Supreme Court under Section 2075 of Title 28</u>
12		<u>of the United States Code, and local rules of the</u>
13		<u>Bankruptcy Court, as the context may require.</u>
14	<u>BofA</u>	<u>means Bank of America, N.A.</u>
15	<u>BofA Collateral re MMP 760 S. Hill Street</u>	<u>means, collectively, [1] the MMP 760 S. Hill</u>
16		<u>Street Real Property and, [2] approximately</u>
17		<u>\$6,560,893 in cash held in BofA account</u>
18		<u>number 1459360078, approximately \$200,000</u>
19		<u>of which the Debtors contend is not BofA</u>
20		<u>collateral.</u>
21	<u>BofA Collateral re MG Southpark</u>	<u>means the MG Southpark Real Property.</u>
22	<u>Business Day</u>	<u>means any day on which commercial banks are</u>
23		<u>open for business, and not authorized to close,</u>
24		<u>in the City of Los Angeles, California, except</u>
25		<u>any day designated as a legal holiday in</u>
26		<u>Bankruptcy Rule 9006(a).</u>
27	<u>Canpartners</u>	<u>means Canpartners Realty Holding Co., IV</u>
28		<u>LLC.</u>
29	<u>Berkadia</u>	<u>means Berkadia Commercial Mortgage, Inc. (as</u>
30		<u>successor to Capmark Finance, Inc.), special</u>
31		<u>servicer for Wells Fargo Bank, N.A., successor</u>
32		<u>by consolidation to Wells Fargo Bank</u>
33		<u>Minnesota, N.A. as Trustee for the Registered</u>
34		<u>Certificate holders of GMAC Commercial</u>
35		<u>Mortgage Securities, Inc., Mortgage</u>
36		<u>Pass-Through Certificates 2002-Cl.</u>
37	<u>Berkadia Collateral</u>	<u>means, collectively, [1] the Santa Fe Commerce</u>
38		<u>Center Real Property and [2] cash deposited by</u>
39		<u>Santa Fe Commerce Center with and held by</u>
40		<u>Berkadia for the benefit of and account of Santa</u>
41		<u>Fe Commerce Center in the approximate</u>
42		<u>amount of \$600,000.</u>
43	<u>Cash</u>	<u>means legal tender of the United States of</u>
44		<u>America and equivalents thereof.</u>
45	<u>Cathay</u>	<u>means Cathay Bank, a California banking</u>

1		<u>corporation.</u>
2	<u>CBT</u>	<u>means California Bank & Trust.</u>
3	<u>CBT Collateral</u>	<u>means, collectively, [1] the 788 S. Alameda</u>
4		<u>Real Property and [2] the cash located in CBT</u>
5		<u>account number 2120351811 in the</u>
6		<u>approximate amount of \$7,514.</u>
7	<u>Chamlian</u>	<u>means, collectively, Vahan Chamlian and</u>
8		<u>Anoush Chamlian.</u>
9	<u>Chamlian Collateral</u>	<u>Chamlian Collateral means the 2131</u>
10		<u>Humboldt Encumbered Real Property.</u>
11	<u>Chapter 11 Cases</u>	<u>means the Chapter 11 cases of the Debtors.</u>
12	<u>Charlestown Plan</u>	<u>means the coordinated Chapter 11 plan of</u>
13		<u>reorganization as proposed by the Charlestown</u>
14		<u>Proponents as it may be amended or modified,</u>
15		<u>from time to time, together with all addenda,</u>
16		<u>exhibits, schedules, supplements or other</u>
17		<u>attachments, if any.</u>
18	<u>Charlestown Proponents</u>	<u>means Charlestown Capital Advisors, LLC and</u>
19		<u>Hartland Asset Management Corporation as</u>
20		<u>proponents of a Chapter 11 plan of</u>
21		<u>reorganization for the Debtors.</u>
22	<u>Chinatown Plan</u>	<u>means any plan of reorganization Confirmed in</u>
23		<u>the Chapter 11 Case of Chinatown.</u>
24	<u>Chinatown</u>	<u>means Meruelo Chinatown, LLC, a California</u>
25		<u>limited liability company, a Debtor in</u>
26		<u>Possession in Chapter 11 Case number</u>
27		<u>1:09-bk-21622.</u>
28	<u>Chinatruck</u>	<u>means Chinatruck Bank, USA.</u>
29	<u>Chinatruck Collateral</u>	<u>means the MG 3185 E. Washington Boulevard</u>
30		<u>Encumbered Real Property.</u>
31	<u>Class</u>	<u>means a class of Claims or Interests designated</u>
32		<u>pursuant to the Charlestown Plan.</u>
33	<u>Clerk</u>	<u>means the Clerk of the Bankruptcy Court.</u>
34	<u>Collateral</u>	<u>means any property or interest in property of a</u>
35		<u>Debtor's Estate subject to a Lien to secure the</u>
36		<u>payment or performance of a Claim as of the</u>
37		<u>Petition Date, which Lien is not subject to</u>
38		<u>avoidance under the Bankruptcy Code or</u>

1		<u>applicable non-bankruptcy law or otherwise invalid under the Bankruptcy Code or applicable non-bankruptcy law.</u>
2		
3	<u>Commencement Date</u>	<u>means March 26, 2009 for MMP 12385 San Fernando Road and March 27, 2009 for 788 S. Alameda, 905 8th Street, 2640 Washington Boulevard, Alameda Produce Market, MBP, Merco Group, Meruelo Farms, Meruelo Wall Street, MG 4th Street Center, MG 146 E. Front Street, MG 425 W. 11th Street, MG 620 Gladys Avenue, MG 1211 E. Washington Boulevard, MG 1308 S. Orchard, MG 1500 Griffith Avenue, MG 2001-2021 W. Mission Boulevard, MG 2040 Camfield Avenue, MG 2529 Santa Fe Avenue, MG 3185 E. Washington Boulevard, MG 5707 S. Alameda, MG Ceres Street Produce, MG Little J, MG Overland Terminal, MG Southpark, MM 3rd and Omar Street, MM 230 W. Avenue 26, MM 336 W. 11th Street, MM 420 Boyd Street, MM 500 Mateo Street, MM 555 Central Avenue, MM 817-825 S. Hill Street, MM 915-949 S. Hill Street, MM 1000 E. Cesar Chavez, MM 2415 E. Washington Boulevard, MM 5500 Flotilla Street, MM Construction, MM Mission Boulevard, MMP 306-330 N. Avenue 21, MMP 760 S. Hill Street, MMP 1009 N. Citrus, MMP 1060 N. Vignes, MMP 1919 Vineburn, MMP 2131 Humboldt Street, MMP 2951 Lenwood Road, MMPLP, MMP Ventures, National Cold Storage, Santa Fe & Washington Market, Santa Fe Commerce Center, and Wall Street Market, the date on which each of the preceding Debtors filed their respective petitions for relief commencing the Chapter 11 Cases.</u>
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19	<u>Confirmation</u>	<u>means the conclusion of the Confirmation Hearing.</u>
20		
21	<u>Confirmation Date</u>	<u>means the date on which the Confirmation Order is entered on the Docket.</u>
22		
23	<u>Confirmation Hearing</u>	<u>means the hearing to consider confirmation of the Charlestown Plan pursuant to Section 1128 of the Bankruptcy Code.</u>
24		
25	<u>Confirmation Order</u>	<u>means the order entered by the Bankruptcy Court confirming the Charlestown Plan pursuant to Section 1129 of the Bankruptcy Code.</u>
26		
27	<u>Creditor</u>	<u>has the meaning ascribed to it in Section 101(10) of the Bankruptcy Code.</u>
28		

1	<u>Creditors' Committee</u>	<u>means the official committee of unsecured creditors appointed in the Chapter 11 Cases of the Debtors by the Office of the United States Trustee, as its composition may be changed from time to time by the addition, resignation and/or removal of its members.</u>
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3		
4	<u>Cure Payments</u>	<u>means the distribution of Cash as, and to the extent, required for the cure of any and all leases and executory contracts pursuant to Section 365 of the Bankruptcy Code in connection with any assumed leases and executory contracts.</u>
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8	<u>DGCL</u>	<u>means the Delaware General Corporation Law.</u>
9	<u>Debtors</u>	<u>means, collectively, Meruelo Maddux Properties, Inc., a Delaware corporation, and its 53 related jointly administered debtor entities.</u>
10		
11	<u>Debtors in Possession</u>	<u>means the Debtors in their capacities as debtors in possession in the Chapter 11 Cases pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.</u>
12		
13	<u>Disbursing Agent</u>	<u>means the Person responsible for making distributions under the Charlestown Plan, including the Reorganized Debtors, or such Person(s) as the Reorganized Debtors may employ in their sole discretion, to serve as Disbursing Agent. The Disbursing Agent shall be the Chief Accounting Officer of MMPI.</u>
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17	<u>Disclosure Statement</u>	<u>means the written disclosure statement, dated as of February 26, 2010, that relates to this Charlestown Plan, as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code, as such disclosure statement may be amended, modified or supplemented from time to time.</u>
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21	<u>Disputed</u>	<u>means, with reference to any Claim, or Interest, or any portion thereof, any Claim or Interest proof of which was timely and properly Filed and in either case or in the case of any Administrative Claim, Claim or Interest that is disputed under the Charlestown Plan or as to which the Debtors have interposed a timely objection and/or request for estimation in accordance with Section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim or Interest proof of which was required to be Filed by Order of the</u>
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	<u>Bankruptcy Court but as to which a proof of claim or interest was not timely or properly Filed.</u>
<u>Distribution</u>	<u>means a distribution to a Holder of an Allowed Claim pursuant to this Charlestown Plan.</u>
<u>Docket</u>	<u>means the docket in the Chapter 11 Cases maintained by the Clerk.</u>
<u>Effective Date</u>	<u>means the thirtieth day after the Confirmation Order in a form satisfactory to the Charlestown Proponents shall have become a Final Order. If a stay of the Confirmation Order is in effect, the Effective Date shall be extended to the first Business Day on which no such stay is in effect but in no event shall the Effective Date be later than one hundred twenty (120) days after the Confirmation Date; and provided further that the Bankruptcy Court may extend the deadline for the Effective Date to occur following (a) submission of a stipulation signed by the affected parties or (b) notice and hearing on the Charlestown Proponents' motion.</u>
<u>Estates</u>	<u>means, collectively, the estates created in each of the Debtors' Chapter 11 Cases under Section 541 of the Bankruptcy Code.</u>
<u>Federal Judgment Rate</u>	<u>means the interest rate on federal judgments and is based on the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the first day on which the defendant is liable for interest. The Federal Judgment Rate was 0.64% for the week ended immediately prior to the Petition Date of the Debtors.</u>
<u>File or Filed</u>	<u>means filed with the Clerk in the Chapter 11 Cases.</u>
<u>Final Order</u>	<u>means an order or judgment of the Bankruptcy Court as entered on the Docket in the Chapter 11 Cases, or other court of competent jurisdiction, the operation or effect of which is not stayed, reversed or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired.</u>

1		<u>and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.</u>
2		
3	<u>Flower Plan</u>	<u>means any plan of reorganization Confirmed in the Chapter 11 Case of MM 845 S. Flower.</u>
4		
5	<u>FNBN</u>	<u>means FNBN CML-ComI, LLC.</u>
6	<u>FNBN Collateral</u>	<u>means the MMP 2951 Lenwood Road Real Property.</u>
7	<u>GAAP</u>	<u>means Generally Accepted Accounting Principles in the United States of America as in effect on the date of this Charlestown Plan, including those set forth in (i) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, (ii) statements and pronouncements of the Financial Accounting Standards Board, (iii) such other statements by such other entity as approved by a significant segment of the accounting profession and (iv) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.</u>
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17	<u>General Unsecured Claim</u>	<u>means any Claim that is not an Administrative Claim, Priority Claim, Tax Claim, Intercompany Claim, Guaranty Claim or Secured Claim.</u>
18		
19	<u>Guaranty Claim</u>	<u>means a Claim against multiple Debtors, whether the Claim is a guarantee, indemnity agreement, claim for obligations for which another Debtor is the primary obligator, joint and several obligations or otherwise.</u>
20		
21		
22	<u>Holder</u>	<u>means the holder of a Claim or Interest.</u>
23	<u>Impaired</u>	<u>means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Section 1124 of the Bankruptcy Code.</u>
24		
25		
26	<u>Imperial</u>	<u>means Imperial National Bank, a division of City National Bank, a national banking association.</u>
27		
28	<u>Inside Equity Interests</u>	

1		<u>means any Interest in MMPI held by a person who is or was an Insider of a Debtor prior to the Effective Date.</u>
2	<u>Insider</u>	
3		<u>has the meaning set forth in Section 101(31) of the Bankruptcy Code.</u>
4		
5	<u>Insider Litigation</u>	
6		<u>means any action or proceeding brought by or on behalf of the Debtors or the Reorganized Debtors against a person who is or was an Insider of the Debtors prior to the Effective Date.</u>
7		
8	<u>Instrument</u>	
9		<u>means any share of stock, security, promissory note or other "instrument," within the meaning of that term, as defined in Section 9105(1)(i) of the UCC.</u>
10		
11	<u>Intercompany Claims</u>	
12		<u>means all Claims asserted by any Debtor(s) or MM 845 S. Flower or Chinatown against any other Debtor(s).</u>
13	<u>Interest</u>	
14		<u>has the meaning set forth in Section 101(16) of the Bankruptcy Code for "equity security."</u>
15	<u>Kennedy Funding</u>	
16		<u>means Kennedy Funding, Inc.</u>
17	<u>Kennedy Funding Collateral</u>	
18		<u>means the MM Mission Boulevard Real Property.</u>
19	<u>Legendary</u>	
20		<u>means Legendary Investors Group No. 1, L.L.C. (as successor to East West Bank on certain loans).</u>
21	<u>Lien</u>	
22		<u>has the meaning set forth in Section 101(37) of the Bankruptcy Code.</u>
23	<u>Loan Documents</u>	
24		<u>means, collectively, any and all writings between a Debtor and a Creditor or any other entity, establishing, fixing or describing the terms and conditions of the debtor creditor relationship between such Debtor and the Creditor, regardless of form, title or substance.</u>
25	<u>Local Bankruptcy Rules</u>	
26		<u>means the local rules of the Bankruptcy Court, as applicable from time to time in the Chapter 11 Cases.</u>
27	<u>Los Angeles Tax Claim</u>	
28		<u>means the claim of Los Angeles County against a Debtor's estate for real property taxes.</u>
	<u>LTIP Units</u>	
		<u>means all long term incentive plan units in MMPLP.</u>

1	<u>MBP</u>	<u>means Meruelo Baldwin Park, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13386.</u>
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3		
4	<u>MBP Real Property</u>	<u>means the real property located at 13853, 13822 and 13916 Garvey Avenue, 13904 Corak Street and 3060 Feather Avenue, Baldwin Park, California, APNs 8555-018-002, 8555-018-003, 8555-017-013, 8555-017-021, and 8555-017-026.</u>
5		
6		
7	<u>Merco Group</u>	<u>means Merco Group, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13406.</u>
8		
9		
10	<u>Merco Group Real Property</u>	<u>means the Sci-Arc Real Property and the Sky-Arc Real Property.</u>
11	<u>Merco Group Personal Property</u>	<u>means the cash in East West Bank account number 80360027 in the approximate amount of \$24,898.</u>
12		
13	<u>Meruelo Farms</u>	<u>means Meruelo Farms, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13358.</u>
14		
15		
16	<u>Meruelo Wall Street</u>	<u>means Meruelo Wall Street, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13366.</u>
17		
18	<u>Meruelo Wall Street Real Property</u>	<u>means the real property located at 419 E. 9th Street, Los Angeles, California, APN 5145-011-015.</u>
19		
20	<u>MG 4th Street Center</u>	<u>means Merco Group — 4th Street Center, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13399.</u>
21		
22		
23	<u>MG 4th Street Center Real Property</u>	<u>means the real property located at 900, 910 and 926 E. 4th Street and 405-411 S. Hewitt Street, Los Angeles, California, APNs 5163-022-002, 5163-022-003, 5163-022-001, 5163-022-005, 5163-022-022 and 5163-022-023.</u>
24		
25		
26	<u>MG 146 E. Front Street</u>	<u>means Merco Group — 146 E. Front Street, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13380.</u>
27		
28	<u>MG 425 W. 11th Street</u>	<u>means Merco Group — 425 West 11th Street,</u>

1		<u>LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13400.</u>
2		
3	<u>MG 425 W. 11th Street Real Property</u>	<u>means the real property located at 425 W. 11th Street, Los Angeles, California, APNs 5139-008-010 and 5139-008-001.</u>
4		
5	<u>MG 620 Gladys Avenue</u>	<u>means Merco Group — 620 Gladys Avenue, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13401.</u>
6		
7		
8	<u>MG 801 E. 7th Street</u>	<u>means Merco Group — 801 E. 7th Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13378.</u>
9		
10	<u>MG 801 E. 7th Street Real Property</u>	<u>means the real property located at 648 Stanford Avenue, Los Angeles, California, APN 5147-029-030.</u>
11		
12	<u>MG 1211 E. Washington Boulevard</u>	<u>means Merco Group — 1211 E. Washington Boulevard, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13382.</u>
13		
14		
15	<u>MG 1211 E. Washington Boulevard Real Property</u>	<u>means the real property located at 1211 and 1225 E. Washington Boulevard, Los Angeles, California, APNs 5131-003-002, 5131-003-010, 5131-003-011, and 5131-003-024.</u>
16		
17	<u>MG 1308 S. Orchard</u>	<u>means Merco Group — 1308 S. Orchard, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13384.</u>
18		
19		
20	<u>MG 1308 S. Orchard Real Property</u>	<u>means the real property located at 1308 S. Orchard, Los Angeles, California, APN 5056-004-007.</u>
21		
22	<u>MG 1500 Griffith Avenue</u>	<u>means Merco Group — 1500 Griffith Avenue, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13398.</u>
23		
24	<u>MG 2001-2021 W. Mission Boulevard</u>	<u>means Merco Group — 2001-2021 West Mission Boulevard, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13403.</u>
25		
26		
27	<u>MG 2001-2021 W. Mission Boulevard Encumbered Real Property</u>	<u>means the real property located at 1875 West Mission Boulevard, Pomona, California, APN 8707-019-004.</u>
28		

1	<u>MG 2001-2021 W. Mission Boulevard Unencumbered Real Property</u>	<u>means the real property located on W. Mission Boulevard, Pomona, California, APN 8707-019-005.</u>
2		
3	<u>MG 2040 Camfield Avenue</u>	<u>means Merco Group — 2040 Camfield Avenue, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13375.</u>
4		
5	<u>MG 2529 Santa Fe Avenue</u>	<u>means Merco Group — 2529 Santa Fe Avenue, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13404.</u>
6		
7		
8	<u>MG 2529 Santa Fe Avenue Real Property</u>	<u>means the real property located at 2529 S. Santa Fe Avenue, Los Angeles, California, APN 6302-008-010, also known as Santa Fe Plaza.</u>
9		
10	<u>MG 3185 E. Washington Boulevard</u>	<u>means Merco Group — 3185 E. Washington Boulevard, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13373.</u>
11		
12		
13	<u>MG 3185 E. Washington Boulevard Encumbered Real Property</u>	<u>means the real property located at 3185 E. Washington Boulevard, Los Angeles, California, APN 5169-020-003.</u>
14		
15	<u>MG 3185 E. Washington Boulevard Unencumbered Real Property</u>	<u>means the real property located at 3185 E. Washington Boulevard, Los Angeles, California, APN 5169-023-022.</u>
16		
17	<u>MG 5707 S. Alameda</u>	<u>means Merco Group — 5707 S. Alameda LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13381.</u>
18		
19	<u>MG 5707 S. Alameda Real Property</u>	<u>means the real property located at 5701 S. Alameda Street (1862 E. 55th Street) and 5707 to 5715 S. Alameda Street and 5716 Alba Street, Los Angeles, California, APNs 5105-009-002, 5105-009-008, 5105-011-014, and 5105-011-015.</u>
20		
21		
22		
23	<u>MG Ceres Street Produce</u>	<u>means Merco Group — Ceres Street Produce, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13385.</u>
24		
25	<u>MG Ceres Street Produce Real Property</u>	<u>means the real property located at 758 Ceres Avenue, Los Angeles, California, APNs 5146-003-032, 5146-003-033, 5146-003-034 and 5146-003-035.</u>
26		
27		
28	<u>MG Little J</u>	<u>means Merco Group — Little J, LLC, a California limited liability company and a</u>

1		<u>Debtor in Possession in Chapter 11 Case number 1:09-bk-13405.</u>
2	<u>MG Overland Terminal</u>	<u>means Merco Group — Overland Terminal, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13434.</u>
3		
4		
5	<u>MG Southpark</u>	<u>means Merco Group — Southpark, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13407.</u>
6		
7	<u>MG Southpark Real Property</u>	<u>means the real property located at numerous street addresses, including 1150 S. Grand Avenue, Los Angeles, California, APNs 5139-019-040, 5139-020-016, 5139-020-022, 5139-020-024, 5139-024-003, 5139-024-014, 5139-024-015, and 5139-024-016.</u>
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11	<u>MM 3rd and Omar Street</u>	<u>means Meruelo Maddux — 3rd & Omar Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13359.</u>
12		
13	<u>MM 3rd and Omar Street Real Property</u>	<u>means the real property located at 470 3rd Street, Los Angeles, California, APNs 5147-004-013, 5147-004-016, 5147-004-017 and 5147-004-019.</u>
14		
15		
16	<u>MM 230 W. Avenue 26</u>	<u>means Meruelo Maddux — 230 W. Avenue 26, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13389.</u>
17		
18	<u>MM 230 W. Avenue 26 Real Property</u>	<u>means the real property located at 210-212, and 230 W. Avenue 26, Los Angeles, California, APNs 5205-014-013, 5205-014-017 and 5205-014-018.</u>
19		
20		
21	<u>MM 336 W. 11th Street</u>	<u>means Meruelo Maddux — 336 W. 11th Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13402.</u>
22		
23	<u>MM 336 W. 11th Street Real Property</u>	<u>means the real property located at 336 W. 11th Street, Los Angeles, California, APN 5139-020-025.</u>
24		
25	<u>MM 420 Boyd Street</u>	<u>means Meruelo Maddux — 420 Boyd Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13360.</u>
26		
27		
28	<u>MM 420 Boyd Street Real Property</u>	<u>means the real property located at 420 Boyd</u>

1		<u>Street, Los Angeles, California, APNs</u>
2		<u>5147-006-001, 5147-006-002, 5147-006-003,</u>
3	<u>MM 500 Mateo Street</u>	<u>and 5147-006-008.</u>
4		<u>means Meruelo Maddux — 500 Mateo Street,</u>
5		<u>LLC, a Delaware limited liability company and</u>
6	<u>MM 555 Central Avenue</u>	<u>a Debtor in Possession in Chapter 11 Case</u>
7		<u>number 1:09-bk-13361.</u>
8		<u>means Meruelo Maddux — 555 Central</u>
9	<u>MM 817-825 S. Hill Street</u>	<u>Avenue, LLC, a Delaware limited liability</u>
10		<u>company and a Debtor in Possession in Chapter</u>
11		<u>11 Case number 1:09-bk-13439.</u>
12		<u>means Meruelo Maddux — 817-825 S. Hill</u>
13	<u>MM 817-825 S. Hill Street Real Property</u>	<u>Street, LLC, a Delaware limited liability</u>
14		<u>company and a Debtor in Possession in Chapter</u>
15		<u>11 Case number 1:09-bk-13391.</u>
16		<u>means the real property located at 817 S. Hill</u>
17	<u>MM 845 S. Flower</u>	<u>Street, 325 S. Hill Street, and 820 S. Olive</u>
18		<u>Street, Los Angeles, California, APNs</u>
19		<u>5144-018-021, 5144-018-027, 5144-018-028</u>
20		<u>and 5144-018-032.</u>
21		<u>means Meruelo Maddux — 845 S. Flower</u>
22	<u>MM 915-949 S. Hill Street</u>	<u>Street, LLC, a Delaware limited liability</u>
23		<u>company and a Debtor in Possession in Chapter</u>
24		<u>11 Case number 1:09-bk-21621.</u>
25		<u>means Meruelo Maddux — 915-949 S. Hill</u>
26	<u>MM 915-949 S. Hill Street Real Property</u>	<u>Street, LLC, a Delaware limited liability</u>
27		<u>company and a Debtor in Possession in Chapter</u>
28		<u>11 Case number 1:09-bk-13362.</u>
29		<u>means the real property located at 915-949 S.</u>
30		<u>Hill Street, Los Angeles, California, APNs</u>
31		<u>5139-004-004, 5139-004-005, 5139-004-006,</u>
32		<u>5139-004-007, 5139-004-008, 5139-004-009, 5</u>
33		<u>139-004-020 and 5139-004-024.</u>
34		<u>means Meruelo Maddux -- 1000 E. Cesar</u>
35	<u>MM 1000 E. Cesar Chavez</u>	<u>Chavez, LLC, a Delaware limited liability</u>
36		<u>company and a Debtor in Possession in Chapter</u>
37		<u>11 Case number 1:09-bk-13393.</u>
38		<u>means the real property located at 1000, 1016,</u>
39	<u>MM 1000 E. Cesar Chavez Real Property</u>	<u>1028, and 1030 E. Cesar Chavez, Los Angeles,</u>
40		<u>California, APNs 5410-007-004, 5410-007-022,</u>
41		<u>5410-007-006, and 5410-007-007.</u>
42		<u>means Meruelo Maddux — 2415 E.</u>
43	<u>MM 2415 E. Washington Boulevard</u>	<u>Washington Blvd., LLC, a Delaware limited</u>
44		<u>liability company and a Debtor in Possession in</u>
45		<u>Chapter 11 Case number 1:09-bk-13365.</u>

1	<u>MM 2415 E. Washington Boulevard Real</u>	<u>means the real property located at 2415 E.</u>
2	<u>Property</u>	<u>Washington Boulevard, Los Angeles,</u>
3		<u>California, APN 5168-009-011.</u>
4	<u>MM 5500 Flotilla Street</u>	<u>means Meruelo Maddux — 5500 Flotilla Street,</u>
5		<u>LLC, a Delaware limited liability company and</u>
6		<u>a Debtor in Possession in Chapter 11 Case</u>
7	<u>MM Construction</u>	<u>number 1:09-bk-13367.</u>
8		
9	<u>MM Management</u>	<u>means Meruelo Maddux Construction, Inc., a</u>
10		<u>California corporation, and a Debtor in</u>
11		<u>Possession in Chapter 11 Case number</u>
12	<u>MM Mission Boulevard</u>	<u>1:09-bk-13388.</u>
13		
14	<u>MM Mission Boulevard Real Property</u>	<u>means Meruelo Maddux Management, LLC, a</u>
15		<u>Delaware limited liability company, and a</u>
16	<u>MMP 306-330 N. Avenue 21</u>	<u>Debtor in Possession in Chapter 11 Case</u>
17		<u>number 1:09-bk-13390.</u>
18		
19	<u>MMP 306-330 N. Avenue 21 Real Property</u>	<u>means Meruelo Maddux — Mission Boulevard,</u>
20		<u>LLC, a Delaware limited liability company and</u>
21		<u>a Debtor in Possession in Chapter 11 Case</u>
22	<u>MMP 760 S. Hill Street</u>	<u>number 1:09-bk-13369.</u>
23		
24	<u>MMP 760 S. Hill Street Real Property</u>	<u>means the real property located at 2001-2021</u>
25		<u>W. Mission, Pomona, California, APN</u>
26	<u>MMP 1009 N. Citrus</u>	<u>8707-019-003.</u>
27		
28		<u>means Meruelo Maddux Properties — 306-330</u>
		<u>N. Avenue 21, LLC a Delaware limited liability</u>
		<u>company and a Debtor in Possession in Chapter</u>
		<u>11 Case number 1:09-bk-13370.</u>
		<u>means the real property located at 306-330 N.</u>
		<u>Avenue 21, Los Angeles, California, APNs</u>
		<u>5447-009-003, 5447-009-004, 5447-009-005</u>
		<u>and 5447-009-006.</u>
		<u>means Meruelo Maddux Properties — 760 S.</u>
		<u>Hill Street, LLC, a Delaware limited liability</u>
		<u>company and a Debtor in Possession in Chapter</u>
		<u>11 Case number 1:09-bk-13363.</u>
		<u>means the real property located at 760 S. Hill</u>
		<u>Street and 325 W. 8th Street, Los Angeles,</u>
		<u>California, APNs 5144-014-046 through</u>
		<u>5144-014-139.</u>
		<u>means Meruelo Maddux Properties — 1009</u>
		<u>North Citrus Avenue, Covina, LLC, a Delaware</u>
		<u>limited liability company and a Debtor in</u>
		<u>Possession in Chapter 11 Case number</u>
		<u>1:09-bk-13372.</u>

1	<u>MMP 1009 N. Citrus Real Property</u>	<u>means the real property located at 1009 N. Citrus Avenue, Covina, California, APNs 8421-025-017 and 8421-025-020.</u>
2		
3	<u>MMP 1060 N. Vignes</u>	<u>means Meruelo Maddux Properties — 1060 N. Vignes, LLC a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13374.</u>
4		
5	<u>MMP 1060 N. Vignes Real Property</u>	<u>means the real property located at 1060 N. Vignes, Los Angeles, California, APN 5409-014-001.</u>
6		
7	<u>MMP 1919 Vineburn Street</u>	<u>means Meruelo Maddux Properties — 1919 Vineburn Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13364.</u>
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9		
10	<u>MMP 1919 Vineburn Street Real Property</u>	<u>means the real property located at 1919 Vineburn, Los Angeles, California, APNs 5215-014-005 and 5215-014-006.</u>
11		
12	<u>MMP 2131 Humboldt Street</u>	<u>means Meruelo Maddux Properties — 2131 Humboldt Street, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13371.</u>
13		
14		
15	<u>MMP 2951 Lenwood Road</u>	<u>means Meruelo Maddux Properties — 2951 Lenwood Road, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13383.</u>
16		
17	<u>MMP 2951 Lenwood Road Real Property</u>	<u>means the real property located at 2951 Lenwood Road, Barstow, California, APNs 0421-313-540000, 0421-313-550000, 0421-313-560000, 0421-313-570000, and 0421-313-580000.</u>
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19		
20	<u>MMP 12385 San Fernando Road</u>	<u>means Meruelo Maddux Properties — 12385 San Fernando Road, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13338.</u>
21		
22		
23	<u>MMP 12385 San Fernando Road Real Property</u>	<u>means the real property located at 12361 and 12385 San Fernando Road, Sylmar, California, APNs 2611-007-011, 2611-007-020, and 2611-007-021.</u>
24		
25	<u>MMPI</u>	<u>means Meruelo Maddux Properties, Inc., a Delaware corporation, and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13356.</u>
26		
27		
28	<u>MMPI Acquisition</u>	<u>Means MMPI Acquisition, LLC, a Delaware LLC</u>

1	<u>MMPI Existing Common Stock</u>	<u>means all authorized shares of common stock of MMPI existing as of the Petition Date.</u>
2		
3	<u>MMPLP</u>	<u>means Meruelo Maddux Properties, L.P., a Delaware limited partnership, and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13387.</u>
4		
5	<u>MMP Ventures</u>	<u>means MMP Ventures, LLC, a Delaware limited liability company, and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13392.</u>
6		
7		
8	<u>National Cold Storage</u>	<u>means National Cold Storage, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13376.</u>
9		
10	<u>New Equity</u>	<u>means the shares in Reorganized MMPI issued in connection with the Private Placement or Rights Offering as described in Section IV.E of this Charlestown Plan.</u>
11		
12		
13	<u>Order</u>	<u>means an order or judgment of the Bankruptcy Court as entered on the Docket.</u>
14	<u>Ordinary Course Professionals</u>	<u>means any attorneys, accountants, and other professionals or professional service providers such as public relations and communications consultants, architects, engineers, title companies, surveyors, real estate closing professionals, real estate brokers, environmental consultants, design consultants, information technology consultants, life/safety consultants, property managers, marketing and business consultants utilized by the Debtors in the ordinary course of the Debtors' operation and development of properties and development projects.</u>
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21	<u>Other Priority Claim</u>	<u>means any Claim, other than an Administrative Claim or a Tax Claim, entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code.</u>
22		
23		
24	<u>Person</u>	<u>means any individual, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, association, joint stock company, joint venture, government or political subdivision, official committee appointed by the United States Trustee, unofficial committee of creditors or equity holders, or other entity (as defined in the Bankruptcy Code).</u>
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1	<u>Petition Date</u>	<u>shall have the same meaning as</u>
2		<u>Commencement Date.</u>
3		
4	<u>PNL Pomona</u>	<u>means PNL Pomona, L.P., a Delaware limited</u>
5		<u>partnership.</u>
6	<u>PNL Pomona Collateral</u>	<u>means, collectively, [1] the MG 2001-2021 W.</u>
7		<u>Mission Boulevard Encumbered Real Property,</u>
8		<u>[2] approximately \$946,816 in insurance</u>
9		<u>proceeds received and to be received in</u>
10		<u>connection with property casualties (subject to</u>
11		<u>reductions for Court approved expenditures),</u>
12		<u>and [3] the cash in the amount of \$49,508</u>
13		<u>previously held in an account maintained by</u>
14		<u>PNL for the benefit of MG 2001-2021 W.</u>
15		<u>Mission Boulevard.</u>
16	<u>Postpetition Tax Claims</u>	
17		<u>means Administrative Claims and other Claims</u>
18		<u>by a governmental unit for taxes against any of</u>
19		<u>the Debtor (and for a reasonable rate of interest</u>
20		<u>related to such taxes) for any tax year or period,</u>
21		<u>all or any portion of which occurs or falls</u>
22		<u>within the period from and including the</u>
23		<u>Petition Date through and including the</u>
24		<u>Effective Date.</u>
25	<u>Priority Claim</u>	<u>means an Allowed Claim entitled to priority</u>
26		<u>under Sections 507(a)(3) through 507(a)(7) of</u>
27		<u>the Bankruptcy Code, and includes Priority Tax</u>
28		<u>Claims.</u>
29	<u>Priority Tax Claim</u>	<u>means any unsecured Claim of a governmental</u>
30		<u>unit of the kind specified in Sections 502(i) and</u>
31		<u>507(a)(8) of the Bankruptcy Code.</u>
32	<u>Private Placement</u>	<u>has the meaning ascribed to such term in</u>
33		<u>Section IV.E of this Charlestown Plan.</u>
34	<u>Pro Rata</u>	<u>means, with respect to any Distribution on</u>
35		<u>account of an Allowed Claim or Allowed</u>
36		<u>Interest, a proportionate share, so that the ratio</u>
37		<u>of the consideration distributed on account of</u>
38		<u>an Allowed Claim or Allowed Interest in a</u>
39		<u>Class to the amount of such Allowed Claim or</u>
40		<u>Allowed Interest is the same as the ratio of the</u>
41		<u>amount of the consideration distributed on</u>
42		<u>account of all Allowed Claims or Allowed</u>
43		<u>Interests in such Class to the amount of all</u>
44		<u>Allowed Claims or Allowed Interests in such</u>
45		<u>Class.</u>
46	<u>Property Level Debtors</u>	<u>means any Debtor which held title to real</u>

1		<u>property on the Commencement Date.</u>
2	<u>Quarterly Distribution Date</u>	
3		<u>means the 15th of the first full month after the</u>
4		<u>Effective Date and the 15th of every third</u>
5	<u>Replacement Equity</u>	
6		<u>means shares in Reorganized MMPI issued to</u>
7		<u>Holders of Interests in MMPI on the Effective</u>
8	<u>RULPA</u>	
9		<u>Date excluding any shares in Reorganized</u>
10	<u>Record Date</u>	
11		<u>MMPI issued in connection with the Private</u>
12		<u>Placement or Rights Offering.</u>
13	<u>Record Date Holder</u>	
14		<u>means the Delaware Revised Uniform Limited</u>
15	<u>Reinstated</u>	
16		<u>Partnership Act.</u>
17	<u>Reorganized Debtor</u>	
18		<u>means the date designated by the Bankruptcy</u>
19	<u>Reorganized MMPI</u>	
20		<u>Court set forth in the Disclosure Statement as</u>
21	<u>Retained Claims and Defenses</u>	
22		<u>the date for determining the holders of Claims</u>
23		<u>and Interests entitled to vote to accept or reject</u>
24		<u>the Charlestown Plan.</u>
25		<u>means a holder of MMPI Existing Common</u>
26		<u>Stock as of the Record Date.</u>
27		<u>shall have the meaning set forth in Section</u>
28		<u>1124(2) of the Bankruptcy Code.</u>

1	<u>Santa Fe & Washington Market</u>	<u>means Santa Fe & Washington Market, LLC, a Delaware limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13379.</u>
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3		
4	<u>Santa Fe & Washington Market Encumbered</u>	<u>means the real property located at 1910-1922 Santa Fe Avenue, Los Angeles, California, APNs 5168-005-004 and 5168-005-010.</u>
5	<u>Real Property</u>	
6	<u>Santa Fe & Washington Market Unencumbered</u>	<u>means the real property located at 303 S. Hewitt Street and 2425 E. 12th Street, Los Angeles, California, APNs 5163-012-007, and 5168-003-014.</u>
7	<u>Real Property</u>	
8		
9	<u>Santa Fe Commerce Center</u>	<u>means Santa Fe Commerce Center, Inc., a California corporation and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13368.</u>
10		
11	<u>Santa Fe Commerce Center Real Property</u>	<u>means the real property located at 2445, 2460 and 2535 E. 12th Street, Los Angeles, California, APNs 5168-003-013, 5168-005-021 and 5168-004-001.</u>
12		
13		
14	<u>Santa Fe Commerce Center Personal Property</u>	<u>means the funds deposited by Santa Fe Commerce Center with Berkadia presently in the approximate amount of \$600,000 for and account of the benefit of Santa Fe Commerce Center.</u>
15		
16		
17	<u>Scheduled</u>	<u>means set forth on the Schedules filed by the Debtors in their respective Chapter 11 Cases.</u>
18	<u>Schedules</u>	<u>means the schedules of assets and liabilities filed by any Debtor pursuant to Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any amendments and modifications thereto through the Confirmation Date.</u>
19		
20		
21	<u>SEC</u>	<u>means the United States Securities and Exchange Commission.</u>
22		
23	<u>Secured Claim</u>	<u>means any Claim secured by Collateral to the extent of the value of such collateral, as determined in accordance with Section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of such setoff.</u>
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25		
26		
27	<u>Securities Act</u>	<u>means the Securities Act of 1933, as amended, or any successor statute, and the rules and</u>
28		

1		<u>regulations promulgated thereunder.</u>
2	<u>Service Level Debtors</u>	<u>means MMPI, MMPLP, MMP Ventures, MM</u>
3		<u>Construction, and MM Management.</u>
4	<u>Sci-Arc Real Property</u>	<u>means the real property located at 960 E. 3rd</u>
5		<u>Street, Los Angeles, California, APN</u>
6	<u>Sky Arc Real Property</u>	<u>5163-016-011, owned by Merco Group.</u>
7		<u>means the real property located at 950 E. 3rd</u>
8		<u>Street, Los Angeles, California, APNs</u>
9	<u>Stanford</u>	<u>5163-016-012, 5163-016-013, 5163-016-014,</u>
10	<u>Stanford Collateral</u>	<u>owned by Merco Group.</u>
11	<u>Subscription Agreement</u>	<u>means The Stanford Group, L.P.</u>
12	<u>Treasury Bills</u>	<u>means the 905 8th Street Real Property.</u>
13		<u>has the meaning ascribed to such term in</u>
14	<u>UCB</u>	<u>Section IV.F of this Charlestown Plan.</u>
15	<u>UCB Collateral re 2640 Washington</u>	<u>means the United States Government Securities</u>
16		<u>Treasury Bills with constant maturities as</u>
17	<u>UCB Collateral re Meruelo Wall Street</u>	<u>published in the Federal Reserve Statistical</u>
18		<u>Release H. 15 on the first business day of each</u>
19	<u>Unimpaired</u>	<u>January, April, July and October.</u>
20	<u>Voting Agent</u>	<u>means United Commercial Bank, a division of</u>
21		<u>East West Bank.</u>
22	<u>Voting Deadline</u>	<u>means, collectively, [1] the 2640 Washington</u>
23		<u>Boulevard Real Property</u>
24		<u>and [2] the cash in the East West Bank reserve</u>
25		<u>account bearing account number 80365810 in</u>
26		<u>the approximate amount of \$9,410.</u>
27		<u>means, collectively, [1] the Meruelo Wall Street</u>
28		<u>Real Property and [2] \$480,000 of the \$518,825</u>
		<u>in the East West Bank / UCB interest reserve</u>
		<u>account bearing account number 18296574.</u>
		<u>Other funds in that account are not UCB</u>
		<u>collateral.</u>
		<u>means with reference to a Class of Claims or</u>
		<u>Interests, that the Class is not Impaired. An</u>
		<u>Unimpaired Class is not entitled to vote on the</u>
		<u>Charlestown Plan.</u>
		<u>means the Person designated by the Bankruptcy</u>
		<u>Court to receive and tabulate Ballots and take</u>
		<u>such other actions as specified in the Balloting</u>
		<u>Procedures Order.</u>
		<u>means the date on which Ballots must be</u>

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received by the Voting Agent under the Ballot Procedures Order.

Wall Street Market means Wall Street Market, LLC, a California limited liability company and a Debtor in Possession in Chapter 11 Case number 1:09-bk-13377.

DISCLAIMERS

1 On September , 2010, the Bankruptcy Court entered the Disclosure Statement Order,
2 approving the Charlestown Disclosure Statement as containing adequate information of a kind and
3 in sufficient detail to enable hypothetical, reasonable investors typical of the Debtors' creditors to
4 make an informed judgment whether to accept or reject the Charlestown Plan.

5 APPROVAL OF THE CHARLESTOWN DISCLOSURE STATEMENT DOES NOT
6 MEAN THE BANKRUPTCY COURT HAS RULED ON THE MERITS OF THE
7 CHARLESTOWN PLAN. THE BANKRUPTCY COURT HAS NOT CONFIRMED THE
8 CHARLESTOWN PLAN DESCRIBED IN THE CHARLESTOWN DISCLOSURE
9 STATEMENT, AND THE TERMS OF THE CHARLESTOWN PLAN ARE NOT BINDING ON
10 ANYONE. IF THE BANKRUPTCY COURT CONFIRMS THE CHARLESTOWN PLAN,
11 HOWEVER, THE CHARLESTOWN PLAN WILL BE BINDING ON THE DEBTOR AND ON
12 ALL HOLDERS OF CLAIMS OR INTERESTS IN THOSE CHAPTER 11 CASES WHERE THE
13 PLAN IS CONFIRMED.

14 THE STATEMENTS CONTAINED IN THE CHARLESTOWN DISCLOSURE
15 STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS
16 SPECIFIED HEREIN, AND THE DELIVERY OF THE CHARLESTOWN DISCLOSURE
17 STATEMENT DOES NOT IMPLY THE INFORMATION HAS NOT CHANGED SINCE.
18 HOLDERS OF CLAIMS AND INTERESTS SHOULD CAREFULLY READ THE
19 CHARLESTOWN DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING THE
20 CHARLESTOWN PLAN, BEFORE VOTING.

21 THE CHARLESTOWN DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE
22 BANKRUPTCY COURT, AND IT SUMMARIZES THE TERMS OF THE CHARLESTOWN
23 PLAN. IF THE CHARLESTOWN PLAN AND DISCLOSURE STATEMENT ARE
24 INCONSISTENT, THE CHARLESTOWN PLAN WILL CONTROL. THE CHARLESTOWN
25 DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN
26 TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE CHARLESTOWN
27 PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY
28

1 FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING, OR
2 BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF
3 THE CHARLESTOWN PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR
4 INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THE CHARLESTOWN
5 DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN
6 ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH
7 STATEMENTS WILL REFLECT ACTUAL OUTCOMES. ALL HOLDERS OF CLAIMS AND
8 INTERESTS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS
9 SET FORTH IN ~~ARTICLE XIII OF~~ THE CHARLESTOWN DISCLOSURE STATEMENT
10 BEFORE VOTING TO ACCEPT OR REJECT THE CHARLESTOWN PLAN.

11 WHERE THERE ARE SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS
12 REFERRED TO IN THE CHARLESTOWN DISCLOSURE STATEMENT, SUCH SUMMARIES
13 DO NOT PURPORT TO BE COMPLETE AND DO NOT SUBSTITUTE FOR THE FULL TEXT
14 OF THE APPLICABLE AGREEMENT.

15 THE CHARLESTOWN PROPONENTS ~~BELIEVE~~ DO NOT HAVE ACCESS TO THE
16 DEBTORS' EMPLOYEES, ADVISORS, ATTORNEYS OR INTERNAL DOCUMENTS.
17 THEREFORE, THE CHARLESTOWN PLAN ~~WILL SUCCESSFULLY REORGANIZE THE~~
18 ~~DEBTORS AND THAT CONFIRMATION OF THE CHARLESTOWN PLAN IS IN THE BEST~~
19 ~~INTERESTS OF THE DEBTORS AND THEIR CREDITORS.~~ AND THE CHARLESTOWN
20 DISCLOSURE STATEMENT INCLUDE INFORMATION BASED ON THE DEBTORS'
21 STATEMENTS IN PUBLICLY AVAILABLE DOCUMENTS (SUCH AS FILINGS IN
22 THESE BANKRUPTCY CASES). EXCEPT AS SPECIFICALLY PROVIDED, THE
23 CHARLESTOWN PROPONENTS ~~URGE IMPAIRED HOLDERS OF CLAIMS OR~~
24 ~~INTERESTS TO VOTE TO ACCEPT THE CHARLESTOWN PLAN~~ MAKE NO
25 REPRESENTATIONS REGARDING THE ACCURACY OF THE DEBTORS'
26 STATEMENTS.

27 1. ~~I.~~

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INTRODUCTION

~~Charlestown Capital Advisors, LLC and Hartland Asset Management, Inc. (the "The Charlestown Proponents")~~ are shareholders of ~~Meruelo Maddux Properties, Inc. ("MMPI")~~. The Charlestown Proponents submit the Charlestown Disclosure Statement (~~the "Charlestown Disclosure Statement"~~) to provide Holders of Claims against and Interests in MMPI and/or its 53 related debtor entities (~~each a "Debtor" and, collectively, the "Debtors" or the "Company"~~) with adequate information regarding the Charlestown ~~Proponents' First Amended Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated September 2, 2010, (as the same may be amended, the "Charlestown Plan").~~[†]

~~The Charlestown Proponents do not have access to the Debtors' employees, advisors, attorneys or internal documents. Therefore, the Charlestown Plan and the Charlestown Disclosure Statement include information based on the Debtors' statements in publicly available documents (such as filings in these bankruptcy cases). Except as specifically provided, the Charlestown Proponents make no representations regarding the accuracy of the Debtors' statements.~~ Charlestown Plan. The Charlestown Plan is a coordinated plan of reorganization and not a consolidated plan of reorganization. In other words, except as specifically noted, each of the Debtors will remain a separate entity during and after the Charlestown Plan confirmation process, and the debts and liabilities of each debtor entity will remain attributable to that debtor alone. Accordingly, the Debtors' Claims and Interests are classified on a Debtor-by-Debtor basis, votes will be tabulated on a Debtor-by-Debtor basis, and the Charlestown Plan will be confirmed on a Debtor-by-Debtor basis.

1. OVERVIEW OF THE CHARLESTOWN PLAN

Distribution to Creditors

[†]~~Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Charlestown Plan, a copy of which is attached hereto as Exhibit "A." A term used, but not defined herein or in the Charlestown Plan, but defined in the Bankruptcy Code, has the meaning given to that term in the Bankruptcy Code unless the context of the Charlestown Disclosure Statement clearly requires otherwise. References to code sections are references to the Bankruptcy Code, except as otherwise stated.~~

1 ~~The Charlestown Plan provides for payment of all Claims in full. Under the Charlestown-~~
2 ~~Plan, the Reorganized Debtors will pay Allowed General Unsecured Claims the full value of their~~
3 ~~claim within 30 days of the Effective Date. Secured Claims will also be paid in full but over time~~
4 ~~with interest.~~ Under the Charlestown Plan, MMPI will receive a \$31 million cash investment from
5 MMPI Acquisition and from a Rights Offering made available to existing MMPI shareholders.
6 Along with MMPI's existing cash balance, the \$31 million investment will enable MMPI to make
7 payments creditors and shareholders under the terms of the Charlestown Plan.

8 *Payments to Unsecured Creditors (Non-Insiders)*

9 Except for Insiders and Holders of Guaranty Claims, general unsecured creditors will be
10 paid in full with interest as soon as the Charlestown Plan becomes effective.

11 Non-Insider Holders of Unsecured Claims who do not have contracts that entitle them to
12 receive interest will receive payment in full plus interest from the Petition Date at the Federal
13 Judgment Rate (.64%). Non-Insider Holders of Unsecured Claims who have contracts that entitled
14 them to receive interest will receive payment in full plus interest from the Petition Date at the lesser
15 of (A) 8 percent or (B) 2 percentage points below their contract rate.

16 *Payments to Secured Creditors (Non-Insiders)*

17 Under the Charlestown Plan, Holders of Secured Claims will receive monthly interest
18 payments at 5.25% for four years with full payment on the principal balance four years after the
19 Effective Date. The first six months of interest will be paid in advance on the Effective Date. This
20 treatment will not apply to Holders of Secured Claims who have agreed to another treatment in
21 Bankruptcy Court-approve settlements with the Debtors.

22 ~~*Distribution*~~ *Distributions to Non-Insider MMPI Shareholders*

23 Under the Charlestown Plan, the existing common stock of MMPI will be cancelled and
24 new common stock (in Reorganized MMPI) will be issued. Reorganized MMPI will issue to
25 existing Holders of MMPI Interests one share of stock for each 15 shares of existing common stock
26 of MMPI (a total of approximately 5.9 million shares). Non-Insider Holders of MMPI Interests
27 may elect to receive either (a) ~~\$.16 for each~~ their pro-rata share ~~of MMPI stock; or (b) 1 share~~ (taking
28 into account only Non-Insider Holders) of the approximately 5.9 million shares of Reorganized

1 MMPI Common Stock issued on account of the existing common stock ~~for each~~ shares of MMPI-
2 ~~stock~~ plus the right, ~~limited to accredited investors~~, to participate in a Rights Offering, which rights
3 offering may be modified or limited subject to the terms describe herein; or (b) \$.16 for each share
4 of existing MMPI stock. Non-Insider Holders that fail to make an election will receive the
5 treatment described as option “(a)” in the preceding sentence. Assuming that all Non-Insider
6 Holders elect stock rather than cash, Non-Insider Holders will collectively receive 26% of the stock
7 in Reorganized MMPI (excluding shares issued in the Rights Offering). The total number of shares
8 of Reorganized MMPI will be approximately 22.6 million.

9 The Rights Offering will allow Non-Insider Holders of MMPI Interests to collectively invest
10 \$8 million in Reorganized MMPI. Assuming that the Rights Offering is fully subscribed and
11 assuming that all Non-Insider Holders of MMPI Interests elect stock rather than cash, participants
12 in the Rights Offering will purchase 19% of the stock in Reorganized MMPI for a total of \$8
13 million (i.e., approximately 4.3 million shares at a price of approximately \$1.86 per share).

14 *Distributions to Insider MMPI Shareholders*

15 Insider Holders of MMPI stock will receive \$.16 for each share of stock they hold and will
16 not have the option to receive stock in Reorganized MMPI. If the Bankruptcy Court determines,
17 however, that the Charlestown Plan cannot be confirmed because of the separate classification
18 and/or disparate treatment of Insiders, Insider Holders will be entitled to the same treatment as
19 Non-Insider Holders, and Insider Holders and Non-Insider holders could elect to receive their
20 pro-rata share of the approximately 5.9 million shares of Reorganized MMPI Common Stock issued
21 on account of the existing common stock of MMPI In that event, Insider Holders would receive
22 approximately 13.5% of the stock in Reorganized MMPI and Non-Insider Holders would receive
23 approximately 12.5% of the stock in Reorganized MMPI.

24 *Issuance of New Equity*

25 MMPI will issue approximately 16.7 million shares of additional stock in a Private
26 Placement (to MMPI Acquisition) and at the Rights Offering (to Non-Insider Holders of MMPI
27 Interests). The total purchase price for the new stock will be \$31 million. Assuming that all
28

1 Non-Insider Holders of MMPI Interests elect stock rather than cash, 74% of Reorganized MMPI's
2 stock will be issued in the Private Placement and the Rights Offering.

3 ~~The Rights Offering will allow Non-Insider Holders of MMPI Interests to invest \$8 million~~
4 ~~in Reorganized MMPI.~~ Assuming that the Rights Offering is fully subscribed and assuming that all
5 Non-Insider Holders of MMPI Interests elect stock rather than cash, MMPI Acquisition will
6 purchase 55% of the stock in Reorganized MMPI for \$23 million, participants in the Rights
7 Offering will purchase 19% of the stock in Reorganized MMPI for \$8 million, and the remaining
8 26% will be distributed to Non-Insider Holders of MMPI Interests.

9 *Merger of MMPLP and MMPI*

10 On the Effective Date, MMPLP will be merged into MMPI ~~and MMPLP's equity interests~~
11 ~~will be cancelled.~~ MMPI's equity interests in MMPLP will be cancelled. Holders of LTIP Units
12 shall be entitled to receive, at MMPI's option, either (A) cash; or (B) shares of Reorganized MMPI
13 Common Stock with a value equal to the value of the LTIP Units on the Effective Date.

14 **~~B. EXHIBITS AND ADDITIONAL INFORMATION~~**

15 ~~Attached as Exhibits to the Charlestown Disclosure Statement are copies of the following~~
16 ~~documents:~~

- 17 • ~~The Charlestown Plan (Exhibit A);~~
- 18 • ~~Order of the Bankruptcy Court dated August __, 2010 (the "Disclosure Statement~~
19 ~~Order"), among other things, approving the Charlestown Disclosure Statement and establishing~~
20 ~~certain procedures with respect to the solicitation and tabulation of votes to accept or reject the~~
21 ~~Charlestown Plan (Exhibit B);~~
- 22 • ~~Chart of the Debtors' Corporate Structure; Prepetition List of the Debtors (Exhibit~~
23 ~~C);~~
- 24 • ~~Loan Modification Agreements (Exhibit D);~~
- 25 • ~~The Debtors' Projected Financial Information (Exhibit E);~~
- 26 • ~~The Debtors' Unexpired Leases and Executory Contracts (Exhibit F);~~
- 27 • ~~The Debtors' Liquidation Analysis (Exhibit G);~~
- 28 • ~~The Claims and Interests of the Debtors (Exhibit H);~~

- 1 • ~~_____ List of Administrative Expense Claims (Exhibit H.1)~~
- 2 • ~~_____ List of Class "B" Priority Unsecured Claims (Exhibit H.2);~~
- 3 • ~~_____ List of Class "C" General Unsecured Claims — Tenant Security Deposit~~
- 4 ~~Claims (Exhibit H.3);~~
- 5 • ~~_____ List of Class "C" General Unsecured Claims — Convenience Class (Exhibit~~
- 6 ~~H.4);~~
- 7 • ~~_____ List of Class "C" General Unsecured Claims (Exhibit H.5);~~
- 8 • ~~_____ List of Class "C" Unsecured Guaranty Claims (Exhibit H.6);~~
- 9 • ~~_____ List of Class "D" Intercompany Claims (Exhibit H.7);~~
- 10 • ~~_____ List of Class "E" Interests (Exhibit H.8);~~
- 11 • ~~List of Debtors' Transfers During the 90-Day and One-Year Avoidance Periods-~~
- 12 ~~(Exhibit I);~~
- 13 • ~~Debtors' Property Valuations (Exhibit J);~~
- 14 • ~~Amended and Restated Certificate of Incorporation (Exhibit K);~~
- 15 • ~~Bylaws of Reorganized MMPI (Exhibit L);~~
- 16 • ~~Agreement and Plan of Merger (Exhibit M); and~~
- 17 • ~~Addendum of historical financial information.~~

18 ~~MMPI has filed public reports with the Securities and Exchange Commission ("SEC")-~~
19 ~~which contain additional information about the Company and its historic financial performance.~~
20 ~~The most recent filings are: 10-K for the year ended December 31, 2008 (filed on March 16, 2009),-~~
21 ~~Amended 10-K for the year ended December 31, 2008 (filed on April 30, 2009), 10-Q for the~~
22 ~~quarter ended March 31, 2009 (filed on September 9, 2009), 10-Q for the quarter ended June 30,~~
23 ~~2009 (filed on September 17, 2009) and 10-Q for the quarter ended September 30, 2009 (filed on~~
24 ~~November 9, 2009). On January 19, 2010, MMPI filed its Certification and Notice of Termination~~
25 ~~of Registration under Section 12(g) of the Securities Exchange Act of 1934 or Suspension of Duty~~
26 ~~to File Reports under Section 13 and 15(d) of the Securities Exchange Act of 1934 and accordingly,~~
27 ~~the Debtor is no longer required to file public reports with the SEC.~~

28 ~~You may obtain copies of these documents from:~~

- 1 • The SEC's website www.sec.gov/edgar/searchedgar/companysearch.html; The
- 2 ~~MMPI website (under "Investor Relations") www.meruelomaddux.com/noflash/index.php or~~
- 3 • By requesting them in writing from:

4 Meruelo Maddux Properties, Inc.
5 761 Terminal Street
6 Building 1, 2nd Floor
7 Los Angeles, CA 90021
8 Attn: Mr. Todd Nielsen

9 A Ballot for the acceptance or rejection of the Charlestown Plan is also enclosed with the

10 ~~Charlestown Disclosure Statement submitted to the Holders of Claims and Interests that are entitled~~

11 ~~to vote to accept or reject the Charlestown Plan.~~

12 On [_____], 2010, after notice and a hearing, the Bankruptcy Court entered the

13 ~~Disclosure Statement Order, approving the Charlestown Disclosure Statement as containing~~

14 ~~adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors~~

15 ~~typical of the Debtors' creditors to make an informed judgment whether to accept or reject the~~

16 ~~Charlestown Plan. APPROVAL OF THE CHARLESTOWN DISCLOSURE STATEMENT DOES~~

17 ~~NOT MEAN THE BANKRUPTCY COURT HAS RULED ON THE MERITS OF THE~~

18 ~~CHARLESTOWN PLAN. THE BANKRUPTCY COURT HAS NOT CONFIRMED THE~~

19 ~~CHARLESTOWN PLAN DESCRIBED IN THE CHARLESTOWN DISCLOSURE~~

20 ~~STATEMENT, AND THE TERMS OF THE CHARLESTOWN PLAN ARE NOT BINDING ON~~

21 ~~ANYONE. IF THE BANKRUPTCY COURT CONFIRMS THE CHARLESTOWN PLAN,~~

22 ~~HOWEVER, THE CHARLESTOWN PLAN WILL BE BINDING ON THE DEBTOR AND ON~~

23 ~~ALL HOLDERS OF CLAIMS OR INTERESTS IN THOSE CHAPTER 11 CASES WHERE THE~~

24 ~~PLAN IS CONFIRMED.~~

25 The Disclosure Statement Order describes the deadlines, procedures and instructions for

26 ~~voting to accept or reject the Charlestown Plan and for filing objections to confirmation of the~~

27 ~~Charlestown Plan, and the applicable standards for tabulating Ballots. In addition, detailed voting~~

28 ~~instructions accompany each Ballot. Each Holder of a Claim or Interest entitled to vote on the~~

Charlestown Plan should read the Charlestown Disclosure Statement, the Charlestown Plan, the

1 ~~Disclosure Statement Order and the instructions accompanying the Ballot in their entirety before~~
2 ~~voting on the Charlestown Plan. These documents contain important information concerning the~~
3 ~~classification of Claims for voting purposes and the tabulation of votes. No solicitation of votes to~~
4 ~~accept the Charlestown Plan may be made except under Bankruptcy Code Section 1125.~~

5 **2. ~~C.~~ HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE**

6 This Charlestown Disclosure Statement is part of a package of materials sent to persons
7 from whom votes are being solicited (the “Solicitation Package”). The Solicitation Package
8 includes the Charlestown Disclosure Statement and Charlestown Plan, disclosure statements and
9 plans from other plan proponents, letters from the Official Committee of Unsecured Creditors and
10 the Official Committee of Equity Holders regarding their recommendations, letters from each of the
11 competing plan proponents regarding their views on the various plans, and ballots. The ballots are
12 the method by which Holders of Allowed Claims and Interests may vote on the Charlestown Plan
13 and other competing plans.

14 Only Holders of Allowed Claims or Interests who are impaired and who will receive a
15 distribution under the Charlestown Plan are entitled to vote to accept or reject the Charlestown Plan.
16 Holders of unimpaired Claims or Interests are deemed to accept the Charlestown Plan and are not
17 entitled to vote. Holders of Claims or Interests who receive nothing are deemed to have rejected the
18 Charlestown Plan and are not entitled to vote. ~~For a detailed description of the treatment of Claims~~
19 ~~and Interests under the Charlestown Plan, see Article V of the Charlestown Disclosure Statement.~~

20 The following Classes of Claims and Interests are impaired, and Holders of Allowed Claims
21 and Interests in those Classes will receive distributions under the Charlestown Plan. As a result,
22 Holders of Claims and Interests in those Classes are entitled to vote to accept or reject the
23 Charlestown Plan:

24 • Classes 10A, 11A, 12A, 13A, 14A, 15A, 16A, 18A, 20A, 21A-1, 22A, 24A, 25A,
25 26A, 27A-1, 28A-1, 29A-1, 30A-1, 32A-1, 33A-1, 34A-1, 35A-1, 36A-1, 37A-1, 38A-1, 39A-1,
26 40A-1, 41A-1, 42A-1, 43A-1, 44A-1, 45A-1, 46A-1, 47A-1, 48A-1, 49A-1, 50A-1, 51A-1, 52A-1,
27 53A-1, and 54A-1 (consisting of secured tax Claims against the Debtors);
28

1 • Classes 21A-2, 28A-2, 29A-2, 29A-3, 30A-2, 32A-2, 33A-2, 34A-2, 35A-2, 36A-2,
2 36A-3, 37A-2, 37A-3, 38A-2, 39A-2, 40A-2, 41A-2, 42A-2, 43A-2, 44A-2, 45A-2, 46A-2, 47A-2,
3 48A-2, 49A-2, 50A-2, 50A-3, 51A-2, 51A-3, 52A-2, 53A-2, 54A-2, and 54A-3 (consisting of the
4 Secured Claims of lenders and other secured creditors against each relevant Debtor);

5 • Classes 1C-3, 2C-3, 3C, 4C-2, 5C-2, 6C, 7C, 8C-2, 9C-2, IOC-2, 11C-3, 12C-3,
6 13C-2, 14C-3, 15C-2, 16C-2, 17C, 18C-2, 19C-2, 20C, 21C-3, 22C, 23C, 24C-2, 25C-3, 26C-3,
7 27C-3, 28C-3, 29C-2, 30C-3, 31C-2, 32C, 33C-3, 34C-3, 35C-2, 36C-3, 37C-2, 38C-3, 39C-3,
8 40C-3, 41C-3, 42C-2, 43C-2, 44C-2, 45C-2, 46C-2, 47C-2, 48C-2, 49C-2, 50C-2, 51C-2, 52C-3,
9 53C, and 54C-3 (consisting of the general unsecured Claims against each relevant Debtor);

10 • Class 1E (the Class of Non-Insider Interests of MMPI); and

11 • Class 1F (the Class of Insider Interests of MMPI).

12 The following Classes of the Charlestown Plan are unimpaired. Holders of Claims and
13 Interests in those Classes are not entitled to vote because they are presumed to have accepted the
14 Charlestown Plan:

15 • Classes 1B, 5B, 32B, 33B, 36B and 52B, (consisting of the Priority Unsecured
16 Benefits Claims of present and former employees of each relevant Debtor);

17 • Classes 11C-1, 12C-1, 14C-1, 15C-1, 21C-1, 25C-1, 26C-1, 27C-1, 28C-1, 30C-1,
18 32C-1, 33C-1, 34C-1, 35C-3, 36C-1, 37C-1, 38C-1, 39C-1, 40C-1, 41C-1, 43C-3, 44C-3,
19 46C-1, 48C-3, 49C-3, 52C-1 and 54C-1 (consisting of the unsecured Claims for security deposits of
20 the Debtors' tenants);

21 • Classes 2D through 7D, 9D-35D, and 37D-53D (consisting of the Intercompany
22 Claims);

23 • Classes 3E through 54E (consisting of the Interests of MMPLP, MMP Ventures,
24 LLC ("MMP Ventures"), Meruelo Maddux Construction, Inc. ("MM Construction") and Meruelo
25 Maddux Management, LLC ("MM Management")).

26 The following Class of Interests is being extinguished and, therefore, Holders of Interests in
27 the Class are deemed to reject the Charlestown Plan and are not entitled to vote:

28 Class 2E (Interests in MMPLP).

1 Under the Bankruptcy Code, a Chapter 11 plan of reorganization may be confirmed if each
2 Class of Impaired Claims and Interests votes to accept that plan. Bankruptcy Code Section 1126(c)
3 defines acceptance by a Class of Claims as acceptance by holders of at least two-thirds in dollar
4 amount and more than one-half in number of Allowed Claims in that Class who vote. Under
5 Bankruptcy Code Section 1126(d), a Class of Interests accepts a plan if, of those Holders voting,
6 Holders of two-thirds of the Interests (in amount) vote to accept that plan.

7 A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing,
8 that such acceptance or rejection was not solicited or procured in good faith or in accordance with
9 the provisions of the Bankruptcy Code. For a more detailed description of the requirements for
10 confirmation of the Charlestown Plan, see Article IX of the Charlestown Disclosure Statement.

11 With respect to each Debtor's Chapter 11 Case, a Class of Claims entitled to vote on the
12 Charlestown Plan rejects the Charlestown Plan, the Charlestown Proponents reserve the right to
13 amend the Charlestown Plan or request confirmation of the Charlestown Plan pursuant to Section
14 1129(b) of the Bankruptcy Code or both. Section 1129(b) permits the confirmation of a plan of
15 reorganization notwithstanding the non-acceptance of the Charlestown Plan by one or more
16 impaired Classes of Claims or Interests. Under that Section, a Plan may be confirmed by a
17 Bankruptcy Court if it does not "discriminate unfairly" and is "fair and equitable" with respect to
18 each non-accepting Class. ~~For a~~^A more detailed description of the requirements for confirmation of
19 a nonconsensual Plan, ~~see Article IX of~~ [is found later in](#) the Charlestown Disclosure Statement.

20 For each Debtor, in the event at least one Impaired Class of Claims votes to accept the
21 Charlestown Plan (and at least one Impaired Class either votes to reject the Charlestown Plan or is
22 deemed to have rejected the Charlestown Plan), such Debtor shall request the Bankruptcy Court to
23 confirm the Charlestown Plan under the cramdown provisions of Section 1129(b) of the Bankruptcy
24 Code.

25 **~~D.~~ VOTING PROCEDURES**

26 ~~If you are entitled to vote to accept or reject the Charlestown Plan, in the Chapter 11 Case in~~
27 ~~which you have an Allowed Claim, a Ballot is enclosed for the purpose of voting on the~~
28 ~~Charlestown Plan. If you hold Claims in more than one Class or against more than one Debtor and~~

~~you are entitled to vote each of such claims, you will receive separate Ballots for each case in which
you are entitled to vote and for each separate Class of Claims for which you are entitled to vote.~~

~~Please vote and return your Ballot(s) to:~~

~~{Balloting Agent}~~

~~DO NOT RETURN ANY NOTES OR SECURITIES WITH YOUR BALLOT. TO BE
COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE
CHARLESTOWN PLAN MUST BE RECEIVED BY NO LATER THAN [] P.M., LOS
ANGELES TIME, ON [], 2010. ANY EXECUTED BALLOT RECEIVED THAT DOES
NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE CHARLESTOWN
PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE CHARLESTOWN
PLAN.~~

~~Any Claim in an impaired Class as to which an objection or request for estimation is
pending or which is scheduled by the relevant Debtor as unliquidated, disputed or contingent and
for which no proof of Claim has been filed is not entitled to vote unless the holder of such Claim
has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of
voting on the Charlestown Plan.~~

~~If you are a holder of a Claim entitled to vote on the Charlestown Plan and did not receive a
Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the
Charlestown Disclosure Statement, the Charlestown Plan or the procedures for voting on the
Charlestown Plan, please email the Debtors' counsel at: epreece@lesniekprince.com~~

~~**E. CONFIRMATION HEARING**~~

~~Pursuant to Section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on
[] 2010 commencing at [] Los Angeles Time, before the
Bankruptcy Court, the Honorable Kathleen Thompson, Presiding, Courtroom 301, 21041 Burbank
Blvd., Woodland Hills, California 91367. The Bankruptcy Court may adjourn the Confirmation
Hearing from time to time without further notice except for the announcement of the adjournment
date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.~~

~~Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or number of shares of stock held by the objector. Any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court, the Official Committee of Unsecured Creditors Appointed (the "Creditors Committee") and the Debtors on or before _____, 2010. Objections to confirmation of the Charlestown Plan are governed by Bankruptcy Rule 9014.~~

3. F. NOTICES

All notices, requests and demands hereunder to be effective must be in writing and unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered by U.S. Mail addressed as follows:

COUNSEL TO THE CHARLESTOWN
PROponents
Christopher E. Prince
Lesnick Prince LLP
185 Pier Avenue, Suite 103
Santa Monica, CA 90405

2. H.

DEBTORS' BUSINESS AND OPERATIONS PRIOR TO THE FILING

1. A. CORPORATE HISTORY OF THE DEBTORS

MMPI is the parent company of the fifty-three related Debtor entities that, along with MMPI, filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on March 26 and 27, 2009. ~~A list of each of the~~ The Debtors is attached as part of are listed on Exhibit "C to this Charlestown Disclosure Statement."

MMPI was incorporated in 2006 under the laws of the State of Delaware and is registered with the California Secretary of State to do business in the State of California. Each of the other Debtors was formed under either the laws of the State of Delaware or the laws of the State of California. The Delaware Debtors are registered with the California Secretary of State to do business in the State of California.

1 **2. ~~B.~~ NATURE OF THE DEBTORS' BUSINESS**

2 MMPI, together with its subsidiary operating partnership, MMPLP, and its affiliates and
3 related entities, is a self-managed, full-service real estate company that develops, redevelops and
4 owns industrial, commercial and multi-unit residential real properties primarily located in
5 downtown Los Angeles and other areas in southern California. The Company focuses on unique
6 properties that it believes have an alternate, more profitable use achievable through major
7 renovation, redevelopment or development. The Company's projects are predominantly located in a
8 densely populated urban, multi-ethnic environment and involve numerous local entitlement,
9 property assemblage and physical challenges.

10 The Company is committed to responsible property investing that has economic,
11 environmental and social benefits. Its development activities include urban infill projects that are
12 expected to meet the demands of urban communities and that utilize or upgrade existing
13 infrastructure instead of creating new infrastructure. The Company is known as a "smart growth"
14 developer, and many of the Company's projects are designed to locate businesses, customers and
15 employees close to each other and close to existing public transit systems. The Company is also
16 known as an "incubator" of new businesses, actively seeking development projects in empowerment
17 zones. The Company is very familiar with the social, cultural, business and political issues of land
18 development in Southern California, and especially the Los Angeles area.

19 The Company's business model anticipates the need for time to develop properties and
20 requires the infusion of funds to pay the costs of such development, including the carrying costs.
21 Many of the Company's properties have gone through the land use process to the point where
22 entitlements have been obtained thus increasing the value substantially, but development has been
23 deferred pending an improvement in the credit markets. In summary, the Company's business model
24 contemplates and is based upon the purchase, development and resale of properties, pursuant to
25 which the Company turns over such properties in a relatively short period of time, such as a few
26 years instead of decades, and uses the profit from such properties to fund operations of MMPI and
27 all of its other affiliates and the purchase and development of other properties.

28

1 Currently, the Company owns in excess of forty discrete properties consisting in some cases
2 of a number of parcels, some of which generate income and others of which are in various stages of
3 development. With approximately 80 acres of land, the Company is believed to be the largest
4 non-government land owner in downtown Los Angeles.

5 ~~Properties the Debtors currently own include the following:~~

6 ~~1. 210—212 and 230 West Avenue 26, Los Angeles~~

7 ~~The subject property is owned by Meruelo Maddux 230 W. Avenue 26, LLC ("MM 230 W.~~
8 ~~Avenue 26") and is unencumbered. The property is located at the corner of Humboldt Street and~~
9 ~~West Avenue 26 near the Northeast boundary of downtown Los Angeles. It is comprised of one~~
10 ~~property totaling approximately 1.8 acres of land which has been improved with a group of multi-~~
11 ~~tenant industrial buildings consisting of approximately 67,671 net rentable square feet. As of March~~
12 ~~31, 2010, the improvements were leased to five tenants occupying approximately 30% of the total~~
13 ~~rentable area. Two of the tenants, occupying 33% of the rented space are on month to month~~
14 ~~tenancies. The average occupancy for month to month tenants is 47 months. The largest tenant~~
15 ~~occupies 6.9% of the total area. The property is currently being utilized as an industrial and~~
16 ~~distribution space facility.~~

17 ~~This property is an example of how MMPI services the multitude of business owners and~~
18 ~~their numerous employees who are involved in the (a) design, (b) production and (c) distribution~~
19 ~~sectors of the garment industry in downtown Los Angeles.~~

20 ~~2. 306—330 North Avenue 21, Los Angeles~~

21 ~~The subject property is owned by Meruelo Maddux Properties 306-330 N. Avenue 21, LLC~~
22 ~~("MMP 306-330 N. Avenue 21") and is unencumbered. The property is located near the corner of~~
23 ~~Humboldt Street and North Avenue 21 near the Northeast boundary of downtown Los Angeles. It is~~
24 ~~comprised of approximately 1.1 acres which have been improved with industrial buildings~~
25 ~~consisting of approximately 80,712 net rentable square feet. As of March 31, 2010, the~~
26 ~~improvements were leased to five tenants occupying approximately 30% of the total rentable area.~~
27 ~~All of the tenants are on month to month tenancies. The average occupancy for month to month~~
28

1 tenants is 34 months. The largest tenant occupies 13.4% of the total area. The property is currently
2 being utilized as an industrial and distribution space facility.

3 This property is an example of how MMPI services the multitude of business owners and
4 their numerous employees who are involved in the (a) design, (b) production and (c) distribution
5 sectors of the garment industry in downtown Los Angeles.

6 **3. 1000 East Cesar Chavez, Los Angeles**

7 The subject property is owned by Meruelo Maddux 1000 E. Cesar Chavez, LLC ("MM-
8 1000 E. Cesar Chavez") and is unencumbered. The property is comprised of four separate
9 properties located near the Northeast boundary of downtown Los Angeles. Specifically, properties
10 one and two are located at the corner of East Cesar Chavez Avenue and North Mission Road and
11 properties three and four are located east of the parking lot on East Cesar Chavez Avenue. The
12 subject property is improved with an industrial building, parking lot, and two single family
13 residences and totals approximately 1.6 acres consisting of approximately 50,373 net rentable
14 square feet. As of March 31, 2010, the improvements were leased to seven tenants occupying
15 approximately 17% of the total rentable area. All of the tenants are on month to month tenancies.
16 The average occupancy for month to month tenants is 39 months. The largest tenant occupies 6.6%
17 of the total area. The non-residential portion of the property is currently being utilized as an
18 industrial and distribution space facility.

19 This property is home to an assortment of small business owners prevalent in downtown Los
20 Angeles whereby the Company looks to support and incubate their businesses.

21 **4. 2415 East Washington Boulevard, Los Angeles**

22 The subject property is owned by Meruelo Maddux 2415 E. Washington Blvd., LLC ("MM-
23 2415 E. Washington Boulevard"). As a result of the Debtors' settlement with Imperial Capital Bank,
24 a division of City National Bank, a national banking association ("Imperial") and Bankruptcy Court
25 approval thereof, the property is encumbered by a lien in favor of Imperial. The property is located
26 near the corner of South Santa Fe Avenue and East Washington Boulevard, adjacent to Santa Fe
27 Commerce Center, near the Southeast Industrial part of downtown Los Angeles. It is comprised of
28 one property totaling approximately 0.5 acres which has been improved with an industrial building

1 consisting of approximately 18,500 net rentable square feet. As of March 31, 2010, the
2 improvements were not leased. The property is currently a multi-tenant industrial space facility.

3 This property is intended to be used by an assortment of small business owners prevalent in
4 downtown Los Angeles whereby the Company looks to support and incubate their businesses.

5 **5. 1211 East Washington Boulevard, Los Angeles**

6 The subject property is owned by Merco Group 1211 E. Washington Boulevard, LLC ("MG
7 1211 East Washington Boulevard") and is unencumbered. The property is located at the corner of
8 Washington Boulevard and South Central Avenue just south of the Interstate 10 Freeway in
9 downtown Los Angeles. It is comprised of three properties totaling approximately 2.0 acres which
10 have been improved with a multi-tenant industrial building and a retail plaza consisting of
11 approximately 113,479 net rentable square feet. The third property is a parking lot. As of March 31,
12 2010, the improvements were leased to seven tenants occupying approximately 73.2% of the total
13 rentable area. Two of the tenants, occupying 46% of the rented space are on month to month
14 tenancies. The average occupancy for month to month tenants is 35 months. The largest tenant
15 occupies 31.6% of the total area. The property is currently being utilized primarily as a garment
16 manufacturing space.

17 This property is an example of how MMPI services the multitude of business owners and
18 their numerous employees who are involved in the (a) design, (b) production and (c) distribution
19 sectors of the garment industry in downtown Los Angeles.

20 **6. 13853, 13822 and 13916 Garvey Avenue, 13904 Corak Street and 3060
21 Feather Avenue, Baldwin Park**

22 The subject property is owned by Meruelo Baldwin Park, LLC and is unencumbered. The
23 property is located at the intersection of Francisquito Avenue and the Interstate 10 Freeway in
24 Baldwin Park, California. It is comprised of approximately 6.3 acres of land and improvements
25 containing approximately 3,878 net rentable square feet which include two single family
26 residences. As of March 31, 2010, the improvements were leased to three tenants occupying
27 approximately 100% of the total rentable area. All of the tenants are on month to month tenancies.
28 The average occupancy for month to month tenants is 43 months. The largest tenant occupies 40.3-

1 ~~% of the total building area. The largest component of this property is unimproved land~~
2 ~~immediately adjacent to the Interstate 10 Freeway.~~

3 ~~This property is intended to be a retail development as a compliment to the garment,~~
4 ~~produce, multi-tenant and residential activities of MMPI.~~

5 ~~**7. 1910-1922 Santa Fe Avenue, 2425 East 12th Street and 303 South**~~
6 ~~**Hewitt, Los Angeles**~~

7 ~~The subject property is owned by Santa Fe & Washington Market, LLC ("Santa Fe &~~
8 ~~Washington Market"). The subject property includes three separate properties of which one is~~
9 ~~located in the Arts District of downtown Los Angeles at 303 South Hewitt Street and two of which~~
10 ~~are located adjacent to the Santa Fe Commerce Center at 1910-1922 Santa Fe Avenue and 2425~~
11 ~~East 12th Street in downtown Los Angeles. The property located at 303 South Hewitt Street has~~
12 ~~been improved with a fifty-four unit apartment building. The two industrial buildings located at~~
13 ~~1910-1922 Santa Fe Avenue and at 2425 East 12th Street contain approximately 52,040 net rentable~~
14 ~~square feet in the aggregate. As of March 31, 2010, the improvements were leased to forty-six~~
15 ~~tenants occupying approximately 80% of the total rentable area. Forty-two of the tenants, occupying~~
16 ~~27% of the rented space are on month to month tenancies. The average occupancy for month to~~
17 ~~month tenants is 47 months. The largest tenant occupies 27.2% of the total area.~~

18 ~~Pursuant to a settlement with Imperial, the properties located at 1910-1922 Santa Fe Avenue~~
19 ~~are encumbered by a lien in favor of Imperial.~~

20 ~~The property at 1910-1922 Santa Fe Avenue is an example of how MMPI services the~~
21 ~~multitude of business owners and their numerous employees who are involved in the (a) design, (b)~~
22 ~~production and (c) distribution sectors of the garment industry in downtown Los Angeles. The~~
23 ~~property at 2425 East 12th Street is tenanted by small business owners prevalent in downtown Los~~
24 ~~Angeles whereby the Company looks to support and be a helping hand in incubating their~~
25 ~~businesses. The property at 303 S Hewitt is an example of how the Company focuses its expertise~~
26 ~~and downtown knowledge base on supplying residential units to individuals. This effort is geared~~
27 ~~towards (a) high density urban in-fill, (b) transit oriented and/or (c) affordable development of~~
28 ~~residences.~~

1 **8. ~~5701 and 5707 – 5715 South Alameda Street and 5016 Alba Street, Los~~**
2 **~~Angeles~~**

3 ~~The subject property is owned by Merco Group – 5707 S. Alameda, LLC (“MG 5707 S.~~
4 ~~Alameda”) and is unencumbered. The property is located in a major trucking thoroughfare~~
5 ~~immediately south of downtown Los Angeles. It is comprised of two separate properties totaling~~
6 ~~approximately 1.9 acres of which one property has been improved with a multi-tenant industrial~~
7 ~~building consisting of approximately 55,729 net rentable square feet. The second property includes~~
8 ~~an additional non-contiguous land parcel one block away that can be utilized as pallet storage. As of~~
9 ~~March 31, 2010, the improvements were leased to five tenants occupying approximately 51.0% of~~
10 ~~the total rentable area. A sixth tenant leases the pallet storage area. Four of the tenants, occupying~~
11 ~~96% of the rented space are on month to month tenancies. The average occupancy for month to~~
12 ~~month tenants is 35 months. The largest tenant occupies 19.9% of the total area. The property is~~
13 ~~currently being utilized as a multi-tenant industrial space facility.~~

14 ~~This property is an example of how MMPI services the multitude of business owners and~~
15 ~~their numerous employees who are involved in the (a) design, (b) production and (c) distribution~~
16 ~~sectors of the garment industry in downtown Los Angeles.~~

17 **9. ~~3rd & Omar Street, Los Angeles~~**

18 ~~The subject property is owned by Meruelo Maddux – 3rd & Omar Street, LLC (“MM 3rd &~~
19 ~~Omar Street”) and is encumbered by a lien in favor of Legendary Investors Group No. 1, LLC, as~~
20 ~~successor to East West Bank (“Legendary”). The property is located at 3rd & Omar Streets near the~~
21 ~~Little Tokyo area of downtown Los Angeles. It is comprised of two properties totaling~~
22 ~~approximately 0.5 acres of which one has been improved with a multi-tenant building consisting of~~
23 ~~approximately 23,298 net rentable square feet and the other is being utilized as a parking lot. As of~~
24 ~~March 31, 2010, the improvements were leased to one tenant occupying approximately 10.0% of~~
25 ~~the total rentable area. The tenant is on a month to month tenancy. The average occupancy for~~
26 ~~month to month tenants is 34 months. The ground floor of this property, where the current tenant is~~
27 ~~located, is currently being utilized as retail/wholesale storefront facility.~~

1 ~~This property is intended to be used by an assortment of small business owners prevalent in~~
2 ~~downtown Los Angeles whereby the Company looks to support and incubate their businesses.~~

3 ~~**10. 420 Boyd Street, Los Angeles**~~

4 ~~The subject property is owned by Meruelo Maddux—420 Boyd Street, LLC ("MM 420~~
5 ~~Boyd Street") and is encumbered by a lien in favor of Legendary. The property is located at 420~~
6 ~~Boyd Street near the Little Tokyo area of downtown Los Angeles. It is comprised of two properties~~
7 ~~totaling approximately 0.6 acres which have been improved with a multi-tenant building consisting~~
8 ~~of approximately 47,806 net rentable square feet and a parking lot. As of March 31, 2010, the~~
9 ~~improvements were leased to eleven tenants occupying approximately 57% of the total rentable~~
10 ~~area. Six of the tenants, occupying 67% of the rented space are on month to month tenancies. The~~
11 ~~average occupancy for month to month tenants is 94 months. The largest tenant occupies 12.6% of~~
12 ~~the total area. The property is currently being utilized as multi-tenant office space, a restaurant~~
13 ~~facility and a parking lot.~~

14 ~~This property is intended to be used by an assortment of small business owners prevalent in~~
15 ~~downtown Los Angeles whereby the Company looks to support and incubate their businesses.~~

16 ~~**11. 760 South Hill Street, and 325 West 8th Street, Los Angeles (The Union**~~
17 ~~**Lofts)**~~

18 ~~The subject property is owned by Meruelo Maddux Properties—760 South Hill Street, LLC~~
19 ~~("MMP 760 S. Hill Street") and is encumbered by a lien in favor of Bank of America, N.A.~~
20 ~~("BofA"). The property is located at the corner of West 8th Street and South Hill Street in~~
21 ~~downtown Los Angeles. It is comprised of one property totaling approximately 0.3 acres which has~~
22 ~~been improved with a ninety-two unit condominium building currently in lease-up. The building is~~
23 ~~newly restored and converted former bank headquarters originally built in the 1920s consisting of~~
24 ~~approximately 94,270 net rentable square feet. Space located on the ground floor is intended for a~~
25 ~~restaurant tenant. As of March 31, 2010, the improvements are leased to sixty-nine tenants~~
26 ~~occupying approximately 5.77% of the total rentable area.~~

1 This property is an example of how the Company focuses its expertise and downtown
2 knowledge base on supplying residential units to individuals. This effort is geared towards (a) high
3 density urban in-fill, (b) transit oriented and/or (c) affordable development of residences.

4 **12. 788 South Alameda, Los Angeles**

5 The subject property is owned by 788 South Alameda, LLC ("788 South Alameda") and is
6 encumbered by a lien in favor of California Bank & Trust. The property is located at 788 South
7 Alameda Street across the street from Alameda Square in downtown Los Angeles. It is comprised
8 of one property totaling approximately 2.3 acres which has been improved with a newly constructed
9 modern produce market that is home to numerous small produce tenants consisting of
10 approximately 33,984 net rentable square feet. As of March 31, 2010, the improvements were
11 leased to twenty four tenants occupying approximately 75% of the total rentable area. All of the
12 tenants are on month to month tenancies. The average occupancy for month to month tenants is 17
13 months. The property is currently being utilized as a small tenant produce industry space with
14 coolers.

15 This property is an example of the Company's (a) significant expertise and presence and (b)
16 focus on providing tailored solutions for a variety of space needs of the many small businesses in
17 the food and produce distribution industry in downtown Los Angeles.

18 **13. 905 8th Street, Los Angeles**

19 The subject property is owned by 905 8th Street, LLC ("905 8th Street") and is encumbered
20 by a lien in favor of The Stanford Group, L.P. ("Stanford"). The property is located at 905 8th Street
21 in downtown Los Angeles. It is comprised of one property totaling approximately 0.9 acres which
22 has been improved with a multi-tenant industrial building consisting of approximately 28,200 net
23 rentable square feet. As of March 31, 2010, the improvements were leased to seven tenants
24 occupying approximately 23.6 % of the total rentable area. All of the tenants are on month to month
25 tenancies. The average occupancy for month to month tenants is 23 months.

26 This property is an example of the Company's (a) significant expertise and presence and (b)
27 focus on providing tailored solutions for a variety of space needs of the many small businesses in
28 the food and produce distribution industry in downtown Los Angeles.

1 **14. Alameda Produce Market, Los Angeles (Including Alameda Square and**
2 **Seventh Street Produce Market)**

3 The subject property is owned by Alameda Produce Market, LLC ("Alameda Produce
4 Market") and includes (a) four industrial buildings totaling 1,585,816 square feet of net rentable
5 area on approximately 20.2 acres that is home to American Apparel ("Alameda Square"), (b) a
6 multi-tenant produce market known as the Seventh Street Produce Market with 122,120 square feet
7 of net rentable area, (c) an unencumbered parking structure located at 1215 East 7th Street whose
8 use has been donated to the Center City East Association to provide aid to homeless people and (d)
9 an unencumbered parking lot located at 1339 East 7th Street that is subject to an eminent domain
10 proceeding with the MTA. The Alameda Square and Seventh Street Produce Market properties are
11 subject to a lien in favor of Cathay Bank ("Cathay").

12 In regards to Alameda Square it is 59.3% occupied with eleven tenants and the largest tenant
13 is American Apparel who leases more than 55% of the area.

14 In regards to the Seventh Street Produce Market it is 65.3% leased. A significant portion of
15 the vacant space is unusable currently and is in the process of being approved to be improved so
16 that it can be leased.

17 Alameda Square has been an example of two characteristics of MMPI's overall operations:

18 First, it serves as an example of how MMPI incubates small business owners in the case of
19 American Apparel that now occupies more than 10 times more space than it initially did and
20 employs approximately 5,000 workers daily at Alameda Square. Second, it is an example of how
21 the Company services business owners and their numerous employees who are involved in the (a)
22 design, (b) production and (c) distribution sectors of the garment industry in downtown Los
23 Angeles. Seventh Street Produce Market is an example of the Company's (a) significant expertise
24 and presence and (b) focus on providing tailored solutions for a variety of space needs of the many
25 small businesses in the food and produce distribution industry in downtown Los Angeles. The
26 portion of the property located at 1339 East 7th Street is currently the subject of litigation between
27 Alameda Produce Market and the Metropolitan Transit Authority ("MTA") which initiated eminent
28 domain proceedings. The Company asserted that the MTA did not properly pursue such

1 ~~proceedings and the MTA's case was dismissed. The case has been appealed by the MTA and~~
2 ~~Alameda Produce Market believes it has claims against the MTA for, among other things, the value~~
3 ~~of the Company's lost use of the property during the numerous years that the property has been~~
4 ~~possessed by the MTA. In the event the MTA is successful in taking the property, the Company will~~
5 ~~have a Claim against the MTA for the fair value thereof, among other things less amounts~~
6 ~~previously paid to lenders.~~

7 **15. 1500 Griffith Avenue, Los Angeles**

8 The subject property is owned by Merco Group—1500 Griffith Avenue, LLC ("MG 1500-
9 Griffith Avenue"). The property is located at the corner of Griffith Avenue and East 16th Street in
10 downtown Los Angeles. It is comprised of two separate properties totaling approximately 2.0 acres
11 which have been improved with two buildings consisting of approximately 50,058 net rentable
12 square feet. One property is encumbered by a lien in favor of Yoshiaki & Fumiko Murakami and
13 the other property is encumbered by a lien in favor of Legendary. As of March 31, 2010, the
14 improvements were leased to three tenants occupying approximately 100% of the total rentable
15 area. One of the tenants, occupying 12% of the rented space is on a month to month tenancy. The
16 average occupancy for month to month tenants is 39 months. One lease is subject to renewal in
17 2011. The largest tenant occupies 60% of the total area. The property is currently being utilized as a
18 distribution facility.

19 This property is an example of how MMPI services the multitude of business owners and
20 their numerous employees who are involved in the (a) design, (b) production and (c) distribution
21 sectors of the garment industry in downtown Los Angeles.

22 **16. 1919 Vineburn Street, Los Angeles**

23 The subject property is owned by Meruelo Maddux Properties—1919 Vineburn Street, LLC
24 ("MMP 1919 Vineburn Street") and is encumbered by a lien in favor of Imperial. The property is
25 located at 1919 Vineburn Street just north of downtown Los Angeles. It is comprised of one
26 property totaling approximately 5.8 acres which has been improved with a single tenant distribution
27 building consisting of approximately 122,345 net rentable square feet. As of March 31, 2010, the
28

1 ~~improvements were 100% leased to one tenant. The property is currently being utilized as a~~
2 ~~single tenant distribution space facility.~~

3 ~~This property is an example of how MMPI services the multitude of business owners and~~
4 ~~their numerous employees who are involved in the (a) design, (b) production and (c) distribution~~
5 ~~sectors of the garment industry in downtown Los Angeles.~~

6 ~~**17. 2131 Humboldt Street, Los Angeles**~~

7 ~~The subject property is owned by Meruelo Maddux Properties – 2131 Humboldt Street, LLC~~
8 ~~("MMP 2131 Humboldt Street") and is partially encumbered by a lien in favor of Vahan & Anoush~~
9 ~~Chamlian ("Chamlian"). The subject property is located at the corner of Interstate 5 Freeway and~~
10 ~~Humboldt Street near the Northern boundary of downtown Los Angeles. It is comprised of~~
11 ~~approximately 6.0 acres which has been partially improved with industrial buildings consisting of~~
12 ~~approximately 31,319 net rentable square feet. The largest component of this property is~~
13 ~~unimproved land, which is encumbered and located at 2131 Humboldt Street and contains~~
14 ~~approximately 214,000 square feet of land with no improvements. This portion of the property is~~
15 ~~used from time to time for film shoots and associated parking.~~

16 ~~The unencumbered portion is located at 336-346 and 350-354 North Avenue 21. It contains~~
17 ~~approximately 17,415 square feet of land and improvements containing approximately 14,668~~
18 ~~square feet of space. As of March 31, 2010, the improvements were leased to one tenant occupying~~
19 ~~approximately 17% of the total rentable area. The tenant is on a month to month tenancy. The~~
20 ~~average occupancy for month to month tenants is 44 months. The improved portion of the property~~
21 ~~is currently being utilized as an industrial and distribution space facility.~~

22 ~~This property represents a large scale redevelopment site that could be redeveloped in a~~
23 ~~variety of ways to satisfy the developing needs of downtown Los Angeles space users both by itself~~
24 ~~or with other properties located in the same area and owned by other Debtors.~~

25 ~~**18. 2529 Santa Fe Avenue, Vernon (Santa Fe Plaza)**~~

26 ~~The subject property is owned by Merco Group — 2529 Santa Fe Avenue, LLC ("MG 2529~~
27 ~~Santa Fe Avenue") and is encumbered by a lien in favor of 1248 Figueroa Street, LLC ("1248~~
28 ~~Figueroa"). The property is located in Vernon, California totaling approximately 1.3 acres which~~

1 has been improved with a newly constructed retail plaza that opened in 2009' consisting of
2 approximately 16,000 net rentable square feet. As of March 31, 2010, a portion of the
3 improvements were leased to a restaurant occupying approximately 29.4% of the total rentable area
4 with the lease expiring on April 30, 2013. The property is currently in lease up.

5 This property is an example of the development of urban in-fill property to satisfy the
6 sometimes non-institutional needs of small businesses in downtown Los Angeles.

7 **19. 2640 East Washington Boulevard, Los Angeles (Washington Produce**
8 **Market)**

9 The subject property is owned by 2640 Washington Boulevard, LLC ("2640 Washington
10 Boulevard") and is encumbered by a lien in favor of East West Bank as successor to United
11 Commercial Bank ("UCB"). The property is located at 2640 East Washington Boulevard just south
12 of downtown Los Angeles. It is comprised of one property totaling approximately 2.8 acres which
13 has been improved with a newly constructed modern produce center consisting of approximately
14 31,876 net rentable square feet. As of March 31, 2010, the improvements were leased to
15 twenty-eight tenants occupying approximately 88.0% of the total rentable area. Twenty-seven of the
16 tenants, occupying 97% of the rented space, are on month to month tenancies. The average
17 occupancy for month to month tenants is 15 months. The largest tenant occupies 17.8% of the total
18 area. The property is currently being utilized as a small-tenant produce industry space with coolers.

19 This property is an example of the Company's (a) significant expertise and presence and (b)
20 focus on providing tailored solutions for a variety of space needs of the many small businesses in
21 the food and produce distribution industry in downtown Los Angeles.

22 **20. 2951 Lenwood Road, Barstow (Barstow Produce Center)**

23 The subject property is owned by Meruelo Maddux Properties – 2951 Lenwood Road, LLC
24 ("MMP 2951 Lenwood Road") and is encumbered by a secured lien in favor of FNBN-CMLCOM
25 I, LLC ("FNBN"). The property is located at the intersection of Lenwood Road and the Interstate 15
26 Freeway in Barstow, California. It is comprised of several properties totaling 75.0 acres which has
27 been partially improved with three buildings consisting of approximately 261,650 net rentable
28 square feet. The three buildings are comprised of a single-tenant cross-dock building, a truck

1 maintenance building, and a newly constructed multi-tenant cold storage building for
2 produce tenants. As of March 31, 2010, the improvements were not leased.

3 This property is an example of the Company's (a) significant expertise and presence and (b)
4 focus on providing tailored solutions for a variety of space needs of the many small businesses in
5 the food and produce distribution industry.

6 **21. 3185 East Washington Boulevard, Los Angeles (Washington Cold**
7 **Storage)**

8 The subject property is owned by Merco Group—3185 E. Washington Boulevard, LLC
9 ("MG 3185 E. Washington Boulevard"). The property is commonly known as 3185 East
10 Washington Boulevard in downtown Los Angeles. It is comprised of two parcels. The main, largest
11 parcel is encumbered by a lien in favor of Chinatrust Bank (U.S.A.) ("Chinatrust"), and totals
12 approximately 2.7 acres which has been improved with a cold storage facility consisting of
13 approximately 59,000 net rentable square feet. As of March 31, 2010, the improvements were
14 leased to a tenant occupying 100% of the total rentable area. The property is currently being utilized
15 as a single-tenant cold storage facility. MG 3185 E. Washington Boulevard also owns a small parcel
16 across Washington Boulevard which is unencumbered.

17 This property is an example of the Company's (a) significant expertise and presence and (b)
18 focus on providing tailored solutions for a variety of space needs of the many small businesses in
19 the food and produce distribution industry in downtown Los Angeles.

20 **22. 620, 643 and 644 South Gladys Avenue, 830–838 East 6th Street and 647**
21 **–649 Ceres Avenue, Los Angeles**

22 The subject property is owned by Merco Group 620 Gladys Avenue, LLC ("MG 620 Gladys
23 Avenue") and is partially encumbered by a lien in favor of Legendary. The property generally is
24 located at the corner of South Gladys Avenue and East 6th Street in the Seafood District of
25 downtown Los Angeles. The property has been improved with several buildings housing numerous
26 small businesses and an educational/daycare facility. The encumbered portion of the property is
27 located at 620 S. Gladys Avenue, 830–838 East 6th Street and 647–649 Ceres Avenue. It contains
28 approximately 107,795 square feet of land and improvements totaling approximately 73,253 square

1 feet of space. It is being primarily used as a multi-tenant seafood/produce distribution facility. The
2 unencumbered portion of the property is located at 643 and 644 S. Gladys Avenue and contains
3 approximately 17,400 square feet of land and improvements containing approximately 16,535
4 square feet of space. It is being used as a multi-tenant distribution space facility. As of March 31,
5 2010, the improvements on the subject property were leased to six tenants occupying approximately
6 78.0% of the total rentable area. Two of the tenants, occupying 46% of the rented space are on
7 month to month tenancies. The average occupancy for month to month tenants is 24 months. The
8 largest tenant occupies 15.7% of the total area.

9 This property is an example of the Company's (a) significant expertise and presence and (b)
10 focus on providing tailored solutions for a variety of space needs of the many small businesses in
11 the food and produce distribution industry in downtown Los Angeles.

12 **23. 2001-2021 West Mission Boulevard, Pomona**

13 The subject property is owned by Meruelo Maddux—Mission Boulevard, LLC ("MM-
14 Mission Boulevard") and is encumbered by a lien in favor of Kennedy Funding, Inc. ("Kennedy").
15 The property is located adjacent to 1875 West Mission Boulevard in Pomona, California. It is
16 comprised of one property totaling approximately 14.7 acres which has been improved with a
17 three-story, single-tenant, office building consisting of approximately 242,042 net rentable square
18 feet. As of March 31, 2010, the improvements were not leased.

19 This property represents a large-scale redevelopment site that could be redeveloped in a
20 variety of ways to satisfy the developing needs of Los Angeles space users.

21 **24. 1124 South Olive, 1117-1119 South Olive and 218 W. 11th Street, Los**
22 **Angeles**

23 The subject property is owned by Merco Group Little J, LLC ("MG Little J"). It is
24 comprised of three separate properties, located on both sides of the 1100 block of South Olive
25 Street in the South Park area of downtown Los Angeles. The western portion, which is encumbered
26 by a lien in favor of Legendary, is improved with a building occupied by a restaurant tenant
27 consisting of approximately 11,829 net rentable square feet. The remaining two properties, which
28

1 ~~are unimproved and unencumbered, are currently being utilized as parking lots. As of March 31,~~
2 ~~2010, the improvements were leased to a restaurant occupying 100% of the total rentable area.~~

3 ~~As a compliment to the commercial real estate activities of MMPI, the Company also~~
4 ~~focuses its expertise and downtown knowledge base on supplying residential units to individuals.~~
5 ~~This effort is geared towards (a) high density urban in-fill, (b) transit oriented and/or (c) affordable~~
6 ~~development of for rent or for sale product. This property is intended to be redeveloped for such~~
7 ~~uses.~~

8 **~~25. 950 and 960 E. 3rd Street, Los Angeles~~**

9 ~~The subject property is owned by Merco Group, LLC ("MG") and is encumbered by two~~
10 ~~liens in favor of Legendary, each on separate parcels. The two properties are located at the corner~~
11 ~~of East 3rd Street and South Santa Fe Avenue in the Arts District of downtown Los Angeles. It is~~
12 ~~comprised of two separate properties totaling approximately 10.5 acres of which one has been~~
13 ~~improved with a building occupied by the Southern California Institute of Architecture ("Sci-Are")~~
14 ~~consisting of approximately 81,741 net rentable square feet. The second property consists of~~
15 ~~unimproved land which is entitled for 635 residential units and a portion of which is currently being~~
16 ~~partially utilized as parking lot for Sci-Are student parking. As of March 31, 2010, the building was~~
17 ~~leased to Sci-Are occupying approximately 100% of the total rentable area. Sci-Are exercised its~~
18 ~~option to extend its lease. The Debtor and Sci-Are have entered into an agreement for the purchase~~
19 ~~by Sci-Are of the property where the building is located and the parking lot.~~

20 ~~As a compliment to the commercial real estate activities of MMPI, the Company also~~
21 ~~focuses its expertise and downtown knowledge base on supplying residential units to individuals.~~
22 ~~This effort is geared towards (a) high density urban in-fill, (b) transit oriented and/or (c) affordable~~
23 ~~development of for rent or for sale product. This land portion of this property is intended to be~~
24 ~~redeveloped for such uses.~~

25 **~~26. 815 East Temple Street, 210 Center Street and 729 East Temple Street,~~**
26 **~~Los Angeles (Center Village)~~**

27 ~~The subject property is owned by Meruelo Farms, LLC ("Meruelo Farms") and is~~
28 ~~encumbered by liens in favor of Imperial (on 815 East Temple Street) and Pacific Commerce Bank~~

1 (~~"PCB"~~), on ~~729 East Temple Street~~. The property is comprised of multiple properties totaling
2 approximately 5.3 acres of which 815 East Temple Street has been improved by a cold storage and
3 processing facility and 729 East Temple Street has been improved by industrial buildings. The
4 subject properties consist of approximately 176,628 net rentable square feet. The unimproved

5 ~~As of March 31, 2010, the improvements at 815 East Temple Street were partly leased to a~~
6 ~~food processing tenant occupying approximately 14% of the total rentable area. 815 East Temple is~~
7 ~~an example of the Company's (a) significant expertise and presence and (b) focus on providing~~
8 ~~tailored solutions for a variety of space needs of the many small businesses in the food and produce~~
9 ~~distribution industry in downtown Los Angeles. 729 East Temple is intended to be a home to a large~~
10 ~~assortment of small business owners prevalent in downtown Los Angeles whereby the Company~~
11 ~~looks to support and incubate their businesses.~~

12 **~~27. 833 Wall Street (Wall Street Market), Los Angeles~~**

13 ~~The subject property is owned by Meruelo Wall Street, LLC ("Meruelo Wall Street") and is~~
14 ~~encumbered by a lien in favor of East West as successor to UCB. The property is located at the~~
15 ~~intersection of East 9th Street and Wall Street in the Garment District of downtown Los Angeles. It~~
16 ~~is comprised of one property totaling approximately 2.1 acres which has been improved with a~~
17 ~~multi-tenant building consisting of approximately 98,245 net rentable square feet and rooftop~~
18 ~~parking. As of March 31, 2010, the improvements were leased to fifty five tenants occupying~~
19 ~~approximately 94% of the total rentable area. All of the tenants are on month to month tenancies.~~
20 ~~The average occupancy for month to month tenants is 45 months. The property is currently being~~
21 ~~utilized as a garment wholesale and retail and office space facility.~~

22 ~~This property is an example of how MMPI services the multitude of business owners and~~
23 ~~their numerous employees who are involved in the (a) design, (b) production and (c) distribution~~
24 ~~sectors of the garment industry in downtown Los Angeles.~~

25 **~~28. 1875 West Mission Boulevard, Pomona~~**

26 ~~The subject property is owned by Merco Group — 2001 — 2021 West Mission Boulevard,~~
27 ~~LLC ("MG 2001 — 2021 West Mission Boulevard") a part of which is encumbered by a lien in~~
28

1 ~~favor of PNL Pomona.² The property is located at 1875 West Mission Boulevard in Pomona, CA. It~~
2 ~~is comprised of two properties totaling approximately 27.7 acres on which is presently located an~~
3 ~~industrial building consisting of approximately 424,309 net rentable square feet. As of March 31,~~
4 ~~2010, the improvements were not leased.~~

5 This property represents a large scale redevelopment site that could be redeveloped in a
6 variety of ways to satisfy the developing needs of Pomona space users.

7 **~~29. Santa Fe Commerce Center—2445, 2460 and 2535 East 12th Street, Los~~**
8 **~~Angeles~~**

9 The subject property is owned by Santa Fe Commerce Center, Inc. ("Santa Fe Commerce
10 Center") and is encumbered by a lien in favor of Wells Fargo Bank, N.A., successor by
11 consolidation to Wells Fargo Bank Minnesota, National Association as Trustee for the Registered
12 Certificateholders of GMAC Commercial Mortgage Securities, Inc., Mortgage Pass Through
13 Certificates, Series 2002-CI ("Wells Fargo"). In this case, Wells Fargo has acted by and through
14 Berkadia Commercial Mortgage, Inc., its Special Servicer, and is referred to hereinafter as
15 "Berkadia."

16 The property is located at 2445, 2460 and 2535 East 12th Street in the Southeast Industrial
17 District of downtown Los Angeles. It is comprised of one property totaling approximately 6.8 acres
18 which has been improved with a three building industrial complex consisting of approximately
19 244,501 net rentable square feet. As of March 31, 2010, the improvements were leased to seven
20 tenants occupying approximately 82% of the total rentable area. Three of the tenants, occupying
21 40% of the rented space, are on month to month tenancies. The average occupancy for month to
22 month tenants is 86 months. The largest tenant occupies 35.7% of the total area. The property is
23 currently being utilized as a multi-tenant industrial space facility.

24 **~~30. 1009 North Citrus Avenue, Covina (Citrus Gardens)~~**

25
26 ²For purposes of clarification, readers should note that the real property located at 2001-2021 W.
27 Mission Boulevard is not owned by MG 2001-2021 West Mission Boulevard but is instead owned
28 by MM Mission Boulevard, LLC. This property is an example of how MMPI services the
multitude of business owners and their numerous employees who are involved in the (a) design,
(b) production and (c) distribution sectors of the garment industry in downtown Los Angeles.

1 The subject property is owned by Meruelo Maddux Properties –1009 North Citrus Avenue,
2 Covina, LLC ("MMP-1009 N. Citrus Avenue") and is unencumbered. The property is located at
3 1009 North Citrus Avenue in Covina, California. It is comprised of approximately 2.5 acres of land
4 which has been entitled for 52 residential units. The property is currently vacant. This property is an
5 example of how the Company focuses its expertise and downtown knowledge base on supplying
6 residential units to individuals. This effort is geared towards (a) high density urban in-fill, (b) transit
7 oriented and/or (c) affordable development of residences.

8 **31. 817-825 South Hill Street, Los Angeles (Ullman Tower Two)**

9 The subject property is owned by Meruelo Maddux 817-825 S. Hill Street, LLC ("MM-
10 817-825 S. Hill Street") and is unencumbered. The property is located at 817-825 South Hill Street
11 in the Historic Core/Jewelry district of downtown Los Angeles. It is comprised of one property
12 totaling approximately 1.0 acres of land being utilized as a commercial parking lot facility.

13 While currently being utilized as a parking facility, this property is an example of how the
14 Company focuses its expertise and knowledge base on supplying future residential units to
15 individuals. This effort is geared towards (a) high density urban in-fill, (b) transit oriented and/or
16 (c) affordable development of residences.

17 **32. 1060 North Vignes, Los Angeles (Vignes Village)**

18 The subject property is owned by Meruelo Maddux Properties 1060 N. Vignes, LLC
19 ("MMP-1060 N. Vignes") and is unencumbered. The property is located near the corner of North
20 Vignes Street and North Main Street near Chinatown in downtown Los Angeles. It is comprised of
21 one property totaling approximately 4.0 acres of land, which is currently unoccupied. Interim
22 operating revenue is typically generated from parking revenues from film production parking. This
23 property is an example of how the Company focuses its expertise and downtown knowledge base
24 on supplying residential units to individuals. This effort is geared towards (a) high density urban
25 in-fill, (b) transit oriented and/or (c) affordable development of residences.

26 **33. 12361 and 12385 San Fernando Road, Sylmar (San Fernando Court)**

27 The subject property is owned by Meruelo Maddux Properties –12385 San Fernando Road,
28 LLC ("MMP-12385 San Fernando Road") and is unencumbered. The property is located at 12361-

1 and 12385 San Fernando Road in Sylmar, California. It is comprised of approximately 5.5 acres of
2 land entitled for approximately 247 residential housing units, along with retail and office space.

3 This property is an example of how the Company focuses its expertise and knowledge base
4 on supplying residential units to individuals. This effort is geared towards (a) high density urban
5 in-fill, (b) transit oriented and/or (c) affordable development of residences.

6 **34. 801 East 7th Street, Los Angeles**

7 Mereo Group—801 E. 7th Street, LLC owns a parking lot located at 648 S. Stamford
8 Avenue in downtown Los Angeles that occupies approximately 0.13 acres and is unencumbered. It
9 generates no income currently.

10 **35. 1308 South Orchard, Los Angeles**

11 The subject property is owned by Mereo Group—1308 S. Orchard, LLC ("MG 1308 S.
12 Orchard") and is unencumbered. The subject property is located west of downtown Los Angeles. It
13 is comprised of approximately 0.3 acres of land.

14 **36. 758 Ceres Avenue, Los Angeles (Ceres Street Produce Market)**

15 The subject property is owned by Mereo Group—Ceres Street Produce, LLC ("MG Ceres
16 Street Produce") and is unencumbered. The property is located in the industrial district of
17 downtown Los Angeles. It is comprised of approximately 0.4 acres of land.

18 This property is intended to be developed based upon the Company's (a) significant
19 expertise and presence and (b) focus on providing tailored solutions for a variety of space needs of
20 the many small businesses in the food and produce distribution industry in downtown Los Angeles.

21 **37. 336 West 11th Street, Los Angeles (South Park Towers)**

22 The subject property is owned by Meruelo Maddux—336 W. 11th Street, LLC ("MM 336
23 W. 11th Street") and is encumbered by a lien in favor of Legendary. The property is located at the
24 corner of West 11th Street and South Olive Street in the South Park area of downtown Los Angeles.
25 The property is entitled for an 80 unit residential development. It is comprised of approximately 0.7
26 acres of land being utilized as a parking lot.

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1 This property is an example of how the Company focuses its expertise and downtown
2 knowledge base on supplying residential units to individuals. This effort is geared towards (a) high
3 density urban in-fill, (b) transit oriented and/or (c) affordable development of residences.

4 **38. 915-949 South Hill Street, Los Angeles (Ullman Tower One)**

5 The subject property is owned by Meruelo Maddux—915-949 S. Hill Street, LLC ("MM-
6 915-949 S. Hill Street") and is encumbered by a lien in favor of Imperial. The property is located at
7 915-949 South Hill Street in the South Park area of downtown Los Angeles. It is comprised of
8 approximately 1.5 acres of land being utilized as a commercial parking lot.

9 This property is an example of how the Company focuses its expertise and downtown
10 knowledge base on supplying residential units to individuals. This effort is geared towards (a) high
11 density urban in-fill, (b) transit oriented and/or (c) affordable development of residences.

12 **39. 900, 910 and 926 East 4th Street and 405—411 S. Hewitt Street, Los
13 Angeles**

14 The subject property is owned by Merco Group—4th Street Center, LLC ("MG 4th Street
15 Center") and is encumbered by a lien in favor of Legendary. The property is located at the corner of
16 South Hewitt Street and East 4th Street in the Arts District of downtown Los Angeles. It is
17 comprised of approximately 1.3 acres which has been improved with two buildings consisting of
18 approximately 13,430 net rentable square feet. As of March 31, 2010, the improvements were
19 leased to one tenant occupying 53% of the net rentable area. The lease is subject to renewal in 2011.
20 The property is a multi-tenant industrial and distribution space facility.

21 This property is intended to be used by an assortment of small business owners prevalent in
22 downtown Los Angeles whereby the Company looks to support and incubate their businesses.

23 **40. 425 West 11th Street, Los Angeles (Desmond Building)**

24 The subject property is owned by Merco Group—425 West 11th Street, LLC ("MG 425 W.
25 11th Street") and is encumbered by a lien in favor of Legendary. The subject property consists of
26 two properties located on 11th Street, a few blocks away from the Staples Center and LA Live in
27 the South Park area of downtown Los Angeles. The two properties total approximately 0.67 acres
28 which has been improved with a multi-story industrial building known as the "Desmond Building"

1 consisting of approximately 78,500 net rentable square feet. As of March 31, 2010, the
2 improvements were leased to a tenant occupying approximately 20.0% of the total rentable area.
3 The tenant is on a month-to-month tenancy with the average occupancy of 48 months. The other
4 property is currently utilized as a parking lot.

5 Both the improved and unimproved parts of this property are intended to be redeveloped
6 based on the Company's focus on supplying residential units to individuals. This effort is geared
7 towards (a) high density urban in-fill, (b) transit oriented and/or (c) affordable development of
8 residences.

9 **41. West 11th Street and South Grand Avenue, Los Angeles (Southpark
10 Towers, TransAmerica Lofts & Olive Street Towers)**

11 The subject properties are owned by Mereo Group — Southpark, LLC ("MG Southpark"),
12 and are encumbered by a lien in favor of Bank of America. The properties are approximately three
13 to four blocks east of the Staples Center and the L.A. Live complex. One property is located along
14 Pico Boulevard between Olive Street and Hill Street, and consists of four adjacent parcels, part of
15 which is improved with a three-story parking structure and an adjoining one-story brick industrial
16 building. One and one-half blocks northeast of the first property is another property located at the
17 intersection of 11th Street and South Olive Street, consisting of one parcel. One full major street
18 west of the first two properties is the third property, located along South Grand Avenue and
19 reaching to the corner of 12th Street and South Olive Street, consisting of three parcels. Pending
20 development or sale, the properties are leased to Prestige Parking and utilized as parking lots.

21 This property is an example of how the Company focuses its expertise and downtown
22 knowledge base on supplying residential units to individuals. This effort is geared towards (a) high
23 density urban in-fill, (b) transit oriented and/or (c) affordable development of residences.

24 **3. C. Consolidated Operations**

25 The Debtors consist of a parent company and various levels of subsidiary Debtors, including
26 the Property Level Debtors. The Company has been, before and after its formation in 2006, and
27 presently continues to be, operated as a consolidated enterprise. With limited exceptions, revenues
28 for each of the entities are commingled, and the funds are used to pay the expenses of MMPI and

1 the subsidiary Debtors. Accordingly, there are some Debtors which generate revenues in excess of
2 operating expenses and debt service, but there are some that do not.

3 The Company may purchase and keep properties that are cash flow negative because the
4 Company believes that those properties will, in time, generate a positive return and the enterprise
5 will be significantly more valuable as a result. The recent unprecedented freezing of credit markets
6 and economic downturn caused the Company to suspend substantially all of its various
7 development projects.

8 Before and after the IPO, the Debtors utilized a concentration account for its cash
9 management. The cash management system provides for funds to flow to and from a cash
10 concentration account maintained by MMPLP. The concentration account is linked to the operating
11 bank accounts of each of Debtors, which bank accounts are maintained as zero balance accounts.
12 When needed to fund payment on checks issued by a particular affiliate, funds are transferred from
13 the concentration account to the operating account of that affiliate. Excess funds, if any, are
14 invested in interest bearing accounts pending their utilization. The Company rarely disrupts this
15 flow of funds.

16 As a public company, MMPI has been required to file various reports with the SEC,
17 including among others, quarterly reports as well as annual reports with audited financial
18 statements. These reports have been prepared and filed on a consolidated basis. Although the
19 Debtors' SEC filings do provide information relating to individual subsidiaries, the filings generally
20 discuss the business as a consolidated enterprise. This consolidated reporting is a manifestation of
21 the synergy and economic efficiencies gained through the Company's corporate structure. The
22 indirect overhead expenses for administrative services provided by certain Debtors may be
23 allocated to other Debtors. With a few exceptions, revenues received from the operation of the
24 Debtors' properties are swept daily into a general operating account, and the Debtors' obligations
25 are paid from such account.

26 **4. ~~D.~~ THE DEBTORS' CURRENT BUSINESS STRATEGIES**

27 The Company's business is focused on real estate development and redevelopment. The
28 substantial majority of the Company's properties are not stabilized, i.e., the property is either not a

1 rental property or if a rental property, the property has not reached full occupancy or has not yet
2 been redeveloped to its full income producing level. The Company's strategy has three primary
3 components: investment, value creation and operations. Due to the current economic climate,
4 including the lack of an active credit market, the Company has placed on hold substantially all of its
5 development projects.

6 **5. ~~E.~~ PROPOSED BUSINESS STRATEGY FOR THE REORGANIZED**
7 **DEBTORS**

8 Broadly speaking, the Charlestown Proponents feel that MMPI's mix of assets and core of
9 employees is sound. MMPI's greatest weaknesses are lack of sound strategic direction from the
10 highest levels of executive management, high vacancy rates (relative to its peers) and, most
11 critically, inadequate capitalization. Without a change in upper management, improved occupancy
12 at MMPI's income-producing properties, and a significant infusion of cash, the Charlestown
13 Proponents believe MMPI cannot survive as a reorganized company.

14 Accordingly, the Charlestown Plan contemplates removal of Richard Meruelo and John
15 Maddux from their positions with the Company, renewed focus on leasing income-generating
16 properties, and an infusion of not less than \$~~30~~31 million cash on the Effective Date. These steps,
17 taken together, will permit the Company to fund operating losses in the near term while moving the
18 Company to profitability in the medium term. Moreover, it will give the Company breathing room
19 to sell assets in a measured fashion without the need for "fire sale" dispositions of property.

20 ~~With~~Under the Charlestown Plan, with a strengthened balance sheet and stabilizing cash
21 flow, ~~the Company~~MMPI will ~~be able to~~ re-start pre-development activities ~~it has currently placed~~
22 ~~on hold.~~ The Charlestown Proponents' financial projections do not, however, include costs or
23 revenue associated with construction of new development projects.

24 The Charlestown Proponents anticipate that the Reorganized Debtors will use existing
25 vendors, contractors and other service providers to the extent needed to meet the operational needs
26 of the Company. Similarly, the Charlestown Proponents anticipate that the Reorganized Debtors
27 will retain many of the Debtors' current employees to maintain continuity of management and
28 operations and to preserve institutional knowledge.

1 **6. F. PREPETITION CAPITAL STRUCTURE OF THE COMPANY**

2 **1. MMPI**

3 MMPI is structured as a taxable corporation under Subchapter C of the Internal Revenue
4 Code. Approximately 52.2% of MMPI's stock (approximately 45,859,606 shares) is privately
5 owned by MMPI's directors and executive officers with Richard Meruelo owning the largest
6 amount of shares (approximately 39,911,378). The other 47.8% of MMPI's stock is publicly owned
7 and, prior to April 2009, was traded on the NASDAQ stock exchange. The stock is presently
8 trading on the Over the Counter Bulletin Board.

9
10 ***1. MMPI Initial Public Offering***

11 MMPI was formed on or about July 5, 2006, and MMPLP was formed on or about
12 September 12, 2006, in anticipation of an initial public offering (the "IPO") of MMPI's common
13 stock. The formation transaction and the IPO were designed to allow MMPI to acquire and continue
14 the operations of its predecessor entities, pay down existing mortgage debt, pay off the mezzanine
15 loan facility from Ca1PERS, provide capital for future acquisitions, fund future development costs,
16 and establish a capital reserve for general corporate purposes. Between January 30, 2007, and
17 February 14, 2007, MMPI consummated its IPO and sold to the public 45,550,000 shares of
18 common stock at \$10.00 per share. MMPI raised approximately \$425.7 million, after underwriting
19 discounts but before expenses related to the IPO. A substantial portion of the proceeds was used to
20 pay off the debt owed to Ca1PERS. On December 31, 2008, there were approximately 88.1 million
21 shares of common stock outstanding.

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23 ***2. MMPI Common Stock***

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25 The authorized capital stock of MMPI consists of up to 200,000,000 shares of common
26 stock, \$.01 par value per share (the "Common Stock"), and up to 50,000,000 shares of preferred
27 stock, \$.01 par value per share. As of April 23, 2010, there are 87,845,789 shares of Common Stock
28 issued and outstanding held by approximately sixty holders of record. Holders of Common Stock

1 have no right to convert their Common Stock into any other securities. The Common Stock has no
2 preemptive or other subscription rights. There are no redemption or sinking fund provisions
3 applicable to the Common Stock. All outstanding shares of Common Stock are duly authorized,
4 validly issued, fully paid and nonassessable.

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3. *MMPI's Equity Incentive Plan*

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Since January 30, 2007, MMPI has maintained an equity incentive Plan (the "Equity Incentive Plan") to provide MMPI with the flexibility to use restricted stock, Long Term Incentive Plan ("LTIP") Units and other awards as part of its employee compensation packages. The LTIP units are interests in MMPLP that, upon the allocation of profits from MMPLP over time, may be converted into MMPLP's common units and consequently become redeemable by the Holder on a one-for-one basis for cash equal to the value of a share of MMPI's common stock or a share of such common stock. MMPI initially reserved 2,277,500 shares of common stock for issuance of awards under the Equity Incentive Plan. As of June 30, 2009, there remain 1,083,334 shares available from the initial reservation.

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2. *Corporate Structure of the Other Debtors*

MMPI is the sole general partner of, and holds a 99.6% ownership interest in, MMPLP. The remaining 0.4% limited partnership units are owned by certain members of MMPI's management team who obtained their interests through the LTIP available to certain personnel as part of their compensation packages.

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MMPLP owns 100% of the common stock of MM Construction, 99% of the membership units in MM Management and 99% of the membership units in Funes Architecture, LLC ("Funes"). The remaining membership units in MM Management and Funes are owned by MM Construction.

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MMPLP also owns 100% of the membership units in MMP Ventures. MMP Ventures, in turn, owns 100% of the stock or membership units in a number of subsidiary corporations and limited liability companies referred to as Property Level Debtors because they are the entities which

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1 hold title to the various real properties and real estate projects developed and operated by MMPI
2 through MMPLP.

3 7. ~~G.~~ **MATERIAL PROCEEDINGS**

4 There are several different circumstances that may create liability for the Company in the
5 future, to the extent they are not discharged under the Charlestown Plan ~~as more fully discussed in~~
6 ~~Section VII.J.~~

7 **1. Potential Government Tax Audits**

8 The Company is subject to audit and review by federal and state taxing authorities. An
9 adverse audit report could result in the Company being assessed additional tax liability. The
10 Company is not aware of any such pending audits and has filed all of its tax returns.

11 **2. Indemnification Claims**

12 As is necessary and customary in the normal course of business, certain of the Company's
13 contracts contain indemnification provisions that could require the Company to make payments for
14 Claims made against customers or employees of the Company, including management.
15 Additionally, the Articles and Bylaws of MMPI provide that MMPI shall indemnify its officers and
16 directors to the fullest extent permitted by law. Pursuant to its contractual and legal obligations,
17 MMPI agreed on a prepetition basis to indemnify the officers, and members of its Board of
18 Directors with respect to costs and expenses that may be incurred by them in conjunction with the
19 performance of their employment or role as a member of the Board of Directors. These
20 indemnification provisions may result in material liability to MMPI or other of the Debtors.
21 However, the Company maintains various insurance coverages to reduce the exposure of the
22 Company.

23 3. ~~III.~~

24 **EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES**

25 Prior to the Petition Date, the Company experienced significant, recurring cash shortfalls
26 from (a) operating activities, (b) recurring investment activities such as carrying costs for interest
27 payments, real estate taxes and unfunded development expenditures, and (c) capital expenditures on
28 existing rental properties. Shortfalls in operating capital have been funded by the refinance or sale

1 of real property assets, and the use of the proceeds for operating and reinvestment in the purchase of
2 replacement real property assets.

3 The economic climate and associated disruption in the debt and equity capital markets
4 shortly before the Petition Date were extremely challenging for the Company. On or about October
5 1, 2008, the Company suspended development of twelve construction projects.

6 A number of the Company's loans secured by real property matured prior to the Petition
7 Date or were to mature soon thereafter. Among other things, the Company was unable to extend or
8 refinance three loans aggregating \$86.9 million that matured on or about February 28, 2009, or
9 March 1, 2009, including two secured by the property housing the Company's corporate
10 headquarters, and one which is secured by the Union Lofts project owned by MMP 760 S. Hill
11 Street. In total, the Company had twelve loans that were set to mature during 2009 with an
12 aggregate principal balance of \$170.8 million, in addition to \$1.7 million of principal amortization
13 on other long-terms loans.

14 In addition, prior to the Petition Date, two lenders filed lawsuits seeking, among other
15 things, the appointment of a receiver. On or about March 4, 2009, California Bank & Trust filed a
16 complaint against 788 South Alameda and MMPI for, among other things, judicial foreclosure and
17 the appointment of a receiver. In addition, on or about March 17, 2009, Chinatrust Bank filed a
18 complaint against MG 3185 E. Washington Boulevard for, among other things, judicial foreclosure
19 and the appointment of a receiver.

20 Because the Company's Management did not obtain additional capital to fund operating
21 losses and could not negotiate concessions from its secured lenders sufficient to offset the lack of
22 adequate capital, the fifty-four jointly administered MMPI Debtors sought relief under Chapter 11
23 of Bankruptcy Code.

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4. ~~IV.~~

CHAPTER 11 EVENTS

1. ~~A.~~ ADMINISTRATIVE ORDERS AND MATTERS

1. Introduction

On March 26 and 27, 2009, the Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Shortly after the commencement of the Chapter 11 Cases, the Bankruptcy Court held several hearings on emergency motions presented by the Debtors on a variety of matters. The Debtors obtained Orders of the Bankruptcy Court, inter alia, (a) authorizing, on an interim basis, the Debtors' use of cash collateral (see below for more detail), (b) authorizing the Debtors to employ and compensate legal and financial advisors, (c) authorizing the Debtors to honor certain obligations to employees and to continue employee benefit plans in effect, (d) permitting the Debtors, on an interim basis, to continue to utilize their cash management systems, (e) establishing procedures for the Debtors to ensure continued provision of utility services; (f) limiting the scope of notice required; (g) extending the time to file schedules and statement of financial affairs; and (h) directing the joint administration of the Cases of the Debtors. Subsequently, the Bankruptcy Court established September 24, 2009, as the last day for creditors and parties in interests to file proofs of Claim and proofs of interest against the Debtors. The Debtors filed the required monthly operating reports on a timely basis. The Debtors were authorized and continue to operate their business and manage their properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2. The Cash Collateral Motions and Corresponding Orders

1. MMPI Debtors' Cash Collateral Motions and Orders

By their first Motion for Entry of Interim and Final Orders Authorizing Debtors to Use Cash Collateral (the "Cash Collateral Motion") the Debtors sought permission to use the cash collateral of various lenders. Oppositions were filed by most of the Debtors' lenders. The Bankruptcy Court entered a series of interim orders authorizing such use and continued to hear testimony and consider evidence concerning the Debtors' proposed use of cash collateral on a final basis. These hearings

1 concluded in October 2009. The Bankruptcy Court ruled in the Debtors' favor and entered a final
2 order authorizing the use of the cash collateral of the following lenders through March 31, 2010:
3 BofA, CBT, Berkadia, Cathay, Chinatrust, Legendary, Stanford, UCB (now succeeded by East
4 West), and Chamlian. In making that ruling, the Bankruptcy Court determined that the following
5 lenders were entitled to additional adequate protection and are therefore entitled to an adequate
6 protection lien in one or more of the Debtors' unencumbered real properties: Berkadia, CBT,
7 Chinatrust, Legendary with respect to 425 W. 11th Street; 3rd & Omar Street, and 420 Boyd Street,
8 and East West with respect to 2640 Washington.

9 As a result of the Cash Collateral determinations made by the Bankruptcy Court, the
10 Debtors filed a motion seeking to designate certain properties that would serve as adequate
11 protection for the Debtors' use of cash collateral. The Debtors sought authority to limit the
12 continuing adequate protection lien to certain identified properties in place of a blanket lien on all
13 of the Debtors' unencumbered properties. The matter has been continued pending the completion of
14 an appraisal of one of the properties the Debtors propose to include as part of the pool of assets to
15 serve as continuing adequate protection.

16 The Debtors also filed a motion seeking authority to use a portion of certain insurance
17 proceeds resulting from fire damage to one of the Debtors properties which currently secures
18 certain obligations of the Debtors to PNL Pomona. The Court authorized the Debtors to use a
19 portion of the insurance proceeds to demolish the remaining structure on the property in order to be
20 able to market and sell the property as vacant land.

21 On March 8, 2010, the Debtors filed their Motion for Order Extending Authority for the Use
22 of Cash Collateral and to Maintain Cash Management System Through June 30, 2010. A hearing on
23 the motion was held on March 29, 2010. On March 31, 2010, the Court entered its Order Granting
24 Debtors' Motion for Order Extending Authority for the Use of Cash Collateral and to Maintain Cash
25 Management System Through June 30, 2010, on the terms provided in the Order.

26 **3. The Debtors' Single Asset Real Estate ("SARE") Motion**

27 The Debtors filed a motion seeking an order determining that none of the fifty-four Debtors
28 are subject to the single asset real estate provisions of Sections 101(51B) and 362(d)(3) of the

1 Bankruptcy Code. Two lenders (BofA and Cathay) filed motions seeking a determination from the
2 Bankruptcy Court that MG Southpark, MMP 760 S. Hill Street and Alameda Produce Market are
3 subject to the SARE provisions of the Bankruptcy Code. The Creditors Committee supported the
4 Debtors' position. Approximately, fourteen oppositions and joinders in opposition were filed by
5 various lenders. In June 2009 the Bankruptcy Court ruled in favor of the Debtors, holding that the
6 Debtors are not subject to the SARE provisions of the Bankruptcy Code. BofA has appealed from
7 the Bankruptcy Court's SARE determination. ~~The~~On or about June 29, 2010, the United States
8 District Court ~~for the Central District of California has ruled in favor of BofA. The Debtors have~~
9 ~~appealed the District Court's ruling to the Ninth Circuit Court of Appeals~~issued its decision on
10 appeal and ruled, among other things, that MG Southpark is not subject to the SARE provisions of
11 the Bankruptcy Code, but that MMP 760 S. Hill Street is subject to such provisions. On July 14,
12 2010, MMP 760 S. Hill Street appealed the District Court's decision as to MMP 760 S. Hill Street
13 to the United States Court of Appeals for the Ninth Circuit. MMP 760 S. Hill Street does not
14 anticipate that the appeal will be concluded prior to the Effective Date. In the event that the Ninth
15 Circuit were to issue a decision and such decision was not appealed, pursuant to orders of the
16 Bankruptcy Court MMP 760 S. Hill Street would have at least 60 days from the issuance of such
17 final decision, and perhaps longer, to comply with section 362(d)(3) of the Code by commencing
18 periodic payments to Union Lofts in an amount equal to interest at the then applicable non-default
19 contract rate of interest on the value of BofA's interest in the real estate, or filing 'a plan of
20 reorganization that has a reasonable possibility of being confirmed within a reasonable time.' In
21 any event, it is impossible to know when a final ruling will be issued by the Ninth Circuit.

22 4. Motions for Relief from Stay

23 The following motions for relief from stay have been filed by lenders to pursue their state
24 law remedies against various real properties owned by the Debtors:

- 25 • PNL moved for relief from stay with respect to the real property owned by MG 2001
26 —2021 W. Mission located in Pomona. The Bankruptcy Court ruled in favor of the Debtors and
27 denied PNL's Motion. PNL has recently filed a second motion for relief from stay ~~which will be~~
28 ~~heard in June 2010.~~ The Bankruptcy Court granted the motion in part and denied the motion in

1 [part, generally ruling that PNL will be entitled to record a notice of default and proceed with](#)
2 [foreclosure proceedings unless the Debtors commence making monthly adequate protection](#)
3 [payments;](#)

4 • BofA moved for relief from stay with respect to real property owned by MMP 760 S.
5 Hill Street and commonly known as 325 West 8th Street and 760 South Hill Street, Los Angeles
6 (the Union Lofts). The Bankruptcy Court denied the motion subject to the Debtor's provision of
7 certain adequate protection to BofA;

8 • BofA moved for relief from the automatic stay with respect to certain real properties
9 owned by MG Southpark located in downtown Los Angeles. The Bankruptcy Court ruled in favor
10 of the Debtors and denied BofA's motion;

11 • UCB moved for relief from the automatic stay with respect to real property owned
12 by 2640 Washington Boulevard. Pursuant to an agreement between the Debtors and UCB, the
13 motion was granted for the sole and limited purpose of permitting UCB to record a notice c default
14 with respect to the real property. The Debtor 2640 Washington agreed to pay, out c cash collateral,
15 the first and second installments of real property taxes for the 2009 — 2010 fiscal year. UCB's
16 motion was withdrawn in all other respects,

17 • Legendary moved for relief from the automatic stay with respect to real property
18 owned by MM 3rd & Omar Street located in downtown Los Angeles. In the context of the
19 Bankruptcy Court's rulings on the Cash Collateral Motion, the Debtors offered Legendary a
20 replacement lien in post-petition cash collateral, payment of normal and ordinary expenses to
21 maintain the property and the payment of real property taxes for the 2009 — 2010 fiscal year. In
22 addition, the Bankruptcy Court required the Debtors to provide an adequate protection lien in favor
23 of Legendary on one or more of the Debtors' unencumbered properties. In light of the rulings in
24 connection with the Cash Collateral Motion, the Bankruptcy Court denied Legendary's motion,
25 subject to the provision of such adequate protection;

26 • Legendary moved for relief from the automatic stay with respect to real property
27 owned by both MG 1500 Griffith Avenue and MG 4th Street Center and located in downtown Los
28 Angeles. The Bankruptcy Court ruled in favor of the Debtors and denied Legendary's motion;

1 • Legendary moved for relief from the automatic stay with respect to real property
2 owned by Merco Group, commonly known as Sci-Arc, and located in downtown Los Angeles. The
3 Bankruptcy Court denied Legendary's motion;

4 • Legendary moved for relief from the automatic stay with respect to real property
5 owned by MM 420 Boyd Street and located in downtown Los Angeles. In the context of the
6 Bankruptcy Court's rulings on the Cash Collateral Motion, the Debtors offered Legendary a
7 replacement lien in postpetition cash collateral, payment of normal and ordinary expenses to
8 maintain the property and the payment of real property taxes for the 2009 — 2010 fiscal year. In
9 addition, the Bankruptcy Court required the Debtors to provide an adequate protection lien in favor
10 of Legendary on one or more of the Debtors' unencumbered properties. In light of the rulings in
11 connection with the Cash Collateral Motion, the Bankruptcy Court denied Legendary's motion
12 subject to the provision of such adequate protection;

13 • Legendary moved for relief from the automatic stay with respect to real property
14 owned by Merco Group (Sky-Arc) and MG Little J and located in downtown Los Angeles. The
15 Bankruptcy Court denied Legendary's motion;

16 • Legendary moved for relief from the automatic stay with respect to real properties
17 owned by MG 620 Gladys and MM 366 West 11th Street and located in downtown Los Angeles.
18 The Bankruptcy Court denied Legendary's motion;

19 • Legendary moved for relief from the automatic stay with respect to real property
20 owned by MG 425 W. 11th Street and located in downtown Los Angeles. In the context of the
21 Bankruptcy Court's rulings on the Cash Collateral Motion, the Debtors offered Legendary a
22 replacement lien in postpetition cash collateral, payment of normal and ordinary expenses to
23 maintain the property and the payment of real property taxes for the 2009 — 2010 fiscal year. In
24 addition, the Bankruptcy Court required the Debtors to provide an adequate protection lien in favor
25 of Legendary on one or more of the Debtors' unencumbered properties. In light of the rulings in
26 connection with the Cash Collateral Motion, the Bankruptcy Court ruled in favor of the Debtors and
27 denied Legendary's motion for relief from the automatic stay subject to the provision of such
28 adequate protection;

1 • Vahan and Anoush Chamlian moved for relief from the automatic stay with respect
2 to real property owned by MMP 2131 Humboldt Street near downtown Los Angeles. The
3 Bankruptcy Court ruled in favor of the Debtors and denied the Chamlians' motion;

4 • Chinatrust moved for relief from the automatic stay with respect to real property
5 owned by MG 3185 E. Washington Boulevard, among other things. In the context of the
6 Bankruptcy Court's rulings on the Cash Collateral Motion, the Debtors offered Chinatrust a
7 replacement lien in postpetition cash collateral, payment of normal and ordinary expenses to
8 maintain the property and the payment of real property taxes for the 2009 — 2010 fiscal year. In
9 addition the Bankruptcy Court required the Debtors to provide an adequate protection lien in favor
10 of Chinatrust on one or more of the Debtors' unencumbered properties. In light of the rulings in
11 connection with the Cash Collateral Motion, the Bankruptcy Court ruled in favor of the Debtors and
12 denied Chinatrust's motion for relief from the automatic stay subject to the provision of such
13 adequate protection;

14 • The Stanford Group moved for relief from the automatic stay with respect to the real
15 property owned by 908 8th Street located in downtown Los Angeles. The hearing on that motion
16 has been continued from time to time while the parties engage in settlement negotiations. The
17 parties have reached a settlement on the Claim of Stanford Group, and a motion for approval of the
18 settlement has been filed with the Court. The settlement resolves the motion for relief from stay.

19 • Legendary filed a second motion for relief from the automatic stay with respect to
20 the real property owned by MM 420 Boyd Street. The Court denied Legendary's motion.

21 • Legendary filed a second motion for relief from the automatic stay with respect to
22 the real property owned by MM 3rd and Omar. The Court denied Legendary's motion.

23 • Vahan and Anoush Chamlian filed a second motion for relief from the automatic stay
24 with respect to real property owned by MMP 2131 Humboldt Street. The motion is set for hearing
25 in June, 2010.

26 • PNL Pomona filed a second motion for relief from the automatic stay with respect to
27 the real property owned by MG 2001-2021 West Mission. The motion is set for hearing in June,
28 2010.

1 In addition to the motions filed by the Debtors' lenders, a group consisting of three
2 individuals moved for relief from the automatic stay to seek authority to prosecute a civil action
3 filed by them in Los Angeles Superior Court and to clarify that they have authority to pursue
4 alleged labor Claims against certain current and former employees and board members of MMPI,
5 Alameda Produce Market and 788 South Alameda. A hearing on that motion was held on December
6 17, 2009. The Court entered an order granting the motion as to Debtors Alameda Produce and 788
7 S. Alameda but ordered that the movants could not pursue such litigation until June 30, 2010. The
8 motion was denied as to MMPI.

9 Also, in addition to the foregoing motions, in April 2004, the Los Angeles County
10 Metropolitan Transportation Authority ("MTA") filed suit seeking to acquire through its power of
11 eminent domain, certain property of the Debtors. In September 2008 the trial court dismissed the
12 action and the MTA appealed. Thereafter, the Debtors filed their chapter 11 petitions and the
13 automatic stay prevented further prosecution of the appeal. The Debtors and the MTA entered into a
14 stipulation to modify the automatic stay to permit the prosecution and defense of the appeal. The
15 order approving the stipulation was entered in August 2009. The matter is still pending.

16 Also, in a similar action, in February 2010, the City of Pomona filed a motion for relief from
17 the automatic stay in order to allow an eminent domain action in a non-bankruptcy forum to
18 proceed. The Debtors did not oppose the relief sought and the motion was granted.

19 The Debtors filed a motion to determine the amounts owed to the County of Los Angeles on
20 account of real property taxes. The dispute involved the proper amount of taxes owed to the County
21 and the appropriate rates of interest as well as whether certain other claimed amounts are properly
22 included in the claim.

23 **5. The Debtors' Compromises With Various Lenders**

24 The Debtors have reached settlements with PCB, Imperial, Murakami, Cathay Bank, the
25 Stanford Group and FNBN. The Bankruptcy Court approved the Debtors' compromise with PCB
26 and the essential terms of that settlement are reflected in the Charlestown Plan, specifically the
27 Charlestown Plan's treatment of PCB's Class 51A-4 Claim in Section III.C.2 of the Charlestown
28 Plan.

1 The Bankruptcy Court approved the settlement with ~~Murikami~~Murakami. The essential
2 terms of that settlement are reflected in the Charlestown Plan, specifically the Charlestown Plan's
3 treatment of Murakami's Class 37A-4 Claim in Section III.B.2 of the Charlestown Plan.

4 The Debtors motion to approve their settlement with Imperial was heard on February 24,
5 2010 and was granted. The essential terms of that settlement are reflected in the Charlestown Plan,
6 specifically, the Charlestown Plan's treatment of Imperial's Claims in Classes 35A-2, 38A-2 and
7 51A-2 in Section III.C. of the Charlestown Plan.

8 The Debtors have reached an agreement in principal with Cathay Bank for the settlement of
9 Cathay Bank's claims. The ~~parties are in the process of documenting that settlement and will~~
10 ~~file~~Debtors filed a motion for approval with the Bankruptcy Court, and the settlement was
11 approved. The essential terms of that settlement are reflected in the Charlestown Plan, specifically
12 the Charlestown Plan's treatment of Cathay Bank's Class 36A-2 and 36A-3 in Section III.C.2 of the
13 Charlestown Plan.

14 The Debtors have reached an agreement with The Stanford Group, L.P. for the settlement of
15 The Stanford Group, L.P.'s claims. The Debtors have filed a motion for approval of the settlement
16 with the Bankruptcy Court, and the settlement was approved. ~~The Motion is set for hearing on April~~
17 ~~30, 2010~~. The essential terms of that settlement are reflected in the Charlestown Plan, specifically
18 the Charlestown Plan's treatment of the Stanford Group, L.P.'s Class 34A-2 in Section III.C.2. of the
19 Charlestown Plan.

20 The Bankruptcy Court approved the Debtors' settlement with FNBN. The
21 ~~essential~~Charlestown Plan proposes to treat FNBN in accordance with the terms of ~~the FNBN's~~
22 ~~settlement are reflected in the Charlestown Plan~~, specifically with respect to the ~~Charlestown Plan's~~
23 treatment of FNBN's ~~class~~secured claim in Class 42A-1 and with respect to FNBN's unsecured
24 claim in Class 1C-3.

25 6. Unexpired Leases and Executory Contracts

26 With the Bankruptcy Court's approval, Meruelo Farms assumed an unexpired nonresidential
27 lease of the parking lot located at 740 E. Temple St., Los Angeles under which it is the lessee and
28

1 Susan E. Moody, Trustee of the Susan E. Moody Revocable Trust, dated December 1, 2000, the
2 successor-in-interest to Evelyn Hammond, is the lessor.

3 **7. Summary of Claims Process, Bar Date and Claims Filed**

4 **1. Schedules and Statements of Financial Affairs**

5 On or before June 12, 2009 the fifty-four jointly administered Debtors filed with the
6 Bankruptcy Court their schedules of assets and liabilities and a statement of financial affairs (the
7 "Schedules and Statements") as of their March 26, 2009 or March 27, 2009 Petition Date. The
8 Debtors will shortly file amendments to the schedules.

9 For financial reporting purposes, MMPI prepares consolidated financial statements that are
10 filed with the SEC and that are audited annually. Unlike these consolidated financial statements, the
11 Schedules and Statements reflect the assets and liabilities of the Debtors on the basis of the Debtors'
12 non-audited books and tax records. This means that audited financial statements and supporting
13 schedules have not been prepared for each Debtor.

14
15 **2. Claims Bar Date**

16
17 On July 22, 2009, the Bankruptcy Court entered an order in the case (the "MMPI Bar Date
18 Order") establishing the general deadline for filing proofs of Claim against the 54 jointly
19 administered Debtors (the "Bar Date"). The deadline established by the Bankruptcy Court was
20 September 24, 2009.

21 The Bar Date established the deadline for Claims, including Claims of governmental units,
22 but excluding certain other Claims, including Claims based on the rejection of executory contracts
23 and unexpired leases as to which the bar date is the later of: (1) the applicable Bar Date; or (2) the
24 first business day that is at least thirty (30) calendar days after (a) the mailing of notice of the entry
25 of the order first approving the rejection of such contract or lease, (b) the mailing of notice of the
26 entry of an order or judgment avoiding a transfer, or (c) the date any relevant tax Claim first arises.
27 The Debtors provided notice of the Bar Date by mailing a notice of such Bar Date.

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3. Proofs of Claim and Other Claims

According to the Debtors' records, a total of 415 Claims were filed against the Debtors asserting Claims in the total face amount of approximately \$927,761,559.23. The Claims scheduled by the Debtors and Claims filed by claimants in each Class is summarized in Exhibits "H.2" to "H.8" attached hereto. The amounts listed on those exhibits represent the current state of the Debtors' computation of the Claims filed and scheduled, and do not reflect amounts which have been paid to date or which the Debtors have otherwise resolved through deposit or stipulation.

Numerous Claims were asserted by various alleged creditors in unliquidated amounts, i.e., Claims that did not contain a specific dollar amount. The Debtors believe that certain Claims that have been asserted are without merit and intend to object to all such Claims. Other significant categories of disputed Claims include certain taxing authorities that are requesting payments far in excess of those the Debtors believe to be owed to such authorities.

The Debtors filed a motion to determining the amounts owed to the County of Los Angeles on account of real property taxes. The dispute involves the proper amount of taxes owed to the County and the appropriate rates of interest as well as whether certain other claimed amounts are properly included in the claim. The parties reached a settlement of their disputes and the Debtors' Motion for approval of the settlement is pending.

4. ~~The Debtors'~~ Stipulation with the OCC Regarding Unsecured Claims

The Debtors entered into a stipulation with the OCC by which they agreed that to the extent any party files a proof of Claim in any of the Debtors' Chapter 11 Cases prior to the Bar Date, such proof of Claim shall be deemed to have been timely filed in the proper Debtor's Chapter 11 Case and against the proper Debtor regardless of the name of the particular Debtor or case number identified in the proof of Claim. The Stipulation was intended to address the possible confusion among creditors holding claims against one or more of the Debtors where the claimant was not sure of the specific Debtor against whom the claim was held because of the Debtors' consolidated business operations. The Stipulation provided among other things, that claims that were timely filed

1 would be deemed to have been filed against the proper Debtor regardless of the whether Debtor
2 and/or case number were properly identified in the proof of claim. The Bankruptcy Court approved
3 that stipulation. Berkadia has appealed from the order approving the stipulation and that appeal
4 remains pending before the District Court for the Central District of California.

5

6 **5. *Motion to Deem Claims Filed Against the Wrong Debtor to be Filed***
7 ***Against the Proper Debtor***

8

9 Pursuant to the terms of the Debtors' Stipulation with the OCC described above, the Debtors
10 have reviewed certain of the proofs of claim filed before the Bar Date in order to identify claims
11 filed in the wrong case or against the wrong Debtor that may properly be reassigned pursuant to the
12 Order approving the Stipulation. Those determinations were based on the documents attached to the
13 proofs of claim, a review of the appropriate Debtor's records and consultation with members of the
14 Debtors' management familiar with the claims and creditors. On or about April 30, 2010, the
15 Debtors filed their motion asking the Court to enforce the terms of the earlier Stipulation and Order
16 and to deem the timely filed claims as having been filed against the proper Debtor, regardless of the
17 Debtor's name and/or case number identified on the proof of claim.. The motion was granted
18 subject to the Debtors giving notice to affected creditors and opportunity for further hearing. Those
19 hearings have concluded, and the Bankruptcy Court has entered an order granting the motion and
20 allocating the claims accordingly.

21

22 **8. Other Administrative Matters**

23

24 Early in the cases, the Debtors met with and were interviewed by the staff attorney and other
25 representative of the Office of the United States Trustee (the "US Trustee"). During the Cases, the
26 Debtors have complied with certain requirements promulgated by that office with respect to the
27 filing of monthly operating and cash reports. In May and June, 2009 the Debtors appeared at the
28 Section 341(a) meeting of creditors - known as the initial creditor meeting - in the cases of the
fifty-four jointly administered Debtors to answer questions of creditors and parties in interest. The
US Trustee conducted each of the Section 341(a) meetings.

29

30

1 On April 22, 2009 the US Trustee appointed the Committee of Unsecured Creditors in the
2 cases.

3 Various professionals have been retained and employed in the Chapter 11 Cases and will be
4 paid pursuant to the terms of the Charlestown Plan. Danning, Gill, Diamond & Kollitz, LLP has
5 been employed as general reorganization counsel for all of the Debtors in the Chapter 11 Cases. The
6 following professionals also have been employed by the Debtors: FTI Consulting, Inc., as financial
7 advisors ("FTI"), Ernst & Young as independent auditors and tax advisors, DLA Piper LLP (US) as
8 special securities and litigation counsel, and Waldron & Associates, Inc. as real estate appraiser.
9 SulmeyerKupetz, APC was employed as general counsel by the Committee, Kibel Green, Inc., was
10 retained as the Committee's financial advisor.

11 In addition, certain real estate brokers have been or will be employed in the Chapter 11
12 Cases to market and sell certain properties but will be paid out of the proceeds of the sale of the
13 properties as opposed to through the Charlestown Plan. In accordance with the Bankruptcy Court's
14 order, the Debtors submitted supplemental declarations from certain brokers in connection with
15 representing the Debtors in connection with specific properties to be listed for sale. Specifically, the
16 Debtors have retained (i) The Bradco Companies regarding the listing of 2951 Lenwood Road,
17 Barstow, CA; (ii) DAUM Commercial Real Estate Services regarding the listing of (a) 905 E. 8th
18 Street, Los Angeles, CA, (b) 308-310 Omar Street and 452, 464 and 470 E. 3rd Street, Los Angeles,
19 CA, and (c) 400-428 Boyd Street, Los Angeles, CA; and (iii) Cushman and Wakefield of California,
20 Inc. regarding the listing of (a) 1875 West Mission Boulevard, Pomona, California; and (b)
21 2001-2021 West Mission Boulevard, Pomona, California.

22 **2. REAL PROPERTY VALUATION, SALES AND LISTINGS**

23 **1. Value of Property Level Debtors Real Property Assets**

24 Attached hereto as Exhibit J is a schedule of real property owned by each of the Property
25 Level Debtors that owns real property. **The real property values in Exhibit J identified as**
26 **"MMPI Values" are based on the opinion of Richard Meruelo, not independent appraisals of**
27 **the properties. The Charlestown Proponents make no representation regarding the validity**
28 **or accuracy of these values.**

1 The real property values identified as “Appraisal Values” represent values identified in
2 recent appraisals submitted to the Bankruptcy Court. The appraised values are all lower than Mr.
3 Meruelo’s values. The Charlestown Proponents do not know whether higher appraisals exist, but if
4 so, no party has submitted them to the Bankruptcy Court. The Charlestown Proponents played no
5 role in selecting or hiring the appraisers and make no representation regarding the validity or ~~A~~
6 ~~brief description regarding each property is set forth in Section II.B~~ accuracy of the values in the
7 appraisals.

8 2. Sales and Listings Since the Commencement of the Chapter 11 Cases

9 Since becoming a public company the Company has, among other things: successfully
10 completed approximately nine acquisitions or conversions of development projects to rental
11 projects; successfully completed, acquired, or placed in service four parcels attached to current
12 rental projects; and successfully completed the sale of three rental projects and three development
13 projects. In 2008, the Company sold more property in downtown Los Angeles than any other
14 landowner. With regard to the six properties that were sold:

- 15 1. on or about March 31, 2008, the Company sold a development project located at
16 9901 Alameda in south Los Angeles for approximately \$31.2 million;
- 17 2. in a two-step sale culminating in or about August 2008, the Company sold a rental
18 project located at 2000 San Fernando Road just north of downtown Los Angeles for
19 approximately \$35 million;
- 20 3. on or about September 12, 2008, the Company sold a rental project located at 1800
21 E. Washington Blvd. in downtown Los Angeles for approximately \$14.2 million;
- 22 4. on or about November 7, 2008, the Company sold a development project located at
23 816 Stanford in downtown Los Angeles for approximately \$1.0 million.
- 24 5. on or about November 14, 2008, the Company sold a rental project referred to as the
25 "Overland Terminal" in downtown Los Angeles for approximately \$19.7 million; and
- 26 6. on or about November 21, 2008, the Company sold a development project located at
27 801 E. 7th Street in downtown Los Angeles for approximately \$9.5 million.

28

1 The following properties have been sold, pursuant to orders entered by the Bankruptcy
2 Court, since the Petition Date:

3 • 5500 Flotilla Street, Los Angeles, previously owned by Debtor Meruelo Maddux —
4 • 5500 Flotilla Street, LLC ("MM 5500 Flotilla Street") to Camfield Partners, LLC
5 for \$210,000;

6 • ~~2040 Camfield Avenue, Commerce, previously owned by Debtor Merco Group —~~
7 • ~~2040 Camfield Avenue, Commerce, previously owned by Debtor Merco Group —~~
8 2040 Camfield Avenue, LLC ("MG 2040 Camfield Avenue") to Camfield Partners, LLC for
9 \$4,790,000;

10 • ~~146 East Front Street, Covina, previously owned by Debtor Merco Group — 146~~
11 ~~East~~
12 • ~~146 East Front Street, Covina, previously owned by Debtor Merco Group — 146~~
13 ~~East~~ Front Street, LLC ("MG 146 E. Front Street") to Vartan and Dzovig Koroghlian for
14 \$1,114,450; and

15 • 500 Mateo Street, Los Angeles, previously owned by Debtor Meruelo Maddux —
16 • 500 Mateo Street, LLC ("MM 500 Mateo Street") to Mydland Enterprises, LLC for
17 \$1,900,000.

18 • _____ In addition, the Debtors have recently listed the following properties for sale:

19 • _____ 2951 Lenwood Road, Barstow, CA

20 • _____ 905 E. 8th Street, Los Angeles, CA

21 • _____ 308-310 Omar Street and 452, 464 and 470 E. Third Street, Los Angeles, CA-

22 • _____

23 400-428 Boyd Street, Los Angeles, CA

24 • _____ 1875 West Mission Boulevard, Pomona, CA

25 • _____ 2001-2021 West Mission Boulevard, Pomona, CA.

26 Finally, on April 26, 2010, MM 845 Flower closed the sale of its 34 story luxury residential
27 tower for a purchase price of \$109,500,000.

28 **3. ~~C.~~ Events in the Related Chapter 11 Cases MM 845 S. Flower and Chinatown.**

1 On September 3, 2009, MM 845 S. Flower and Chinatown each filed voluntary petitions for
2 relief under chapter 11 of the Bankruptcy Code. While MM 845 S. Flower and Chinatown are
3 affiliates of the MMPI Debtors, these cases are not jointly administered with the cases of the MMPI
4 Debtors.

5 MM 845 S. Flower owned a 34-story residential tower located at 705 W. 9th Street in the
6 South Park region of downtown Los Angeles (the "Project"). The building is comprised of 214
7 luxury residential units totaling approximately 254,300 square feet and an approximately 6,800
8 square foot commercial unit on the ground floor. This building is a first class iconic structure in
9 downtown Los Angeles. Viewed from the street, this curtain wall building is clad with various
10 shades of green glass and has numerous distinctive and attractive architectural features which
11 include external balconies on all four corners of the building, a seventh floor amenity deck with a
12 landscaped garden area and a premium extended balcony and viewing deck located on the ninth
13 floor.

14 Chinatown owns approximately 5.5 acres of unimproved land at 129 West College Street in
15 downtown Los Angeles ("Chinatown Property"). The Chinatown Property has significant
16 development potential and the current development plan for the property is for a mixed residential
17 and retail use. The Chinatown Property is now unencumbered. The Chinatown Property was
18 appraised at \$17,600,000 as of March 2008 based upon about \$80 per land square foot.

19 Prior to September 3, 2009 (the "Flower Petition Date"), and on or about July 31, 2008, MM
20 845 Flower executed a promissory note (the "Note") in the original principal amount of
21 \$84,000,000 in favor of Canpartners Realty Holding Company IV, LLC ("Canyon") in connection
22 with a Loan Agreement dated as of July 31, 2008 (the "Loan Agreement") pursuant to which
23 Canyon made a construction loan of \$84,000,000 to MM 845 Flower (the "Loan"). MM 845
24 Flower's obligations under the Note were secured by a construction deed of trust (the "845 Flower
25 Deed of Trust") in favor of Canyon against the Project. MM 845 Flower also granted Canyon a
26 security interest in various deposit accounts of 845 Flower (the "Accounts Pledge"). In addition,
27 Chinatown granted Canyon a deed of trust (the "Chinatown Deed of Trust") against Chinatown's
28 real property located at 129 West College Street, Los Angeles, California (the "Chinatown

1 Property"). Meruelo Maddux Properties, Inc., ("MMPI") executed both completion and repayment
2 guaranties in favor of Canyon (the "MMPI Guaranties") and MMP Ventures pledged its
3 membership interests in 845 Flower and Chinatown to Canyon (the "Pledge Agreementss")³¹.

4 **1. Important Events in MM 845 S. Flower and Chinatown cases**

5 At the time the cases were filed, the construction of MM 845 S. Flower Project was close to
6 completion. After commencement of the 845 S. Flower case, MM 845 S. Flower completed
7 construction of the Project, completed the process of entitling the Project as condominiums and
8 developed a program for selling individual condominium units (the "Sale Program"). MM 845 S.
9 Flower filed a motion for authority to engage in the Sale Program. Canyon opposed the motion on
10 among other grounds that the Debtor could not sell units free and clear of its loan. After extensive
11 briefing and several hearings, the Court denied the motion without prejudice to the Debtor pursuing
12 the Sale program as part of its Chapter 11 Plan.

13 On November 12, 2009, Canyon filed a Motion for Relief from the Automatic Stay (the
14 "RFS Motion") in the MM 845 S. Flower case seeking relief from the automatic stay to permit it to
15 foreclose on its Deed of Trust against the Project. Canyon asserted that it was entitled to relief from
16 the stay because the Debtor does not have any equity in the Project and according to Canyon, the
17 Debtor cannot cram down a plan on Canyon over its objection. MM 845 S. Flower vigorously
18 disputed each of Canyon's contentions. The initial hearing on the RFS Motion was held on January
19 8, 2010. After additional briefing and a further hearing on February 5, 2010, the Court continued
20 the RFS Motion to March 12, 2010 for an evidentiary hearing regarding the value of the Project and
21 testimony by the appraisers retained by Canyon and MM 845 S. Flower. That evidentiary hearing
22 has been continued to June 7, 2010 but will be taken off calendar due to the settlement discussed
23 below.

24 In addition, on October 19, 2009, Canyon filed an adversary proceeding against MM 845 S.
25 Flower and Chinatown in their respective cases, asserting and seeking a declaration, among other
26 things, that Canyon was not required to release its lien on the Chinatown Property or its security

27 ³¹ The Loan Agreement, the Note, the Deed of Trust, the Accounts Pledge, the MMPI Guaranties,
28 the Chinatown Deed of Trust, the Pledge Agreements and all other documents and instruments
evidencing or securing the Loan, are referred to collectively herein as the "Loan Documents"

1 interest in MMP Ventures' membership interests in Chinatown (the "Chinatown Adversary
2 Proceeding") MM 845 Flower and Chinatown answered and counterclaimed, contending, among
3 other things, that Canyon is required to release its liens on the Chinatown Property and its security
4 interest in the MMP Ventures membership interests in Chinatown. On November 19, 2009, the
5 Bankruptcy Court entered its Order approving the parties' stipulation to consolidate the two
6 adversary proceedings, deeming the complaint filed in 845 Flower's case (1:09-ap-01435-KT) as the
7 sole operative complaint.

8 On February 16, 2010 the parties filed cross-motions for summary judgment (Chinatown
9 Adversary Proceeding docket nos. 13 19) which were initially set for hearing on March 12, 2010.
10 Those hearings have been continued several times and are currently set for hearing on June 7, 2010
11 but will be taken off calendar due to the settlement discussed below.

12 **2. Sale of the Project and Settlement with Canyon**

13 On April 13, 2010, MM 845 S. Flower filed a motion for authority to sell the Project to
14 Watermarke Properties, Inc., a California corporation, or its assignee (the "Buyer") for a purchase
15 price of \$110,000,000 cash pursuant to the Purchase Agreement, subject to a \$500,000 purchase
16 price credit to the Buyer as described below. The hearing on the Motion was held on April 19,
17 2010. The Court approved the sale by its order entered on April 19, 2010.

18 On April 12, 2010, MM 845 S. Flower, Chinatown, MMPI and MMP Ventures entered into
19 a settlement with Canyon (the "Canyon Settlement Agreement"). Pursuant to the settlement,
20 Canyon agreed to accept \$86,521,389 from escrow at closing in satisfaction of its Lien and has
21 agreed to the release of its Lien on the Project, on MM 845 S. Flower's bank accounts and other
22 personal property and on the real property owned by the related debtor Meruelo Chinatown, LLC.
23 The sale closed on April 26, 2010 and Canyon received payment of the settlement amount on that
24 date.

25 The Canyon Settlement Agreement resolves all disputes arising out of or relating to
26 Canyon's claims against the Debtors or arising out of or related to the Loan Documents, the RFS
27 Motion, and the Chinatown Adversary Proceeding.
28

1 In addition, certain creditors have asserted, or may assert, mechanics liens against the
2 Project (the "Mechanics Lien Creditors"). The sale of the Project combined with the funds in MM
3 845 S. Flower's construction reserve accounts (which was \$7,139,319 as of April 9, 2010) provides
4 more than enough proceeds for payment of all amounts determined to be owing to the Mechanics
5 Lien Creditors. MM 845 S. Flower has objections to certain of these claims and reserves all rights
6 and defenses thereto. As of the date hereof, the aggregate amount owing to the Mechanics' Lien
7 Creditors was between \$4,179,157 and \$8,733,944. As such claims are resolved, the Mechanics'
8 Lien Claims will be paid from the Remaining Claims Fund as provided below.

9 At closing, MM 845 S. Flower established the Remaining Claims Fund as a segregated
10 account at City National Bank to hold funds for payment of the unpaid or disputed Mechanics' Lien
11 Claims and unsecured claims against the Debtor's estate (the "Remaining Claims") as provided in
12 the Canyon Settlement Agreement. The Remaining Claims Fund was funded in an amount not to
13 exceed \$10,636,268, comprised of the maximum amount of all unpaid or disputed Mechanics Lien
14 Claims, \$100,000 for payment of unsecured claims, and \$1,500,000 as provided in the Canyon
15 Settlement Agreement. The Remaining Claims Fund was funded with the remaining funds from the
16 Debtor's construction reserve accounts plus proceeds of the Sale sufficient to fully fund the account.
17 The Liens of all creditors of MM 845 S. Flower asserting Liens against the Project, including but
18 not limited to Canyon (pursuant to the Canyon Settlement Agreement) and the Mechanics Lien
19 Creditors, attached to the Remaining Claims Fund. The Canyon Settlement Agreement also
20 provided for the payment of Canyon's third party fees and expenses arising out of the Remaining
21 Claims from the Remaining Claims Fund. As a result of receipt of the Settlement Amount, all of
22 Canyon's liens, rights and interest in and to any of the Debtors' assets have been fully released,
23 reconveyed, terminated and discharged, including, without limitation, full reconveyances of the
24 Flower Deed of Trust, the Chinatown Deed of Trust, terminations of any UCC financing statements
25 and account control agreements, releases of any guaranties, assignments and pledges, including
26 MMP Ventures' membership interests in 845 Flower and Chinatown, the MMPI Guaranties and the
27 Accounts Pledge and Pledge Agreements.
28

1 As a result of the settlement, the Chinatown Adversary Proceeding ~~will be~~has been
2 dismissed and Canyon ~~will withdraw~~has withdrawn its RFS Motion. The sale will provide
3 approximately \$20 million in sale proceeds to the estate and, after payment of administrative
4 expenses, such funds will be available to pay intercompany claims. The impact of successful
5 resolution of these cases is that the remaining proceeds from the sale of this Project will be
6 available to the MMPI Debtors at the Effective Date rather than one or more years later. Further,
7 the Chinatown Property is no longer encumbered and will be available to the Company as an
8 unencumbered property.

9 On or about July 7, 2010, MM 845 S. Flower filed a motion for authority to make an interim
10 distribution or distributions in the aggregate amount of up to \$12 million from free and clear cash in
11 MM 845 S. Flower's estate to MMPLP. That motion was granted.

12 5. ~~V.~~

13 **SUMMARY OF THE CHARLESTOWN PLAN**

14 The Charlestown Plan provides for the treatment and payment of Claims and Interests in
15 ~~each of~~ the Debtors' bankruptcy cases. ~~It~~ The Charlestown Plan also provides for the payment of
16 unclassified claims, such as administrative expense claims and priority tax claims against each
17 Debtor. Claims or Interests are classified in a particular Class only to the extent that the Claim or
18 Interest qualifies within the description of that Class, and are classified in another Class or Classes
19 to the extent that any remainder of the Claim or Interest qualifies within the description of such
20 other Class or Classes.

21 1. ~~I.~~ **Common Class Treatments for Classified Claims**

22 The following are Common Class Treatments for the following classes of Claims and
23 Interests: (i) Secured Tax Claims, (ii) Secured Lender Claims, (iii) Other Priority Claims, (iv)
24 Unsecured Tenant Security Deposit Claims, (v) General Unsecured Claims, (vi) Intercompany
25 Claims, and (vii) Equity Interests. The Classes of Claims and Interests for each Debtor will either
26 receive the Common Treatment or a treatment specific to a particular Class. For each Class and for
27 each Debtor, the Charlestown Plan will specify whether such class will receive the common
28 treatment set forth herein or another treatment.

1 The Charlestown Proponents expressly reserve the right, at any time during the term of the
2 Charlestown Plan, to refinance the obligations secured by any of their real properties or to sell such
3 any or all of such real properties and satisfy the full amount of the Allowed Secured Claims against
4 such real property(ies) from the proceeds of such refinancing. The Charlestown Proponents also
5 reserve the right to make full or partial repayment of the debt at any time on or following the
6 Effective Date.

7

8 **1. Common Los Angeles County Tax Claim Treatment**

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10 Los Angeles County Tax Claims will be paid in accordance with the terms of the
11 Bankruptcy Court-approved settlement between the Debtor and Los Angeles County.

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13 **2. Common Secured Lender Claim Treatment**

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15 The Holder shall receive deferred Cash payments over a period of four years from the
16 Effective Date in an amount equal to the amount of the Allowed Secured Claim plus interest from
17 the Effective Date on the unpaid portion of the Allowed Secured Claim at the rate prescribed below.
18 Payments shall be made in the amount of the monthly accruing interest with the principal balance
19 and any unpaid interest due and payable four years after the Effective Date. The monthly
20 installments of interest shall be payable on or before the fifteenth (15th) day of each month, with the
21 first installment due on or before the fifteenth (15th) day of the month following the month in which
22 the Effective Date occurs. The first six installments, however, will be paid together on the date that
23 the first installment is due.

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25 Each installment shall be in the amount equal to interest on the Allowed Secured Claim at
26 the rate of 5.25% per annum or as otherwise established by the Bankruptcy Court, provided,
27 however, that in the event such Claim is not an Allowed Secured Claim at the Effective Date then
28 interest shall be payable on the undisputed portion of such Claim until the Claim is allowed
pursuant to a Final Order of the Bankruptcy Court. Once the Claim is an Allowed Secured Claim
pursuant to a Final Order, then on the next interest payment date, the Holder shall receive a

1 payment equal to the unpaid interest due and owing on the disputed portion of the Claim from the
2 Effective Date.

3 The terms and conditions of the agreements or instruments between the Holder and the
4 Debtor shall be restructured and amended as of the Effective Date pursuant to a Loan Modification
5 Agreement, the form of which is attached to the Disclosure Statement as Exhibit D. The Holder
6 and Reorganized Debtor shall, within a reasonable period of time after the Effective Date (or after a
7 Final Order of the Bankruptcy Court allowing the Claim) complete the Loan Modification
8 Agreement consistent with the terms of this Charlestown Plan, and execute and deliver the same to
9 be effective as of the Effective Date. If there shall be found any error in the Loan Modification
10 Agreement such that it was not completed consistent with the terms of this Charlestown Plan, the
11 Holder and the Reorganized Debtor shall correct and re-execute the Loan Modification Agreement
12 to be consistent with the Charlestown Plan. Except as provided in this section and the Loan
13 Modification Agreement, and notwithstanding Section 1141(c) or any other provision of the
14 Bankruptcy Code, all valid, enforceable and perfected prepetition liens of the Holder in its
15 Collateral shall survive the Effective Date and continue in accordance with the contractual terms of
16 the underlying agreements with such Holder and/or applicable law until the Holder's Allowed
17 Secured Claim is satisfied pursuant to the Charlestown Plan; provided however, that the Holder
18 shall be prohibited from exercising rights or remedies pursuant to such underlying agreements so
19 long as the Reorganized Debtor is in compliance with the Charlestown Plan. Any lien or interest
20 granted to the Holder by the Bankruptcy Court as adequate protection shall be released and
21 extinguished upon confirmation.

22 ***Common Settled Secured Claim Treatment***

23 The foregoing treatment shall not supersede the terms of Bankruptcy Court approved
24 settlements. Holders of Secured Claims who settled with the Debtors and whose settlements have
25 been approved by the Bankruptcy Court will be paid in accordance with their settlement
26 agreements.
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3. Common Other Priority Claim Treatment

This Class includes Other Priority Claims for an amount entitled to priority under Sections 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, and does not include any Administrative Claim or Tax Claim. These unsecured Other Priority Claims are for unsecured Claims for accrued employee compensation earned within 180 days prior to the Petition Date, to the extent of \$10,950 per employee.

Holders of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.

4. Common Tenant Security Deposits Treatment

The Allowed Claims of the Holders shall be Reinstated as of the Effective Date of the Charlestown Plan.

5. Common Unsecured Claim Treatment

The Holders of Allowed General Unsecured Claims shall on the Effective Date, receive a cash payment equal to the full amount of their Allowed Claim ~~on or before 30 days after the Effective Date~~ plus interest from the Petition Date to the Effective Date. Holders entitled to a contractual rate of interest will receive interest at the lesser of: (A) 8 percent; or (B) 2 percentage points below their contractual rate. These Holders are impaired.

Holders without contractual interest rates will be entitled to interest at the Federal Judgment Rate (.64%). These Holders are unimpaired.

1 In the event a Disputed Claim becomes an Allowed Claim after the Effective Date, the
2 payment will be due 30 days after the date the Disputed Claim becomes an Allowed Claim.

3 Creditors who have agreed to other treatments in court-approved settlements shall receive
4 the treatments provided in those settlements notwithstanding the Allowance of some or all of their
5 Claims as General Unsecured Claims.

6 The Charlestown Proponents cannot determine at this time which Holders are entitled to
7 contractual rates of interest and which are not. Accordingly, the Charlestown Proponents will
8 solicit votes from all Holders with **General Unsecured Claims**.

9

10 **6. Common Unsecured Guaranty Claim Treatment**

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12 Claims in this Class consist of Guaranty Claims on obligations for which another one of the
13 Debtors is the principal obligor and for which the principal obligation is provided for under this
14 Charlestown Plan or under the plan filed by MM 845 S. Flower and Chinatown.

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**7. ~~Common~~ Treatment for Guaranty Claims held by Settling Guaranty
Creditors**

The foregoing treatment shall not supersede treatment specified in Bankruptcy
Court-approved settlements. Holders of Guaranty Claims who have agreed to a different treatment
in Bankruptcy Court-approved settlement will receive that treatment.

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8. Common Intercompany Claim Treatment

The Holders shall retain such Claims and all rights, interests, and obligations related thereto but, notwithstanding, the Holders consent to the treatment afforded and distributions to be made under this Charlestown Plan to Holders in each class of Allowed Claims.

9. Common Equity Interest Treatment

The Holders of the Equity Interests in these Classes shall retain their Equity Interests in the Debtor.

2. ~~2.~~ Summary of Classified Claims and Treatment

The categories of Claims and Interests listed in the chart below classify Claims (except for Administrative Claims and Priority Tax Claims) and Interests for all purposes, including voting, confirmation and distribution pursuant to this Charlestown Plan. The amounts listed for each Class in the chart below represent the Debtors' estimate of the amount of the Allowable Claims asserted in each Class and contain a brief summary description of the treatment of each class. This is a summary for information only and does not specify the full terms of the treatment for each class. Such full description is set forth in Article III of the Charlestown Plan. The terms of the Charlestown Plan control over the summary descriptions set forth herein. In addition, the Debtors expressly reserve all of their rights to object to the amount, character and enforceability of any Claim, whether or not listed in the chart below.

Class	Description of Class	Impaired/ Unimpaired	
1.	Meruelo Maddux Properties, Inc. ⁴²		
1A	Secured Claim of Oliver, Sandifer - \$436,901	Unimpaired.	The Class 1A Claim is unimpaired and the Holder is not entitled to vote on the Charlestown Plan. On the Effective Date, the Holder's claim shall be

⁴² The Debtors are listed in the order of the Service Level Debtors and then the Property Level Debtors.

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Class	Description of Class	Impaired/ Unimpaired	
			reinstated and the Holder shall retain its attorney's lien, if any.
1B	Priority Benefits Claims - \$46,362	Unimpaired.	Holders of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.
1C-1	Unsecured Insider Claims	Impaired.	The Holders shall receive the Common General Unsecured Claim Treatment on account of their Allowed Claims except that their distribution will be held by the Reorganized MMPI in reserve for the earlier of (1) five years after the Effective Date; (2) the resolution of any Insider Litigation against that Holder; or (3) upon such earlier time as the Reorganized Debtor decides, in its sole and absolute discretion is appropriate. Interest will accrue, at an annual rate to be determined by the Bankruptcy Court, on the Allowed amount of the Claims until the distribution is released to the Holder.
1C-2 A	Unsecured Guaranty Claims - \$102,245,154	Impaired.	Common Unsecured Guaranty Claim Treatment: Five years after the Effective Date, the Holder of an Allowed Guaranty Claim in this Class shall

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Class	Description of Class	Impaired/ Unimpaired	
			receive the full amount of its Claim plus interest at 3% per annum (or such other interest rate as the Bankruptcy Court shall determine is necessary for the Charlestown Plan to comply with Bankruptcy Code Section 1129(b)(2)). The amount of the Allowed Guaranty Claim shall reflect payments made on the underlying obligation and/or recoveries based on disposal of the collateral.
1C-2B	<u>Settled</u> Unsecured Guaranty Claims - \$92,453,017	Impaired.	Holder's Guaranty Claim shall be consistent in all regards with the Bankruptcy Court-approved settlement.
1C-3 <u>A/B</u>	General Unsecured Claims - \$7,668,891	Impaired/ <u>Unimpaired</u> .	Common Unsecured Guaranty -Claim Treatment: The Holders of Allowed General Unsecured Claims shall receive a cash payment equal to the full amount of their Allowed Claim on or before 30 days after the Effective Date. <u>the Effective Date plus interest from the Petition Date to the Effective Date.</u> <u>Holders with contracts that entitle them to interest on their Claims will receive interest at the lesser of: (A) 8%; or (B) 2 percentage points below their contractual rate. These Holders are impaired. Holders without contractual interest rates will be entitled to interest at the Federal Judgment Rate (.64%). These Holders are unimpaired.</u> In the event a Disputed Claim becomes an Allowed Claim after the Effective Date, the payment will be due 30 days after the date the Disputed Claim becomes an Allowed

Class	Description of Class	Impaired/ Unimpaired	Claim.
1 E	Non-Insider Equity Interests	Impaired.	<p>Non-Insider Equity Interest Holders may elect to receive either (i) \$.16 per share for every share of Existing Common Stock they hold; or (ii) 1 share of stock in Reorganized MMPI for each — shares of their pro rata share (taking into account only Non-Insider Holders unless the Bankruptcy Court determines that this treatment unfairly discriminates against Insider Holders) of the approximately 5.9 million shares of Reorganized MMPI Existing Common Stock they hold and the right, limited to accredited investors, issued on account of the existing common stock of MMPI, constituting 26% of the stock of Reorganized MMPI, and the right to purchase a portion of the New Equity in accordance with the Rights Offering; or (ii) \$.16 per share for every share of Existing Common Stock they hold. Non-Insider Equity Interest Holders that fail to make an election will receive the treatment described as option “(i)” in the preceding sentence. Holders electing to receive \$.16 per share will not receive Replacement Equity and may not participate in the Rights Offering.</p>
1F	Insider Equity Interests	Impaired.	<p>Holders of Insider Equity Interests in the Debtor will receive \$.16 per share for each share of MMPI Existing Common Stock they hold. The distribution to Holders of Insider</p>

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Class	Description of Class	Impaired/ Unimpaired	
			<p>Equity Interests shall be held in reserve for the earlier of (1) five years after the Effective Date; (2) the resolution of any Insider Litigation against that Holder; or (3) upon such earlier time as the Reorganized MMPI decides, in its sole and absolute discretion is appropriate. If the Bankruptcy Court determines that the Charlestown Plan cannot be confirmed because of the separate classification and/or disparate treatment of Insiders, Insider Holders will <u>Insider Holders are not entitled to participate in the Rights Offering. The Bankruptcy Court may determine that this treatment unfairly discriminates against Insider Holders, that Insiders Holders are entitled to elect to receive stock rather than cash, and/or that Insiders are entitled to an immediate distribution of either cash or stock. The Charlestown Proponents will amend the Charlestown Plan in accordance with the Bankruptcy Court's ruling on this issue. Accordingly, Insiders may be entitled to the same treatment as Non-Insider Holders except, however, if, however, the Insider Holders elect to receive Replacement Equity or to participate in the Rights Offering and purchase New Equity, the received Replacement Equity or New Equity will be held in reserve for the earlier of (1) five years after the</u></p>

Class	Description of Class	Impaired/ Unimpaired	
			Effective Date; (2) the resolution of any Insider Litigation against that Holder; or (3) upon such earlier time as the Reorganized MMPI decides, in its sole and absolute discretion, is appropriate <u>Insiders under the Charlestown Plan generally and with respect to the Rights Offering in particular.</u>
2. Meruelo Maddux Properties, Inc. MMPLP			
2C-2	Unsecured Guaranty Claims - \$41,001,926	Impaired.	Common Unsecured Guaranty Claim Treatment
2C-3	General Unsecured Claims - \$1,869,638 ⁵³	Impaired.	Common Unsecured Claim Treatment.
2D	Intercompany Claims - \$452,881,601	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto
2E	Equity Interests of MMPI (99.6%) and Holders of LTIP Units (0.4%)	Impaired.	LTIP units <u>Interest in MMPLP will be cancelled, and MMPLP will be merged into MMPI. Holders of LTIP Units shall be entitled to receive, at MMPI's option, either (A) cash; or (B) shares of Reorganized MMPI Common Stock with a value equal to the value of the LTIP Units on the Effective Date.</u>
3. MMP Ventures LLC			
3C	General Unsecured Claims - \$652	Impaired.	Common Unsecured Claim Treatment.
3D	Intercompany Claims - \$2,509	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
3E	Equity Interests of MMPLP (100%)	Unimpaired.	Holders retain their interests.
4. Meruelo Maddux			

⁵³ Berkadia has filed alleged and duplicative unsecured claims for "money had and received, money lent, unjust enrichment, and interference with contract" for \$1,443,668.40 (the "Berkadia Unsecured Claim") against 53 of the 54 Debtors. The Debtors will be filing formal objections to the Berkadia Unsecured Claims asserted in the 53 Chapter 11 Cases at the appropriate time. In the table below, the classes of "General Unsecured Claims" for the 53 Debtors separately list the amount of general unsecured claims asserted by claimants, exclusive of the disputed Berkadia Unsecured Claim. Notwithstanding the foregoing, the claim is included in the Class 2C-3.

Class	Description of Class	Impaired/ Unimpaired	
Construction, Inc.			
4C	General Unsecured Claims - \$652	Unimpaired.	Paid in full at Effective Date.
4D	Intercompany Claims - \$10,588	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
4E	Equity Interests of Meruelo Maddux Construction, Inc.	Unimpaired.	Holdes retain their interests.
5. Meruelo Maddux Management LLC			
5B	Priority Benefits Claims - \$151,247	Unimpaired.	<u>Holdes of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.</u>
5C	General Unsecured Claims - \$652	Impaired.	Common Unsecured Claim Treatment.
5D	Intercompany Claims - \$4,296,137	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
5E	Equity Interests of MMPLP (99%) and MMCI (1%)	Unimpaired.	Holdes retain their interests
6. Meruelo Maddux – 555 Central Avenue LLC			
6C	General Unsecured Claims - \$10,102	Impaired.	Common Unsecured Claim Treatment.
6D	Intercompany Claims - \$1,999,388	Unimpaired.	Creditors retain their claims and all rights, interests an obligations related thereto.
6E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holdes retain their interests.
7. Merco Group – Overland Terminal LLC			
7C	General Unsecured Claims - \$132,750	Impaired.	Common Unsecured Claim Treatment.
7D	Intercompany Claims -	Unimpaired.	Creditors retain their

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Class	Description of Class	Impaired/ Unimpaired	
	\$1,093,202		claims and all rights, interests and obligations related thereto.
7E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
8. National Cold Storage LLC			
8C	General Unsecured Claims — \$4,545	Impaired.	Common Unsecured Claim Treatment.
8E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
9. Wall Street Market LLC			
9C	General Unsecured Claims - \$2,092	Impaired.	Common Unsecured Claim Treatment
9D	Intercompany Claims - \$3,536,086	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
9E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
10. Meruelo Maddux Properties – 1009 N. Citrux Avenue, Covina. LLC			
10A	Los Angeles County Secured Tax Claim - \$118,420	Impaired.	Common Los Angeles Tax Claim Treatment. See Plans or full description of treatment.
10C	General Unsecured Claims - \$15,357	Impaired.	Common Unsecured Claim Treatment.
10D	Intercompany Claims - \$6,630,774	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
10E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
11. Meruelo Maddux – 230 W. Avenue 26 LLC			
11A	Los Angeles County Secured Tax Claim - \$163,484	Impaired.	Common Los Angeles Tax Claim Treatment. See Plan for full description of treatment
11C-1	Unsecured Claims — Tenant Security Deposits - \$24,610	Unimpaired.	Creditors’ legal equitable and contractual rights are Reinstated.
11C-2	General Unsecured Claims - \$3,952	Impaired.	Common Unsecured Claim Treatment.
11D	Intercompany Claims - \$6,414,500	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
11E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
12. Meruelo Maddux Properties			

1	Class	Description of Class	Impaired/ Unimpaired	
2	– 306-330 N. Avenue 21 LLC			
3	12A	Los Angeles County Secured Tax Claim - \$111,937	Impaired.	Common Los Angeles Tax Claim Treatment. See Plan for full description of treatment.
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5	12C-1	Unsecured Claims — Tenant Security Deposits - \$8,025	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
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7	12C-2	General Unsecured Claims - \$14,882	Impaired.	Common Unsecured Claim Treatment.
8	12D	Intercompany Claims - \$3,569,603	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
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10	12E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
11	13. Meruelo Maddux – 817-825 S. Hill Street LLC			
12	13A	Los Angeles County Secured Tax Claim — \$350,917	Impaired.	Common Los Angeles Tax Claim Treatment. See Plan for full
13	13C	General Unsecured Claims - \$1,583	Impaired.	Common Unsecured Claim Treatment.
14	13D	Intercompany Claims - \$16,377,573	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
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16	13E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
17	14. Meruelo Maddux – 1000 E. Cesar Chavez LLC			
18	14A	Los Angeles County Secured Tax Claim - \$167,582	Impaired.	Common Los Angeles Tax Claim Treatment.
19	14C-1	Unsecured Claims — Tenant Security Deposits - \$3,100	Unimpaired.	Creditors' legal, equitable and contractual rights are Reinstated.
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21	14C-2	General Unsecured Claims - \$10,930	Impaired.	Common Unsecured Claim Treatment.
22	14D	14D Intercompany Claims - \$6,804,902	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
23				
24	14E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
25	15. Meruelo Maddux Properties – 1060 N. Vignes LLC			
26	15A	Los Angeles County Secured Tax Claim - \$115,121	Impaired.	Common Los Angeles Tax Claim Treatment.
27	15C	General Unsecured Claims - \$71,044	Impaired.	Common Unsecured Claim Treatment.
28	15D	Intercompany Claims -	Unimpaired.	Creditors retain their

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Class	Description of Class	Impaired/ Unimpaired	
	\$6,549,824		claims and all rights, interests and obligations related thereto.
15E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
16. Meruelo Maddux – 2415 E. Washington Boulevard LLC			
16A	Los Angeles County Secured Tax Claim - \$50,897	Impaired.	Creditor receives Common Secured Tax Claim-Treatment pursuant to agreement with County. See Plan for full description of treatment.
16C	General Unsecured Claims - \$4,780	Impaired.	Common Unsecured Claim Treatment.
16D	Intercompany Claims - \$2,220,879	Unimpaired.	Creditors retain their claims and all rights interests and obligations related thereto.
16E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
17. Meruelo Maddux – 5500 Flotilla Street LLC			
17C	General Unsecured Claims - \$652	Unimpaired.	Paid in full at Effective Date.
17D	Intercompany Claims - \$611,663	Unimpaired.	Creditors retain their claims and all rights interests and obligations related thereto.
17E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
18. Meruelo Maddux Properties – 12385 San Fernando Road LLC			
18A	Los Angeles County Secured Tax Claim - \$211,338	Impaired.	Common Los Angeles Tax Claim Treatment.
18C	General Unsecured Claims - \$2,652	Impaired.	Common Unsecured Claim Treatment.
18D	Intercompany Claims - \$8,997,401	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
18E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
19. Merco Group – 146 E. Front Street LLC			
19C	General Unsecured Claims - \$652	Impaired.	Common Unsecured Claim Treatment.
19D	Intercompany Claims - \$2,243,787	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
19E	Equity Interests of MMP	Unimpaired.	Holders retain their

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Class	Description of Class	Impaired/ Unimpaired	
	Ventures (100%)		interests.
20.	Merco Group – 801 E. 7th Street LLC		
20A	Los Angeles County Secured Tax Claim - \$14,177	Impaired.	Common Los Angeles Tax Claim Treatment..
20C	General Unsecured Claims - \$2,652	Impaired.	Common Unsecured Claim Treatment.
20D	Intercompany Claims - \$1,346,512	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
20E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests.
21.	Merco Group – 1211 E. Washington Boulevard LLC		
21A-1	Los Angeles County Secured Tax Claim - \$245,814	Impaired.	Common Los Angeles Tax Claim Treatment.
21A-2	RoofCorp of CA, Inc. - \$37,500	Impaired.	Paid in full with 50% of claim paid on Effective Date and 50% of Claim, plus interest from the Effective Date at 3.5% on the 1 st anniversary of the Effective Date.
21C-1	Unsecured Claims — Tenant Security Deposits - \$42,357	Unimpaired.	Creditors' legal, equitable and contractual rights are Reinstated.
21C-2	General Unsecured Claims - \$31,231	Impaired.	Common Unsecured Claim Treatment.
21D	Intercompany Claims - \$9,122,302	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
21E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retains their interests.
22.	Merco Group – 1380 S. Orchard LLC		
22A	Los Angeles County Secured Tax Claim - \$36,714	Impaired.	Common Los Angeles Tax Claim Treatment.

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Class	Description of Class	Impaired/ Unimpaired	
22C	General Unsecured Claims - \$4,322	Impaired.	Common Unsecured Claim Treatment.
22D	Intercompany Claims - \$1,346,512	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
22E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests.
23. Merco Group – 2040 Camfield Avenue LLC			
23C	General Unsecured Claims - \$652	Unimpaired.	Paid in full on the Effective Date.
23D	Intercompany Claims - \$5,163,790	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
23E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests.
24. Merco Group – Ceres Street Produce LLC			
24A	Los Angeles County Secured Tax Claim - \$65,342	Impaired	Common Los Angeles Tax Claim Treatment.
24C	General Unsecured Claims - \$2,059	Impaired.	Common Unsecured Claim Treatment.
24D	Intercompany Claims - \$2,772,264	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
24E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests.
25. Meruelo Baldwin Park LLC			
25A	Los Angeles County Secured Tax Claim - \$201,681	Impaired	Common Los Angeles Tax Claim Treatment.
25C-1	Unsecured Claims — Tenant Security Deposits - \$3,000	Unimpaired.	Creditors' legal, equitable and contractual rights are Reinstated.
25C-2	General Unsecured Claims - \$4,082	Unimpaired.	Common Unsecured Claim Treatment.
25D	Intercompany Claims - \$8,847,699	Unimpaired.	Creditors retain their claims and all rights, interests and obligations

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Class	Description of Class	Impaired/ Unimpaired	
			related thereto..
25E	Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
26. Santa Fe & Washington Market LLC			
26A	Los Angeles County Secured Tax Claim - \$45,481	Impaired.	Common Los Angeles Tax Claim Treatment.
26C-1	Unsecured Claims — Tenant Security Deposits - \$27,900	Unimpaired.	Common Los Angeles Tax Claim Treatment.
26C-2	General Unsecured Claims - \$4,591	Impaired.	Common Unsecured Claim Treatment.
26D	Intercompany Claims - \$4,879,642	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto..
26E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
27. Merco Group – 5707 S. Alameda LLC			
27A	Los Angeles County Secured Tax Claim re \$112,423	Impaired.	Common Los Angeles Tax Claim Treatment.
27C-1	Unsecured Claims — Tenant Security Deposits - \$5,794	Unimpaired.	Creditors’ legal equitable and contractual rights are Reinstated.
27C-2	General Unsecured Claims - \$16,673	Impaired.	Common Unsecured Claim Treatment.
27D	Intercompany Claims - \$4,859,886	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
27E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
28. Meruelo Maddux – 3rd and Omar Street LLC			
28A-1	Los Angeles County Secured Tax Claim - \$125,813	Impaired.	Common Los Angeles Tax Claim Treatment.
28A-2	Legendary Secured Claim - \$2,559,658	Impaired.	Common Secured Lender Treatment.
28C-1	Unsecured Claims — Tenant Security Deposits - \$2,600	Unimpaired.	Creditors' legal, equitable and contractual rights are Reinstated.
28C-2	General Unsecured Claims - \$2,772	Impaired.	Common Unsecured Claim Treatment.
28D	Intercompany Claims - \$3,416,741	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
28E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
29. Meruelo Maddux – 336 W.			

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Class	Description of Class	Impaired/ Unimpaired	
11th Street LLC			
29A-1	Los Angeles County Secured Tax Claim - \$199,416	Impaired.	Common Los Angeles Tax Claim Treatment.
29A-2	Legendary Secured Claim - a pledge of the Debtor's Real Property to secure the obligations of 620 Gladys Avenue, LLC (see Class 46A-2 below).	Impaired.	Common Secured Lender Treatment.
29A-3	Grand Avenue Lofts, HOA Secured Claim - \$270,000	Impaired.	<p>Claim is disputed. To the extent allowed, Creditor receives Common Secured Lender Treatment<u>Grand Avenue Lofts' ("GAL") Position. GAL asserts that it does not have a claim that is subject to modification or discharge. Rather, GAL asserts a current right in the real property that cannot be extinguished through bankruptcy, that when it conveyed to MM 336 W. 11th Street, it reserved a power of termination, as reflected in the Grant Deed. GAL asserts that MM 336 W. 11th Street never had title free and clear of GAL's property right. GAL asserts that an attempted discharge of GAL's power of termination would, in effect, be a forced conveyance of a property interest, beyond the scope of a discharge that would ultimately give the estate a property interest it did not have before the filing. The Charlestown Proponents currently take no position regarding GAL's rights and reserve the right to argue that GAL's rights may be affected or otherwise restricted by the Charlestown Plan.</u></p>
29A-4	Grand Avenue Lofts, LLC / CIM Urban RE Fund GP II,	Impaired.	Same as 29A-3 immediately above.

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Class	Description of Class	Impaired/ Unimpaired	
	LLC Secured Claim - 0		
29C	General Unsecured Claims - \$43,857	Impaired.	Common Unsecured Claim Treatment.
29D	Intercompany Claims - \$10,554,921	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
29E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
30. Meruelo Maddux – 420 Boyd Street LLC			
30A-1	Los Angeles County Secured Tax Claim - \$272,651	Impaired.	Common Los Angeles Tax Claim Treatment.
30A-2	Legendary Secured Claim - \$5,950,000	Impaired.	Common Secured Lender Treatment.
30C-1	Unsecured Claims — Tenant Security Deposits - \$21,463	Unimpaired.	Creditors' legal, equitable and contractual rights are Reinstated.
30C-2	General Unsecured Claims - \$31,296	Impaired.	Common Unsecured Claim Treatment.
30D	Intercompany Claims - \$2,607,940	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
30E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
31. Meruelo Maddux – 500 Mateo Street LLC			
31C	General Unsecured Claims - \$1,657	Impaired.	Common Unsecured Claim Treatment.
31D	Intercompany Claims - \$1,968,955	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
31E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
32. Meruelo Maddux Properties – 760 S. Hill Street LLC			
32A-1	Los Angeles County Secured Tax Claim - \$256,063	Impaired.	Common Los Angeles Tax Claim Treatment.
32A-2	Bank of America Secured Claim - \$28,108,094	Impaired.	Common Secured Lender Treatment.
32B	Priority Benefits Claims - \$14,223	Unimpaired.	<u>Holder of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the</u>

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Class	Description of Class	Impaired/ Unimpaired	
			<u>Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.</u>
32C-1	Unsecured Claims — Tenant Security Deposits \$39,061	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
32C-2	General Unsecured Claims - \$460,061	Impaired.	Common Unsecured Claim Treatment.
32D	Intercompany Claims - \$25,543,339	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
32E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
33.	788 S. Alameda LLC		
33A-1	Los Angeles County Secured Tax Claim - \$95,225	Impaired.	Common Los Angeles Tax Claim Treatment.
33A-2	California Bank & Trust Secured Claim - \$7,153,799	Impaired.	Common Secured Lender Treatment.
33B	Priority Benefits Claims - \$1,382	Unimpaired.	<u>Holders of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.</u>
33C-1	Unsecured Claims — Tenant Security Deposits - \$85,000	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
33C-2	General Unsecured Claims - \$61,022	Impaired.	Common Unsecured Claim Treatment.
33D	Intercompany Claims - \$1,485,597	Unimpaired.	Creditors retain their claims and all rights, interests and obligations

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Class	Description of Class	Impaired/ Unimpaired	
			related thereto.
33E	Equity Interests of MMP Ventures (100%)	Unimpaired	Holders retain their interests.
34. 905 8th Street LLC			
34A-1	Los Angeles County Secured Tax Claim - \$87,293	Impaired.	Common Los Angeles Tax Claim Treatment.
34A-2	The Stanford Group LP Secured Claim - \$1,950,000	Impaired.	Common Settled Secured Claim Treatment
34C-1	Unsecured Claims — Tenant Security Deposits - \$3,525	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
34C-2	General Unsecured Claims - \$12,849	Impaired.	Common Unsecured Claim Treatment.
34D	Intercompany Claims - \$2,814,172	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
34E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
35. Meruelo Maddux – 914-949 S. Hill Street LLC			
35A-1	Los Angeles County Secured Tax Claim - \$307,986	Impaired.	Common Los Angeles Tax Claim Treatment.
35A-2	Imperial Capital Bank Secured Claim - \$9,007,827	Impaired.	Common Settled Secured Claim Treatment.
35C-1	General Unsecured Claims - \$2,652	Impaired.	Common Unsecured Claim Treatment.
35C-2	Tenant Security Deposits - \$30,000	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
35D	Intercompany Claims - \$17,716,678	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
35E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
36. Alameda Produce Market LLC			
36A-1 -a	Los Angeles County Secured Tax Claim re Alameda Produce Market Encumbered Real Property - \$421,457	Impaired.	Common Los Angeles Tax Claim Treatment.
36A-1 -b	Los Angeles County Secured Tax Claim re Alameda Produce Market Unencumbered Real Property - \$37,263	Unimpaired.	Common Los Angeles Tax Claim Treatment.
36A-2	Cathay Bank Secured Claim - \$48,815,711	Impaired.	Common Settled Secured Claim Treatment
36A-3	Cathay Bank Secured Claim -	Impaired.	Common Settled Secured

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Class	Description of Class	Impaired/ Unimpaired	
	\$9,848,944		Claim Treatment
36B	Priority Benefits Claims - \$23,169	Unimpaired.	<u>Holder of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.</u>
36C-1	Unsecured Claims — Tenant Security Deposits - \$301,019	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
36C-2	General Unsecured Claims - \$581,888	Impaired.	Common Unsecured Claim Treatment.
36E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
37.	Merco Group – 1500 Griffith Avenue LLC		
37A-1 -a	Los Angeles County Secured Tax Claim re 1500 Griffith - \$109,864	Impaired.	Common Los Angeles Tax Claim Treatment.
37A-1 -b	Los Angeles County Secured Tax Claim re 1510 Griffith Avenue - \$78,830	Unimpaired.	Common Los Angeles Tax Claim Treatment.
37A-2	Legendary Secured Claim - \$6,396,500 — joint and several obligation with 4th Street Center, LLC, and also secured by the 4th Street Center Real Property (see Class 44A-2 below).	Impaired.	Common Secured Lender Treatment.
37A-3	Murakami Secured Claim - \$2,945,000	Impaired.	Common Settled Secured Claim Treatment.
37C-1	Unsecured Claims — Tenant Security Deposits - \$58,830	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
37C-2	General Unsecured Claims - \$2,452	Impaired.	Common Unsecured Claim Treatment.
37D	Intercompany Claims - \$5,508,367	Unimpaired.	Creditors retain their claims and all rights,

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Class	Description of Class	Impaired/ Unimpaired	
			interests and obligations related thereto.
37E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
38. Meruelo Maddux Properties – 1919 Vineburn Street LLC			
38A-1	Los Angeles County Secured Tax Claim - \$138,067	Impaired.	Common Los Angeles Tax Claim Treatment.
38A-2	Imperial Capital Bank Secured Claim - \$5,468,543	Impaired.	Common Settled Secured Claim Treatment.
38C-1	Unsecured Claims – Tenant Security Deposits - \$42,210	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
38C-2	General Unsecured Claims - \$2,652	Impaired.	Common Unsecured Claim Treatment.
38D	Intercompany Claims - \$3,035,648	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
38E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
39. Meruelo Maddux Properties – 2131 Humboldt Street LLC			
39A-1 -a	Los Angeles County Secured Tax Claim Against 2131 Humboldt Encumbered Real Property - \$263,168	Impaired.	Common Los Angeles Tax Claim Treatment.
39A-1 -b	Los Angeles County Secured Tax Claim Against 2131 Humboldt Unencumbered Real Property - \$145,353	Unimpaired.	Common Los Angeles Tax Claim Treatment.
39A-2	Chamlian Secured Claim - \$7,000,000	Impaired.	Common Secured Lender Treatment.
39C-1	Unsecured Claims — Tenant Security Deposits - \$10,500	Unimpaired.	Creditors’ legal equitable and contractual rights are Reinstated.
39C-2	General Unsecured Claims - \$3,631	Impaired.	Common Unsecured Claim Treatment.
39D	Intercompany Claims - \$13,680,208	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
39E	Equity Interests of MMP Ventures (100%)	Unimpaired	Holders retain their interests.
40. Merco Group – 2529 Santa Fe Avenue LLC			
40A-1	Los Angeles County Secured Tax Claim - \$126,578	Impaired.	Common Los Angeles Tax Claim Treatment.
40A-2	1248 S. Figueroa Secured Claim - \$3,134,825	Impaired.	Common Secured Lender Treatment.

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Class	Description of Class	Impaired/ Unimpaired	
40C-1	Unsecured Claims — Tenant Security Deposits - \$15,000	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
40C-2	General Unsecured Claims - \$25,049	Impaired.	Common Unsecured Claim Treatment.
40D	Intercompany Claims - \$3,703,446	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
40E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
41. 2640 Washington Boulevard LLC			
41A-1	Los Angeles County Secured Tax Claim - \$212,108	Impaired.	Common Los Angeles Tax Claim Treatment.
41A-2	East West Bank as successor to UCB Secured Claim - \$6,066,073	Impaired.	Common Secured Lender Treatment.
41C-1	Unsecured Claims — Tenant Security Deposits - \$52,150	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
41C-2	General Unsecured Claims - \$19,358	Impaired.	Common Unsecured Claim Treatment.
41D	Intercompany Claims - \$3,920,800	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
41E	Equity Interests of MMP Ventures (100%)	Unimpaired.	
42. Meruelo Maddux Properties – 2941 2951 Lenwood Road LLC			
42A-1	FNBN Secured Claim - \$8,983,643	Impaired.	Common Settled Secured Claim Treatment.
42C	General Unsecured Claims - \$6,281,773	Impaired.	Common Unsecured Claim Treatment.
42D	Intercompany Claims - \$6,279,821	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
42E	Equity Interests of MMP Ventures (100%)	Unimpaired	Holders retain their interests.
43. Merco Group – 3185 E. Washington Boulevard LLC			
43A-1 -a	Los Angeles County Secured Tax Claim re 3185 E. Washington Boulevard Encumbered Real Property - \$191,130	Impaired.	Common Los Angeles Tax Claim Treatment.
43A-1 -b	Los Angeles County Secured Tax Claim re 3185 E. Washington Boulevard	Unimpaired.	Common Los Angeles Tax Claim Treatment.

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Class	Description of Class	Impaired/ Unimpaired	
	Unencumbered Real Property- \$969		
43A-2	Chinatrust Secured Claim - \$9,541,565	Impaired.	
43C-1	General Unsecured Claims - \$1,702	Impaired.	Common Unsecured Claim Treatment.
43C-2	Unsecured Claims — Tenant Security Deposits \$250,000	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
43D	Intercompany Claims - \$1,938,813	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
43E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
44. Merco Group – 4th Street Center LLC			
44A-1	Los Angeles County Secured Tax Claim - \$96,705	Impaired.	Common Los Angeles Tax Claim Treatment.
44A-2	Legendary Secured Claim - joint and several obligation with 1500 Griffith Avenue, and also secured by 1500 Griffith Avenue (see Class 37A-2 above).	Impaired.	Common Secured Lender Treatment.
44C-1	General Unsecured Claims - \$17,652	Impaired.	Common Unsecured Claim Treatment.
44C-2	General Unsecured Claims — Tenant Security Deposits - \$4,500	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
44D	Intercompany Claims - \$6,840,375	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
44E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests.
45. Merco Group – 425 W. 11th Street LLC			
45A-1	Los Angeles County Secured Tax Claim - \$332,662	Impaired.	Common Los Angeles Tax Claim Treatment.
45A-2	Legendary Secured Claims - \$5,340,000	Impaired.	Common Secured Lender Treatment.
45C	General Unsecured Claims - \$4,266	Impaired.	Common Unsecured Claim Treatment.
45D	Intercompany Claims - \$11,737,757	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
45E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
46. Merco Group – 620 Gladys			

Class	Description of Class	Impaired/ Unimpaired	
Avenue LLC			
46A-1 -a	Los Angeles County Secured Tax Claim re 620 S. Gladys Avenue Encumbered Real Property - \$311,811	Impaired.	Common Los Angeles Tax Claim Treatment.
46A-1 -b	Los Angeles County Secured Tax Claim re 620 S. Gladys Avenue Unencumbered Real Property - \$113,033	Unimpaired.	Common Los Angeles Tax Claim Treatment.
46A-2	Legendary Secured Claim re 620 S. Gladys Avenue - \$5,380,688 which is also secured by the MM 336 W. 11 th Street Real Property (see Class 29A-4 above).	Impaired.	Common Secured Lender Treatment.
46C	General Unsecured Claims - \$1,501	Impaired.	Common Unsecured Claim Treatment.
46D	Intercompany Claims - \$9,788,629	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
46E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holdes retain their interests
47. Merco Group – 2001-2021 W. Mission Boulevard LLC			
47A-1	Los Angeles County Secured Tax Claim - \$105,146	Impaired.	Common Los Angeles Tax Claim Treatment.
47A-2	PNL Pomona LP Secured Claim — to be determined	Impaired.	Common Secured Lender Treatment.
47C	General Unsecured Claims - \$5,402	Impaired.	Common Unsecured Claim Treatment.
47D	Intercompany Claims - \$12,948,409	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
47E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holdes retain their interests
48. Merco Group – Little J LLC			
48A-1 -a	Los Angeles County Secured Tax Claim re 1119 S. Olive Street - \$52,446	Impaired.	Common Los Angeles Tax Claim Treatment.
48A-1 -b	Los Angeles County Secured Tax Claim re 1124 S. Olive Street - \$64,262	Unimpaired.	Common Los Angeles Tax Claim Treatment.
48A-2	Legendary Secured Claim - a pledge of the Debtor's Real Property to secure the obligation for payment under a loan made to Merco Group which is also secured by the Sky-Arc Real Property (see Class 50A-2 below).	Impaired.	Common Secured Lender Treatment.

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Class	Description of Class	Impaired/ Unimpaired	
48C-2	General Unsecured Claims - \$2,252	Impaired.	Common Unsecured Claim Treatment.
48C-3	Tenant Security Deposit Claims - \$7,000		Creditors' legal equitable and contractual rights are Reinstated.
48D	Intercompany Claims - \$8,299,295	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
48D	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
49. Merco Group – Southpark LLC			
49A-1	Los Angeles County Secured Tax Claim - \$570,318	Impaired.	Common Los Angeles Tax Claim Treatment.
49A-2	Bank of America Secured Claim - \$20,000,000	Impaired.	Common Secured Lender Treatment.
49C-1	General Unsecured Claims - \$1,308,981	Impaired.	Common Unsecured Claim Treatment.
49C-2	Tenant Security Deposit Claims - \$31,000	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
49D	Intercompany Claims - \$37,919,096	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
49E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
50. Merco Group LLC			
50A-1	Los Angeles County Secured Tax Claim \$380,214	Impaired.	Common Los Angeles Tax Claim Treatment.
50A-2	Legendary Secured Claim re Sky-Arc Real Property -\$15,000,000 which is also secured by the Little J Real Property (see Class 48A-2 above)	Impaired.	Common Secured Lender Treatment.
50A-3	Legendary Secured Claim re Sci-Arc Real Property - \$10,108,209	Impaired.	Common Secured Lender Treatment.
50C	General Unsecured Claims - \$271,104	Impaired.	Common Unsecured Claim Treatment.
50D	Intercompany Claims - \$16,604,526	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
50E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
51. Meruelo Farms LLC			
51A-1 -a	Los Angeles County Secured Tax Claim re 815 E. Temple Street - \$94,319	Impaired.	Common Los Angeles Tax Claim Treatment.

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Class	Description of Class	Impaired/ Unimpaired	
51A-1 -b	Los Angeles County Secured Tax Claim re 729 E. Temple Street - \$208,977	Unimpaired.	Common Los Angeles Tax Claim Treatment.
51A-2	Imperial Capital Bank Secured Claim - \$6,978,349	Impaired.	Common Settled Secured Claim Treatment.
51A-3	Pacific Commerce Secured Claim - \$3,350,000	Impaired.	Common Settled Secured Claim Treatment.
51C	General Unsecured Claims - \$187,099	Impaired.	Common Unsecured Claim Treatment.
51D	Intercompany Claims - \$9,138,503	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
51E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
52. Meruelo Wall Street LLC			
52A-1	Los Angeles County Secured Tax Claim - \$423,210	Impaired.	Common Los Angeles Tax Claim Treatment.
52A-2	East West Bank as successor to UCB Secured Claim - \$20,850,859	Impaired.	Common Secured Lender Treatment.
52B	Priority Benefits Claims - \$9,542	Impaired.	<u>Holder of Other Priority Claims will be paid in full on the Effective Date except to the extent such Claim includes accrued vacation or sick pay and the Holder of the Other Priority Claim remains employed with the Reorganized Debtors after the Effective Date. If so, the vacation or sick pay shall be reinstated and the Holder shall be authorized to use such amounts for vacation or sick time following the Effective Date.</u>
52C-1	Unsecured Claims — Tenant Security Deposits - \$297,650	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
52C-2	General Unsecured Claims - \$16,640	Impaired.	Common Unsecured Claim Treatment.
52D	Intercompany Claims - \$3,133,131	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
52E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holders retain their interests
53. Meruelo Maddux – Mission Boulevard LLC			

Class	Description of Class	Impaired/ Unimpaired	
53A-1	Los Angeles County Secured Tax Claim - \$290,497	Impaired.	Common Los Angeles Tax Claim Treatment.
53A-2	Kennedy Funding, Inc. Secured Claim - \$8,800,000	Impaired.	Common Secured Lender Treatment.
53C	General Unsecured Claims - \$15,539	Impaired.	Common Unsecured Claim Treatment.
53D	Intercompany Claims - \$20,054,067	Unimpaired.	Creditors retain their claims and all rights, interests and obligations related thereto.
53E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests
54.	Santa Fe Commerce Center, Inc.		
54A-1	Los Angeles County Secured Tax Claim - \$99,452	Impaired.	Common Los Angeles Tax Claim Treatment.
54A-2	Berkadia Secured Claim - \$10,170,904	Impaired.	Common Secured Lender Treatment.
54A-3	RoofCorp of CA, Inc. Secured Claim - \$111,377	Impaired.	Common Secured Lender Treatment.
54C-1	Unsecured Claims — Tenant Security Deposits -\$79,667	Unimpaired.	Creditors' legal equitable and contractual rights are Reinstated.
54C-2	General Unsecured Claims - \$16,059	Impaired.	Common Unsecured Claim Treatment.
54E	Equity Interests of MMP Ventures (100%)	Unimpaired.	Holder retain their interests.

1. ~~B.~~ Treatment for Unclassified Claims

1. Unclassified Claims (Applicable to all of the Debtors)

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Charlestown Plan because they are automatically entitled to a specific treatment provided for them in the Bankruptcy Code. As such, the Debtors have not placed the following claims in a class. The treatment of these claims is provided below.

1. Administrative Claims

Administrative Claims are claims for costs or expenses of administering the Debtors' Chapter 11 Cases which are allowed under Bankruptcy Code Section 507(a)(2). The Bankruptcy Code requires that all Administrative Claims be paid on the Effective Date of the Charlestown Plan,

1 unless a particular claimant agrees to a different treatment. Section 507(a)(2) Administrative Claims
2 include, but are not limited to, claims arising from the employment of professionals and the costs
3 and the statutory fees of the Bankruptcy Court and the Office of the United States Trustee.

4 **1. General**

5 Subject to the bar date provisions herein and additional requirements for professionals and
6 certain other entities set forth below, the surviving Reorganized Debtor shall pay to each Holder of
7 an Allowed Administrative Claim, on account of its Administrative Claim and in full satisfaction
8 thereof, Cash equal to the Allowed amount of such Administrative Claim on the Effective Date or
9 as soon as practicable thereafter, unless the Holder agrees or shall have agreed to other treatment of
10 such Claim. Payment on an Administrative Claim which arose in the ordinary course of each
11 Debtor's business, including Ordinary Course Professionals, will be made when such payment
12 would have become due in the ordinary course of each Debtor's business or under the terms of the
13 Claim in the absence of the Chapter 11 Cases.

14 **2. Payment of Statutory Fees**

15 On or before the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930, as
16 determined by the Court at the hearing on Confirmation, shall be paid in Cash equal to the amount
17 of such Administrative Claim.

18 **3. Bar Date for Administrative Claims**

19 ***1. General Provisions***

20 Except as provided below for (i) non-tax liabilities incurred in the ordinary course of
21 business by each Debtor and (ii) Postpetition Tax Claims, requests for payment of Administrative
22 Claims must be Filed and served on counsel for the Reorganized Debtor no later than forty-five (45)
23 days after the Effective Date, or such later date, if any, as the Court shall order upon application
24 made prior to the end of such 45-day period. Holders of Administrative Claims (including, without
25 limitation, professionals requesting compensation or reimbursement of expenses and the Holders of
26 any Claims for federal, state or local taxes) that are required to File a request for payment of such
27 Claims and that do not File such requests by the applicable bar date shall be forever barred from
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1 asserting such Claims against any of the Debtors or the Reorganized Debtor or any of their
2 respective properties.

3 **2. Professionals**

4 All professionals or other Persons requesting compensation or reimbursement of expenses
5 pursuant to any of Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for
6 services rendered on or before the Effective Date (including, inter alia, any compensation requested
7 by any professional or any other Person for making a substantial contribution in the Reorganization
8 Case) shall File and serve on the Reorganized Debtor and the Creditors' Committee an application
9 for final allowance of compensation and reimbursement of expenses no later than (i) forty-five (45)
10 days after the Effective Date, or (ii) such later date as the Court shall order upon application made
11 prior to the end of such 45-day period. Objections to applications of professionals for compensation
12 or reimbursement of expenses must be Filed and served on Reorganized Debtor, the Creditors'
13 Committee and the professionals to whose application the objections are addressed on or before (i)
14 fourteen days after such application is Filed and served or (ii) such later date as the Court shall
15 order or upon agreement between the Reorganized Debtor and the affected professional.

16 Any professional fees and reimbursements of expenses incurred by the Reorganized Debtor
17 subsequent to the Effective Date may be paid by the Reorganized Debtor without application to or
18 Order of the Court.

19 **3. Ordinary Course Liabilities**

20 Holders of Administrative Claims based on liabilities incurred post-petition in the ordinary
21 course of the Debtors' businesses, including Ordinary Course Professionals, (other than Claims of
22 governmental units for taxes or Claims and/or penalties related to such taxes) shall not be required
23 to File any request for payment of such Claims. Such Administrative Claims shall be assumed and
24 paid by such Reorganized Debtor pursuant to the terms and conditions of the particular transaction
25 giving rise to such Administrative Claim, without any further action by the Holders of such Claims.

26 **4. Tax Claims**

27 All requests for payment of Postpetition Tax Claims, for which no bar date has otherwise
28 been previously established, must be Filed on or before the later of (i) forty-five (45) days following

1 the Effective Date; and (ii) 120 days following the filing of the tax return for such taxes for such tax
 2 year or period with the applicable governmental unit. Any Holder of any Postpetition Tax Claim
 3 that is required to File a request for payment of such taxes and that does not File such a Claim by
 4 the applicable bar date shall be forever barred from asserting any such Postpetition Tax Claim
 5 against any of the Debtors or Reorganized Debtor, or any of their respective properties, whether any
 6 such Postpetition Tax Claim is deemed to arise prior to, on, or subsequent to, the Effective Date.
 7 The Debtors are paying all Postpetition Tax Claims as they come due; however, certain taxing
 8 authorities conduct audits which may result in a postpetition tax liability of which the Debtors are
 9 currently unaware.

10 [The San Bernardino County Taxing Authority has asserted a tax claim for the 2010-11 tax](#)
 11 [year. The Reorganized Debtor will pay such real property taxes in the normal and ordinary course](#)
 12 [of business together with any and all costs, fees and interest if applicable pursuant to 11 USC](#)
 13 [Sections 506\(b\) and 511. Any lien created on account of the unpaid taxes shall remain until paid in](#)
 14 [full.](#)

15 **b. Priority Tax Claims**

16 Priority Tax Claims are certain unsecured income, employment and other taxes described by
 17 Bankruptcy Code Section 507(a)(8). The Bankruptcy Code requires that each holder of such a
 18 507(a)(8) priority Tax Claim receive the present value of such claim in deferred cash payments,
 19 over a period not exceeding five years after the Petition Date. The following chart lists the Debtors'
 20 Section 507(a)(8) priority Tax Claims and their treatment under this Charlestown Plan.

NAME	AMOUNT OWED	TREATMENT
1. Meruelo Maddux Properties, Inc.		
Name – Franchise Tax Board Type of tax – Income	\$0.00	See below.
Name – State of Delaware Type of tax – Franchise	\$125,138.00	See below.
Name – State Board of Equalization Type of tax – Hazardous Substance Tax	\$61,916	See below
2. Meruelo Maddux Properties, L.P.		
Name – Franchise Tax Board Type of tax – Income	\$0.00	See below.
4. Meruelo Maddux Construction, Inc.		
Name – Franchise Tax Board	\$0.00	See below.

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NAME	AMOUNT OWED	TREATMENT
Type of tax – Income		
10. Meruelo Maddux Properties – 1009 N. Citrus Avenue, Covina		
Name – Franchise Tax Board Type of tax – Income	\$0.00	See below.
11. Meruelo Maddux – 230 W. Avenue 26 LLC		
Name: Franchise Tax Board Type of tax – Income	\$0.00	See below.
12. Meruelo Maddux Properties – 306-330 N. Avenue 21 LLC		
Name – City of Los Angles Type of tax – Business	\$151,232	See below.
Name – Franchise Tax Board Type of tax – Income	\$0.00	
13. . Meruelo Maddux - 817-825 S. Hill Street L		
Name – Franchise Tax Board Type of tax – Income	\$0.00	See below.
14. . Meruelo Maddux – 1000 E. Cesar Chavez LLC		
Name - Franchise Tax Board Type of tax – Income	0.00	See below.
15.. Meruelo Maddux Properties – 1060 N. Vignes LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
17. Meruelo Maddux - 5500 Flotilla Street LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
18. Meruelo Maddux Properties – 12385 San Fernando Road LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
20. Merco Group – 801 E. 7th Street LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
21. Merco Group – 1211 E. Washington Boulevard LLC		
28. Meruelo Maddux 3rd and Omar Street LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
29. Meruelo Maddux - 336 W. 11th Street LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
30. Meruelo Maddux - 500 Mateo Street LLC		
Name - Franchise Tax Board Type of tax – Income	\$0.00	See below.
35. Meruelo Maddux - 915-949 S. Hill Street		
Name - Franchise Tax Board	\$0.00	See below.

<u>NAME</u>	<u>AMOUNT OWED</u>	<u>TREATMENT</u>
Type of tax – Income		
39. Meruelo Maddux - 2131 Humboldt Street LLC		
Name - Franchise Tax Board	\$0.00	See below.
Type of tax – Income		
42. Meruelo Maddux - 2951 Lenwood Road LLC		
Name - Franchise Tax Board	\$0.00	See below.
Type of tax – Income		
52. Meruelo Wall Street LLC		
Name - Franchise Tax Board	\$0.00	See below.
Type of tax – Income		
TOTAL ⁶⁴	\$340,475.00	

Except as otherwise provided below, or as otherwise agreed to by Reorganized Debtor and the applicable taxing agency, Holders an Allowed Priority Tax Claims shall receive the Common Unsecured Claim Treatment, i.e., payment in full on or before 30 days after the Effective Date.

In the event a Disputed Priority Tax Claim becomes an Allowed Priority Tax Claim after the Effective Date, the payment will be due 30 days after the date the Disputed Claim becomes an Allowed Claim. Creditors who have agreed to other treatments in court-approved settlements shall receive the treatments provided in those settlements notwithstanding the Allowance of some or all of their Claims

6. ~~VI.~~

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Charlestown Plan constitutes a motion to assume or reject all executory contracts and nonresidential real property leases, except for those executory contracts and nonresidential real property leases that have already been assumed or rejected pursuant to an earlier Order of the Bankruptcy Court or that are the subject of a motion for such an Order pending as of the Confirmation Hearing. Prior to the Charlestown Proponents, the Charlestown Proponents will file a schedule of all real property leases and executory contracts to be rejected; any contract or lease not

⁶⁴ The Franchise Tax Board has filed claims for franchise taxes for the 2009 year corporate tax fee of \$800 in the Debtors' cases scheduled above. Debtors' records indicate that all such taxes have been paid and, accordingly, the above schedule shows the amount of the such FTB claims to be zero but if it is determined that the FTB has Allowable Claims, the treatment is as provided above.

1 on that schedule shall be deemed assumed by the applicable Debtor as of the Effective Date. Prior
2 to the date of hearing on the Charlestown Proponents Disclosure Statement, the Charlestown
3 Proponents will file a schedule of all real property leases and executory contracts to be assumed
4 listing the cure amount, if any, under such unexpired lease or executory contract. Unless the
5 non-Debtor party to any such executory contract or unexpired lease to be assumed files and serves
6 on Charlestown Proponents' counsel an objection to the cure amount specified on that schedule on
7 or before the last date established by the Bankruptcy Court to file and serve objections to
8 confirmation of the Charlestown Plan, such cure amount shall be forever binding on such
9 non-debtor party to said executory contract or unexpired lease.

10 Except as otherwise agreed by the parties to an executory contract or unexpired lease, each
11 Reorganized Debtor will cure any and all undisputed defaults within thirty days of the Effective
12 Date under any executory contract or unexpired lease assumed pursuant to the Charlestown Plan
13 and to which it is a party, in accordance with Section 365 of the Bankruptcy Code. All disputed
14 defaults that are required to be cured shall be cured either within thirty days of the entry of a Final
15 Order determining the amount, if any, of such Debtor's or Reorganized Debtor's liability with
16 respect thereto, or as may be agreed otherwise by the parties. The Confirmation Order shall state
17 that all pre-petition contracts and unexpired leases that are listed on the schedule described herein
18 are deemed assumed under the Charlestown Plan.

19 Any Claim for damages arising from the rejection of an executory contract or unexpired
20 lease must be Filed and served on counsel for the Reorganized Debtors within thirty (30) days after
21 the order of the Bankruptcy Court approving such rejection becomes a Final Order or be (i) forever
22 barred and unenforceable against any Debtor, its Estate, the Reorganized Debtor and their
23 respective property, and (ii) barred from receiving any distribution under the Charlestown Plan. All
24 Allowed Claims arising from the rejection of executory contracts or unexpired leases shall be
25 treated as a Class "C" General Unsecured Claim against the respective Debtor who is a party to
26 such executory contract or unexpired lease.

27 Any election of rights by a lessee under Section 365(h)(1) of the Bankruptcy Code must be
28 Filed and served on counsel for the Debtors within thirty (30) days after the order of the Bankruptcy

1 Court approving such rejection becomes a Final Order or lessee shall be deemed to have waived any
2 and all of its rights under Section 365(h)(1).

3 7. ~~VII.~~

4 **MEANS FOR IMPLEMENTATION OF THE CHARLESTOWN PLAN**

5 **1. ~~A.~~ OVERVIEW OF PLAN IMPLEMENTATION**

6 Except as otherwise provided in the Charlestown Plan or the Confirmation Order, all Cash
7 necessary for the Reorganized Debtors to make payments pursuant to the Charlestown Plan will be
8 obtained from the Reorganized Debtors' cash balances existing on the Effective Date, from cash
9 generated by the Reorganized Debtors' business post-Effective Date, from the sale or refinancing of
10 assets of the Reorganized Debtors, from the sale of the New Equity Interests described below, and
11 from any other lawful source.

12 **2. ~~B.~~ VESTING OF ASSETS**

13 Except as otherwise provided in any provision of the Charlestown Plan, on the Effective
14 Date, all legal and equitable interests of the Debtors in property of their respective estates shall be
15 vested in such Reorganized Debtors, free and clear of all Claims, Liens, encumbrances and Interests
16 except to the extent and only as is expressly provided for otherwise in Article III.0 of the
17 Charlestown Plan.

18 **3. ~~C.~~ SALE OR REFINANCE OF CERTAIN OF THE ASSETS OF CERTAIN**
19 **DEBTORS**

20 As of the Effective Date, the Reorganized Debtors will continue to operate their businesses.
21 In order to meet their operational needs and payment obligations under the Charlestown Plan, the
22 Reorganized Debtors may sell or refinance some of their assets as necessary during the term of the
23 Charlestown Plan. The Reorganized Debtors will determine which assets will be sold or refinanced
24 based on the then existing needs of the business. After the payment of the costs of sale and the
25 satisfaction of any Liens fixed by this Charlestown Plan against the asset, the remaining proceeds
26 will be available for the payment of the costs of operating its business and funding the Reorganized
27 Debtors' obligations under this Charlestown Plan.

28 **4. ~~D.~~ EQUITY STRUCTURE FOR REORGANIZED MMPI**

1 The Charlestown Plan provides for an infusion of \$31 million cash to MMPI through the
2 Private Placement and Rights Offering described below.

3 **5. ~~E.~~ PRIVATE PLACEMENT AND RIGHTS OFFERING**

4 To fund the Charlestown Plan, MMPI will issue —approximately 16.7 million shares of
5 MMPI common stock ("New Equity") which shall represent a minimum of 74% of the outstanding
6 stock in Reorganized MMPI. The New Equity will be sold to MMPI Acquisition in the Private
7 Placement described below and to Non-Insider Holders of Interest in MMPI in the Rights Offering
8 described below. The Private Placement and the Rights Offering are subject to and conditioned
9 upon confirmation of the Charlestown Plan and the occurrence of the Effective Date. Non-Insider
10 Holders that qualify to participate in the Rights Offering will be asked to subscribe to the Rights
11 Offering at the time of the vote solicitation described in Section IX herein. Non-insiders will not be
12 required to tender payment at the time of the vote solicitation, but will be invoiced for shares
13 purchased at a later date with payment due after the Confirmation Date and before the Effective
14 Date.

15 *Private Placement*

16 MMPI Acquisition will commit to purchase the —approximately 16.7 million shares at a
17 total purchase price of \$31,000,000 (the "Private Placement"). The terms of the Private Placement
18 will meet any and all requirements necessary for the Private Placement to be exempt from
19 registration requirements of the Securities Act and of any equivalent state securities or "blue sky"
20 laws under section 4(2) of the Securities Act in accordance with Rule 506 of Regulation D
21 promulgated thereunder. Section 4(2) exempts from registration under the Securities Act all
22 "transactions by an issuer not involving any public offering." 15 U.S.C. § 77d(2).

23 On or before the final day of hearings on confirmation of the Charlestown Plan, MMPI
24 Acquisition will make a \$4 million deposit into a segregated account. Upon entry of an order of the
25 Bankruptcy Court confirming the Charlestown Plan, the \$4 million deposit amount will become a
26 non-refundable deposit and will constitute the total amount of liquidated damages for MMPI
27 Acquisition's failure to transmit the full purchase price (subject to the Rights Offering described
28 below) on the Effective Date, unless MMPI's Acquisition's failure to perform is excused. MMPI

1 Acquisition's obligation to transmit the full purchase price will not be subject to any financing
2 contingency. MMPI Acquisition will be entitled to conduct commercially reasonable due diligence
3 to the extent such due diligence was not completed prior to the entry of a confirmation order. .

4 ***Rights Offering***

5 Non-Insider Holders of Interests in MMPI who elect to retain an interest in Reorganized
6 MMPI and who are also accredited investors may participate in a rights offering of
7 approximately 4.34 million shares in Reorganized MMPI for an aggregate purchase price of \$8
8 million cash, or a per share price of approximately \$1.86 (the "Rights Offering"). ~~For the~~
9 ~~avoidance of doubt, if~~ The Rights Offering is being made available to all such Non-Insider Holders
10 of Interests in MMPI on a pro-rata basis based on the understanding that the Bankruptcy Court will
11 determine that such participation by all such persons is compatible with the exemptions to
12 registration set forth in section 1145 of the Bankruptcy Code. To the extent that either (1) the
13 Bankruptcy Court determines that ~~the Charlestown Plan cannot be confirmed because of the~~
14 ~~separate classification and/or disparate treatment of Insiders, Insider Holders will~~ such participation
15 is not compatible with the exemptions to registration set forth in section 1145 of the Bankruptcy
16 Code, or (2) all Non-Insider Holders of Interests in MMPI do not elect to fully participate in the
17 Rights Offering on a pro-rata basis, any remaining shares in Reorganized MMPI will be offered to
18 Non-Insider Holders of Interest in MMPI that have demonstrated that they are "accredited

1 investors” (as defined in Rule 501(a) promulgated under the Securities Act).⁵ If this offering is
2 oversubscribed, it will be limited on a pro rata basis (based on the Holders’ pre-Effective Date
3 holdings).

4 Under the Charlestown Plan, Insider Holders are not permitted to elect to receive shares
5 rather than a cash distribution and, accordingly, are not entitled to participate in the Rights Offering.
6 In addition, the cash distribution to Insiders is held in reserve for the earlier of (1) five years after
7 the Effective Date; (2) the resolution of any Insider Litigation against that Holder; or (3) upon such
8 earlier time as the Reorganized MMPI decides, in its sole and absolute discretion is appropriate.
9 The Bankruptcy Court may determine that this treatment unfairly discriminates against Insider
10 Holders, that Insiders Holders are entitled to elect to receive stock rather than cash, and/or that
11 Insiders are entitled to an immediate distribution of either cash or stock. The Charlestown
12 Proponents will amend the Charlestown Plan in accordance with the Bankruptcy Court’s ruling on
13 this issue. Accordingly, Insiders may be entitled to the same treatment as Non-Insider Holders and,
14 ~~in such a case, each instance of the phrase “Non-Insider Holder” occurring in this subsection should~~
15 ~~be read to include both Non-Insider Holders and Insider Holders.~~ Insiders under the Charlestown
16 Plan generally and with respect to the Rights Offering in particular.

17 The —approximately 4.3 million shares and the \$8 million purchase price will reduce the
18 number of shares available in the Private Placement and the purchase price for those shares in

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20 ⁵ Rule 501 of Regulation D defines “accredited investors” as:
21 a bank, insurance company, registered investment company, business development company, or
22 small business investment company;
23 an employee benefit plan, within the meaning of the Employee Retirement Income Security Act,
24 if a bank, insurance company, or registered investment adviser makes the investment decisions, or
25 if the plan has total assets in excess of \$5 million;
26 a charitable organization, corporation, or partnership with assets exceeding \$5 million;
27 a director, executive officer, or general partner of the company selling the securities;
28 a business in which all the equity owners are accredited investors;
a natural person who has individual net worth, or joint net worth with the person’s spouse, that
exceeds \$1 million at the time of the purchase;
a natural person with income exceeding \$200,000 in each of the two most recent years or joint
income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the
same income level in the current year; or
a trust with assets in excess of \$5 million, not formed to acquire the securities offered, whose
purchases a sophisticated person makes.

1 equivalent amounts. For the avoidance of doubt, if the Rights Offering is fully subscribed and all
2 Non-Insider Holders elect to retain their equity, MMPI Acquisition will purchase 55% of
3 Reorganized MMPI for \$23 million, the Non-Insider Holders participating in the Rights Offering
4 will purchase 19% of Reorganized MMPI for \$8 million, and Non-Insider Holders will receive the
5 remaining 26% of the stock in Reorganized MMPI. To the extent any Non-Insider Holders of
6 MMPI elect to receive cash rather than participate in the distribution of shares, the portion of the
7 26% of the reorganized debtor that would have otherwise been distributed to the cash-electing
8 Non-Insider Holders will be distributed on a pro rata basis among the shareholders of Reorganized
9 MMPI. For the further avoidance of doubt and notwithstanding any statements elsewhere in this
10 paragraph, each share of MMPI Existing Common Stock that is voluntarily or otherwise redeemed
11 for cash by an Insider Holder will be distributed pro-rata among non-insider shareholders who elect
12 to retain their equity such that if all Insider Holders are offered the option to receive ~~—share~~one
13 share for each ~~share~~15 shares of MMPI Existing Common Stock they hold but instead choose to
14 redeem their shares of MMPI Existing Common Stock for cash, approximately 13.5% of
15 Reorganized MMPI will be distributed pro rata among those Non-Insider Holders who elect to
16 retain their equity.

17 ~~There will be no limit on the total number of shares that each Non-insider Holder may~~
18 ~~purchase; provided, however, that in the event~~As indicated above, Non-Insider Holders of MMPI
19 may elect to participate in the Rights Offering ~~is oversubscribed, each participation will be limited~~
20 on a pro rata basis (based on their pre-Effective Date holdings). For the avoidance of doubt,
21 Holders who elect to receive cash distributions are not be eligible to participate in the Rights
22 Offering.

23 The terms of the Rights Offering will meet any and all requirements necessary for the
24 Private Placement to be exempt from registration requirements of the Securities Act and of any
25 equivalent state securities or "blue sky" laws ~~under section 4(2) of the Securities Act in accordance~~
26 ~~with Rule 506 of Regulation D promulgated thereunder. Section 4(2) exempts from registration~~
27 ~~under the Securities Act all "transactions by an issuer not involving any public offering." 15 U.S.C.~~
28 ~~§ 77d(2).~~

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MMPI Acquisition

~~The proposed purchaser of~~ MMPI Acquisition will purchase shares in the Private Placement-
~~is MMPI Acquisition.~~ The current investors in MMPI Acquisition are Charlestown Capital,
Hartland Asset Management, ~~Global Asset Capital~~ and Global Asset Capital. Global Asset Capital
owns 75% of MMPI Acquisition, Charlestown Capital owns 20% of MMPI Acquisition, and
Hartland Asset Management owns 5% of MMPI Acquisition. The Perimeter Group has advised the
Charlestown Proponents and MMPI Acquisition regarding its potential investment in MMPI, and
the Perimeter Group. ~~—~~ may receive a share of MMPI Acquisition in exchange for its advisory
services and/or a cash investment.

Charlestown Capital is a private merchant-banking and financial advisory company headquartered in New York. Charlestown Capital has been involved in strategic M & A advisory, restructurings, asset divestitures, partial recapitalizations and other financings across many sectors. As a merchant bank, Charlestown has committed capital to mid-sized enterprises and financially backed managements during financial restructurings.

Charlestown Capital was founded by Raj Maheshwari in 2005. Under Mr. Maheshwari's tenure, Charlestown Capital has been a M & A advisor to Esmark, Inc, a \$1.3 billion steel company that was sold to OAO Severstal of Russia in August 2008. Charlestown Capital continues to be a Mergers & Acquisition advisor to The Bouchard Group, the founders of Esmark, Inc. and to their successor companies. In addition, Charlestown continues to be involved in many other M & A and financial restructuring initiatives.

Charlestown Capital, Raj Maheshwari, and persons or entities affiliated them own a total of 1,712,300 shares in MMPI as follows:

<u>Charlestown Jupiter Fund LLC</u>	<u>1,435,000</u>
<u>Man Mohan and Asha Maheshwari</u>	<u>155,000</u>
<u>Charlestown Capital Advisors, LLC</u>	<u>118,000</u>
<u>Raj Maheshwari</u>	<u>4,300</u>

These 1.7 million shares are approximately 2% of the shares in MMPI and approximately 4% of the Non-Insider shares.

1 Hartland Asset Management is a registered investment advisor providing investment
2 management services to institutional investors. Since its inception in 1995, Hartland has specialized
3 ~~on~~[in](#) private investments within the real estate and fixed income asset classes. Currently, Hartland
4 manages an investment account for investing in real estate owned by tax exempt institutions. It also
5 originates opportunities to invest in renewable energy projects.

6 Lee Smith is President of Hartland Asset Management. Over his career, Mr. Smith has
7 implemented over \$500 million worth of investments, mostly, though not exclusively, in real estate.
8 He has written extensively on economic and investment issues. Before starting Hartland, Mr. Smith
9 served in the Administration of New York Governor Mario M. Cuomo, having been appointed in
10 1983 as the Deputy Commissioner and general counsel of the NYS Labor Department. In 1989 he
11 was named Executive Director of the Governor's Pension Investment Task Force, a 20 member
12 committee of legal and financial experts and pension fund executives, chaired by Ira Millstein, to
13 examine the role of pension funds in economy. He edited the Task Force's two reports: Our Money's
14 Worth, The Report of the Governor's Task Force on Pension Fund Investment, (New York, 1989);
15 Competitive Plus - A Study of Economically Targeted Investments by Pension Funds, (New York,
16 1990).

17 [Hartland Asset Management, Lee Smith and persons or entities affiliated with them own](#)
18 [50,500 shares in MMPL. This represents less than 1% of the outstanding shares in MMPL.](#)

19 Global Asset Capital ("GAC") is a Palo Alto, California-based private equity investment
20 firm with interests in venture capital, structured finance, and real estate. Founded in 1997, GAC is
21 currently managing over \$350MM focused on venture capital, private equity, and real estate. GAC
22 has a successful track record of building businesses in the telecommunications/media/technology
23 and specialty finance/real estate industries. GAC partners with management teams to build category
24 defining companies that create long-term equity value. GAC's current real estate portfolio
25 comprises over twenty office and development assets in California. GAC's financial advisor in real
26 estate matters is Deutsche Bank, and its legal advisor is Morrison & Foerster.

27 The Perimeter Group is currently 85 employees located across seven offices globally,
28 including acquisitions, asset management, finance and investor relations professionals. The

1 Perimeter Group completed a spin-out of Lehman Brothers Real Estate Partners (LBREP) in May,
2 2010. It manages \$3.5 billion of equity with an underlying real estate value of over \$18 billion, and
3 its asset base primarily consists of office, hotel, apartment and residential land assets. The
4 principals of Perimeter average over 25 years of real estate experience and collectively have
5 invested over \$15 billion of equity and have originated over \$30 billion of first mortgage and
6 mezzanine debt transactions. Perimeter principals have been involved in several billions of dollars
7 of investment in the Los Angeles metro area including the sale of Arden Realty, acquisition and
8 entitlement of 9900 Wilshire Boulevard in Beverly Hills and construction of JW Marriott /
9 Ritz-Carlton hotel and residential tower at LA Live complex located in downtown Los Angeles. In
10 addition to ~~its~~ [a potential](#) investment in MMPI Acquisition, Perimeter Group ~~will~~ [may](#) support the
11 development and implementation of the Reorganized Debtor's business plan.

12 In addition to the above investors, MMPI Acquisition is advised by the Multi Capital Group.
13 Multi Capital Group is a Real Estate Investment Banking firm, specializing in the full spectrum of
14 real estate financing. This is the case whether it is the acquisition or refinancing of an office
15 building, shopping center, industrial building, mixed-use, multi-family property or health related
16 facility. As a part of The Multi Group of Companies, Multi Capital Group has successfully been
17 involved in excess of \$6 billion Dollars of real estate transactions. Over the last decade, Multi
18 Capital has built an array of complementary financial and advisory services. Today, Multi Capital
19 offers, owners, investors and developers comprehensive debt structures, corporate advisory, and
20 construction consulting services, as well access to a wide variety of investment and financial
21 services.

22 **6. ~~F.~~ Certificate of Incorporation and Bylaws; Cancellation Of MMPI Securities,**
23 **LTIP Units and Related Agreements**

24 ***1. Cancellation Of MMPI Securities, LTIP Units and Related***
25 ***Agreements***

26 At the Effective Date, (i) the MMPI Existing Common Stock and the LTIP Units; all
27 warrants, options or other rights for the purchase or other acquisition from any Debtor of any MMPI
28 Existing Common Stock or LTIP Units; all securities convertible into or redeemable or

1 exchangeable for any MMPI Existing Common Stock or LTIP Units; and all warrants, rights or
2 options for the purchase or other acquisition from any Debtor of any MMPI Existing Common
3 Stock or LTIP Units or any such warrants, options, other rights or securities, and any interest or
4 participation in any of the foregoing and any other ownership or profit interest or participation in
5 MMPI or MMPLP (to the extent not held directly or indirectly by MMPI) will be cancelled and
6 extinguished, and (ii) the obligations of, Claims against, and/or Interests in MMPI under, relating or
7 pertaining to any agreements (including without limitation, registration rights agreements, merger,
8 contribution and similar agreements and voting, shareholders and similar agreements), indentures,
9 certificates of designation, bylaws, or certificates or articles of incorporation or similar documents
10 governing the MMPI Existing Common Stock and any other instrument or document evidencing or
11 creating ownership interest in MMPI (including without limitation, provisions of the agreement of
12 limited partnership of MMPLP and award agreements relating to the LTIP Units) will be released
13 and discharged.

14 **2. Amended and Restated Certificate of Incorporation and Bylaws**

15 On and after the Effective Date, pursuant to and by virtue of this Charlestown Plan, the
16 certificate of incorporation of the Reorganized MMPI will be amended and restated in ~~the form~~
17 ~~attached hereto as Exhibit K~~ a form necessary to effectuate the provisions of the Charlestown Plan
18 until thereafter changed or amended as provided therein or by applicable law. ~~Similarly, and the~~
19 ~~amended and restated bylaws in the form attached hereto as Exhibit L~~ a form necessary to effectuate
20 the Charlestown Plan will be the bylaws of Reorganized MMPI until thereafter changed or amended
21 as provided therein or by applicable law.

22 **7. ~~G.~~ Issuance of New Equity Interests**

23 On the Effective Date, the shares of New Equity shall be issued in accordance with the
24 Private Placement and additional shares of equity will be issued to those Holders who elect to
25 receive shares in the Reorganized Debtor. These shares together will then represent all of the issued
26 and outstanding equity interests in MMPI. Nothing herein shall prevent Reorganized MMPI from
27 adopting a new name. All of the shares issued pursuant to the Charlestown Plan shall be duly
28

1 authorized, validly issued, fully paid and non-assessable. The Reorganized Debtor will remain a
2 public company and take steps to rescind its Form 15 and regain reporting status. Within a
3 reasonable time after the Effective Date, Reorganized MMPI will take all commercially reasonable
4 steps necessary to list the New Equity and Replacement Equity on a public exchange and to remain
5 publicly listed for at least four years.

6 **8. ~~H.~~ Merger of MMPLP and MMPI**

7 Upon the terms and subject to the conditions set forth in the agreement and plan of merger
8 (the "Merger Agreement"), the form of which is attached hereto as Exhibit ~~M~~K, MMPLP shall be
9 merged with and into MMPI one day after the Effective Date if not earlier accomplished (the
10 "Merger"). Following the Merger, the separate corporate existence of MMPLP shall cease, and
11 MMPI shall continue as the surviving company and shall succeed to and assume all the rights and
12 obligations of MMPLP.

13 If not earlier accomplished, as promptly as practicable but at least one day after the
14 Effective Date, the parties shall file with the Secretary of State of the State of Delaware a certificate
15 of merger (the "Certificate of Merger") executed and acknowledged by the parties in accordance
16 with the relevant provisions of the DGCL and the RULPA and, as promptly as practicable on or
17 after the Effective Date, the parties to the Merger shall make all other filings or recordings required
18 by the Court and under the DGCL and the RULPA. If not earlier accomplished, the Merger shall
19 become effective one day after the Effective Date and the filing of the Certificate of Merger with
20 the Secretary of State of the State of Delaware, or at such later date and time as MMPI and MMPLP
21 shall agree and shall specify in the Certificate of Merger.

22 Once the Merger becomes effective, all the property, rights, privileges, powers and
23 franchises of MMPLP shall vest in MMPI, and all debts, liabilities and duties of MMPLP shall
24 become the debts, liabilities and duties of MMPI.

25 **9. ~~I.~~ Retained Claims And Defenses And Reservation Of Rights**

26 ***1. No Waiver and Retention of Claims and Defenses***

27
28

1 Unless otherwise expressly set forth in the Charlestown Plan or the Confirmation Order,
2 pursuant to Section 1123(b)(3)(B), all Retained Claims and Defenses of any kind or nature
3 whatsoever against third parties arising before the Effective Date and belonging to the Debtor or the
4 Estate shall become property of the Reorganized Debtor. Such Retained Claims and Defenses shall
5 include, without limitation:

- 6
7 • All claims and defenses pursuant to applicable non-bankruptcy law and Sections
8 502, 506, 524 and 553 of the Bankruptcy Code against any Creditor regarding the
9 amount of such Holder's Allowed Claim (whether pre-petition or post-petition), to
10 enforce the discharge of any Secured Creditors' Claims;
11
- 12 • All claims and defenses pursuant to applicable non-bankruptcy law and Sections
13 502, 506, 510, 524, 542 and 553 of the Bankruptcy Code including, without
14 limitation, claims and defenses based on any Creditors' assertion of unreasonable
15 professionals' fees, costs, charges and penalties (whether disguised as interest, or
16 otherwise); and
17
- 18 • All claims and defenses related to the recovery of professionals' fees and expenses
19 by the Debtor or Reorganized Debtor from Creditors.
20
- 21 • All claims against the Debtors' Insiders, employees, agents and/or professionals
22 arising out of or relating to pre-confirmation conduct (including pre-petition
23 conduct), including without limitation, claims for fraud, breach of contract, breach of
24 fiduciary duty, negligence, or professional malpractice.
25
- 26 • All claims and defenses attributable to the filing of personal Chapter 7 or Chapter 11
27 bankruptcy petitions by an Insider who is a natural person, including without
28 limitation, claims or defenses related to the diminution of security for the Company's
debts if an Insider obtains a discharge of their personal guaranty obligations.

1 From and after the Effective Date, the Reorganized Debtor is authorized to assert the
2 Retained Claims and Defenses including, but not limited to, for purposes of objection to the
3 allowance of any Claim. Nothing contained in the Charlestown Plan or the Confirmation Order
4 shall be deemed to be a waiver or the relinquishment of any of the Debtor's rights with respect to
5 the Retained Claims and Defenses and Reorganized Debtor shall be entitled to assert the Retained
6 Rights and Defenses as fully as if the Chapter 11 Case had not been commenced.

7

8 **2. Retention of Avoidance Actions**

9

10 Unless otherwise expressly set forth in the Charlestown Plan or the Confirmation Order,
11 from and after the Effective Date, the Reorganized Debtor shall have the right to prosecute any and
12 all avoidance actions, recovery causes of action and objections to Claims under Sections 105, 502,
13 506, 510, 542 through 551 and 553 of the Bankruptcy Code that belong to the Debtors or to the
14 Estates, including, without limitation, all avoidance actions related to the transfers listed on Exhibit
15 "I" attached hereto, as well as potential avoidance actions against Legendary and East West Bank
16 relating to the withdrawals by East West Bank of \$2 million from an account held at East West
17 Bank a few days before the Debtors' bankruptcy and against Legendary, based on the post petition
18 recording of documents purporting to re-establish a previously reconveyed Lien against assets of
19 Debtors, and against PNL for certain involuntary, unauthorized postpetition transfers of funds
20 belonging to MG 2001-2021 W. Mission.

21

22 With regard to actions that may be asserted by the Debtors under section 547 of the Code,
23 the Debtors note that in order to avoid a preferential transfer a debtor must show that the recipient
24 received more as a result of the transfer than the recipient would receive in a hypothetical Chapter 7
25 case. Provided that the Debtors' proposed plans are confirmed, general unsecured creditors' Allowed
26 Claims will be paid in full. As a result, with regard to transfers made during the relevant 90-day or
27 1-year preference periods to general unsecured creditors, the Reorganized Debtor is unlikely to seek
28 the avoidance of such transfers. If the Charlestown Plan is not confirmed, the risk that an avoidance

28

1 action may be filed to recover a transfer made during the relevant period may increase. A list of all
2 of the transfers by the Debtor during the 90-day and 1-year periods is attached as Exhibit "I."

3

4 **3. Unknown Retained Claims and Defenses / No Preclusion**

5

6 Unless otherwise expressly set forth in the Charlestown Plan or the Confirmation Order, the
7 reservation of rights and Retained Claims and Defenses set forth above shall include, without
8 limitation, any Retained Claims and Defenses of which the Debtor may presently be unaware, or
9 which may arise or exist by reason of additional facts or circumstances unknown to the Debtor at
10 this time or facts or circumstances that may change or be different from those the Debtor now
11 believes to exist including, without limitation, claims based on theories of construction defect,
12 breach of warranty, negligence, indemnification and contribution. Therefore, no preclusion
13 doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, waiver,
14 estoppel (judicial, equitable or otherwise), or laches will apply to the Reorganized Debtor with
15 respect to the Retained Claims and Defenses upon or after the Confirmation of the Charlestown
16 Plan based on the Charlestown Plan, the Disclosure Statement or the Confirmation Order.

17

10. ~~J~~-NON-BANKRUPTCY LITIGATION

18

19 The Debtors are engaged in litigation proceedings for which relief from stay has been
20 granted. While the Debtors do not consider any such litigation to be material, there are two eminent
21 domain actions that may result in cash awards being paid to the respective Debtors. In 2004, the Los
22 Angeles County Metropolitan Transportation Authority ("MTA") filed an eminent domain action
23 against Alameda Produce Market seeking to take the 1339 E. 7th Street Real Property. Shortly
24 thereafter, the MTA obtained an order for possession of such property and have remained in
25 possession ever since. After lengthy proceedings, the trial court dismissed the action and ordered
26 the MTA to return possession of the property to Alameda Produce Market. The MTA appealed the
27 ruling and the matter is pending before the appellate court. If the trial court ruling is affirmed and
28 not further appealed, the MTA will be required to return possession of the property to Alameda
Produce Market, and Alameda Produce Market may, among other things, be entitled to damages

1 and/or compensation as a result of the MTA's use of the property. A reversal of the trial court's
2 ruling could result in a remand to the trial court for a hearing on the valuation of the property. In the
3 event the MTA is permitted to proceed with the taking of the property, the MTA would be required
4 to pay just compensation in connection with such taking.

5 **11. ~~K.~~ OBJECTIONS TO CLAIMS**

6 Except as otherwise provided in the Charlestown Plan, objections to Claims, including
7 without limitation Administrative Claims (other than objections to Administrative Claims of
8 Professionals), shall be Filed and served upon the Holder of such Claim or Administrative Claim no
9 later than the later of: (a) one hundred eighty (180) days after the Effective Date, (b) one hundred
10 eighty (180) days after a proof of Claim or request for payment of such Claim is Filed, and (c) a
11 deadline set by the Bankruptcy Court after the extension of the one hundred eighty (180)-day
12 deadline; such extension may be granted on an ex parte basis without notice or hearing. After the
13 Effective Date, only the Reorganized Debtor will have the authority to File objections, settle,
14 compromise, withdraw or litigate to judgment objections to Claims and Interests. From and after
15 the Confirmation Date, Reorganized Debtor may settle or compromise any Disputed Claim or
16 Disputed Interest without approval of the Bankruptcy Court. The Reorganized Debtors will file
17 objections to any claim which was scheduled as disputed, contingent or unliquidated and for which
18 no timely proof of claim was filed.

19
20 **12. ~~L.~~ DISBURSING AGENT**

21 The Chief Accounting Officer of Reorganized MMPI shall act as the Disbursing Agent for
22 the purpose of making all distributions provided for under the Charlestown Plan. The Disbursing
23 Agent shall serve without bond, and shall receive no additional compensation for his duties as
24 Disbursing Agent.

25 **13. ~~M.~~ DISCHARGE OF THE DEBTORS AND INJUNCTION**

26 **1. Discharge**

27 Except as otherwise provided in the Charlestown Plan, the Confirmation Order or Section
28 1141 (d)(6) of the Bankruptcy Code: (i) on the Effective Date, each Debtor shall be deemed

1 discharged and released to the fullest extent permitted by Section 1141 of the Bankruptcy Code
2 from all Claims and Interests, including, but not limited to, demands, liabilities, Claims and
3 Interests that arose before the Confirmation Date and all debts of the kind specified in Sections
4 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (A) a proof of Claim or proof of
5 Interest based on such debt or Interest is Filed or deemed Filed pursuant to Section 501 of the
6 Bankruptcy Code, (B) a Claim or Interest based on such debt or Interest is allowed pursuant to
7 Section 502 of the Bankruptcy Code or (C) the Holder of a Claim or Interest based on such debt or
8 Interest has accepted the Charlestown Plan; and (ii) all Persons shall be precluded from asserting
9 against each Reorganized Debtor, its successors, or its assets or properties any other or further
10 Claims or Interests based upon any act or omission, transaction, or other activity of any kind or
11 nature that occurred prior to the Confirmation Date. Except as otherwise provided in the
12 Charlestown Plan or the Confirmation Order, the Confirmation Order shall act as a discharge of any
13 and all Claims against and all debts and liabilities of the Debtor, as provided in Sections 524 and
14 1141 of the Bankruptcy Code, and such discharge shall void any judgment against each Debtor at
15 any time obtained to the extent that it relates to a Claim discharged.

16 **2. Injunction**

17 All Persons that have held, currently hold or may hold a Claim or other debt or liability or
18 an Interest or other right of an equity security Holder, are permanently enjoined from taking any of
19 the following actions on account of any such Claims, debts or liabilities or terminated Interests or
20 rights discharged pursuant to Section I.1. immediately above: (a) commencing or continuing in any
21 manner any action or other proceeding against any of the Debtors, the Creditors' Committee, or
22 professional persons retained by the Creditors' Committee; (b) enforcing, attaching, collecting or
23 recovering in any manner any judgment, award, decree or order against any of the Debtors, the
24 Creditors' Committee or professional persons retained by the Creditors' Committee; (c) creating,
25 perfecting or enforcing any lien or encumbrance against any of the Debtors, the Creditors'
26 Committee, or professional persons retained by the Creditors' Committee; (d) asserting a setoff,
27 right of subrogation or recoupment of any kind against any obligation due to any of the Debtors, the
28 Creditors' Committee or professional persons retained by the Creditors' Committee; and (e)

1 commencing or continuing any action, in any manner, in any place that does not comply with or is
2 inconsistent with the provisions of the Charlestown Plan. The injunction described herein does not
3 apply to and shall not enjoin or otherwise prevent the Reorganized Debtor from commencing or
4 continuing any action against the Debtors' current or former officers, directors, or employees for
5 claims arising before or after the commencement of the Debtors' bankruptcy cases.

6 Any Person injured by any willful violation of such injunction shall recover actual damages,
7 including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive
8 damages, from the willful violator. No Liability for Solicitation or Participation

9 As specified in Section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or
10 rejections of the Charlestown Plan and/or that participate in the offer, issuance, sale, or purchase of
11 securities offered or sold under the Charlestown Plan, in good faith and in compliance with the
12 applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or
13 participation, for violation of any applicable law, rule, or regulation governing the solicitation of
14 acceptances or rejections of the Charlestown Plan or the offer, issuance, sale, or purchase of
15 securities.

16 **14. ~~N.~~ NO LIABILITY FOR SOLICITATION OR PARTICIPATION**

17 As specified in Section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or
18 rejections of the Charlestown Plan and/or that participate in the offer, issuance, sale, or purchase of
19 securities offered or sold under the Charlestown Plan, in good faith and in compliance with the
20 applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or
21 participation, for violation of any applicable law, rule, or regulation governing the solicitation of
22 acceptances or rejections of the Charlestown Plan or the offer, issuance, sale, or purchase of
23 securities.

24 **15. ~~O.~~ LIMITATION OF LIABILITY**

25 Neither (a) the Charlestown Proponents or any of their employees, officers, directors,
26 agents, representatives, affiliates, attorneys or any other professional persons employed by any of
27 them, nor (b) MMPI Acquisition or any of its employees, officers, directors, agents, representatives,
28 affiliates, attorneys or any other professional persons employed by it, nor (c) the Reorganized

1 Debtors or any of its respective members, agents, employees, directors, officers, representatives,
2 attorneys or other professional advisors, nor (d) the Creditors' Committee or any of its respective
3 postpetition members, agents, employees, directors, officers representatives, attorneys or other
4 professional advisors shall have any responsibility, or have or incur any liability, to any Person
5 whatsoever, under any theory of liability (except for any claim based upon willful misconduct or
6 gross negligence), for any act taken or omission made in good faith directly related to formulating,
7 implementing, confirming, or consummating the Charlestown Plan, the Charlestown Disclosure
8 Statement, or any contract, instrument, release, or other agreement or document created in
9 connection with the Charlestown Plan, provided that nothing in this paragraph shall limit the
10 liability of any Person for breach of any express obligation it has under the terms of this
11 Charlestown Plan or under any post-petition agreement or other post-petition document entered into
12 by such Person or in accordance with the terms of this Charlestown Plan or for any breach of a duty
13 of care owed to any other Person occurring after the Effective Date.

14 **16. ~~P.~~ CERTIFICATE OF INCORPORATION AND CERTIFICATES OF**
15 **ORGANIZATION**

16 On the Effective Date, the Reorganized Debtor, or each of them if there is more than one,
17 shall adopt amended certificates pursuant to applicable non-bankruptcy law and Section
18 1123(a)(5)(I) of the Bankruptcy Code. Each amended certificate will, among other provisions
19 prohibit the issuance of nonvoting equity securities to the extent required by Section 1123 (a)(6) of
20 the Bankruptcy Code and will become effective upon the occurrence of the Effective Date, and shall
21 include such other provisions as determined by the Reorganized Debtors including the elimination
22 of single purpose entity provisions.

23 **17. ~~Q.~~ OTHER DOCUMENTS AND ACTIONS**

24 The Debtors and the Reorganized Debtor may, and shall, execute such documents and take
25 such other actions as are necessary to effectuate the transactions provided for in the Charlestown
26 Plan.

27 **18. ~~R.~~ CORPORATE ACTION**

28

1 The adoption of the amended certificates of incorporation, certificates of organization, or
2 certificate of limited partnership, as the case may be, and all other matters under the Charlestown
3 Plan involving the corporate structure of the Reorganized Debtor, shall be deemed to have occurred
4 and be effective on and after the Effective Date without any requirement of further action by the
5 stockholders, directors, managers, members, or limited partners, as the case may be, of each Debtor.

6 Without limiting the foregoing, upon entry of the Confirmation Order by the Clerk, the
7 filing by any of the Reorganized Debtor of the amended certificates shall be authorized and
8 approved in all respects, including amendments to eliminate any special purpose entity provisions.
9 On the Effective Date or as soon thereafter as is practicable, pursuant to applicable law, the bylaws,
10 operating agreements, or partnership agreement, as the case may be, of each Debtor shall be the
11 bylaws, operating agreements or partnership agreement of such Reorganized Debtor.

12 **19. ~~S. RETIREE BENEFITS~~**

13 The Debtors do not have any present obligations to pay retiree benefits within the meaning
14 of Section 1129(a)(13).

15 **20. ~~T. THE CREDITORS' COMMITTEE~~ THE OFFICIAL COMMITTEES**

16 The Creditors' Committee and the Equity Committee shall be dissolved on the Effective
17 Date and the members of such committee shall be released and discharged from all further rights
18 and duties arising from or related to the Chapter 11 Cases. The professionals retained by such
19 committee and the members thereof shall not be entitled to compensation or reimbursement of
20 expenses incurred for services rendered after the Effective Date (except with regard to seeking
21 allowance of fees incurred prior to the Effective Date).

22 **8. ~~VIII.~~**

23 **MANAGEMENT OF REORGANIZED DEBTORS**

24 The Reorganized Debtors will retain professional management to manage the Company.
25 The professional management will be existing MMPI employees, new employees, or outside
26 management companies or some combination of them. The professional management will be
27 selected in consultation with the Equity Committee.
28

1 The initial board of directors of Reorganized MMPI will consist of seven directors. MMPI
2 Acquisition will have the right to appoint four of the seven directors. The Equity Committee will
3 have the right to appoint three of the seven directors (collectively, the “Equity Committee
4 Directors”). One of the Equity Committee Directors must be approved by MMPI Acquisition. The
5 Equity Committee Directors must approve Reorganized MMPI’s Chief Financial Officer and its
6 outside auditor. The terms of the directors shall be staggered in accordance with the following
7 provisions, which provisions shall be reflected in Reorganized MMPI’s certificate of incorporation:
8 the initial directors shall be divided into three groups, with the first group up for re-election at the
9 first annual meeting of the board containing two of the four directors appointed by MMPI
10 Acquisition, the second group up for re-election one year after the first annual meeting of the board
11 containing the other two directors initially appointed by MMPI Acquisition, and the third group up
12 for re-election two years after the first annual meeting of the board containing the three directors
13 appointed by the Equity Committee.

14 Insiders of the Charlestown Proponents and Insiders of MMPI Acquisition may serve as
15 non-executive members of the Company’s board of directors, but they will not hold operational
16 management positions. The Charlestown Proponents anticipate that the Reorganized Debtors will
17 retain as many of the current employees as practicable for continuity of management and
18 preservation of institutional knowledge. The Charlestown Proponents do not, however, intend to
19 retain Richard Meruelo or John Maddux.

20 Mr. Meruelo and Mr. Maddux allege that they have valid and enforceable employment
21 agreements. Mr. Meruelo and Mr. Maddux have asserted that the termination of their employment
22 would give rise to claims under those agreements. The Charlestown Proponents believe that any
23 such claims would be limited by Bankruptcy Code Section 502(b)(7) which limits claims for
24 employees for damages resulting from the termination of an employment contract. So limited, the
25 maximum amount of Mr. Meruelo’s and Mr. Maddux’s claims would be approximately \$1.5
26 million. Mr. Meruelo or Mr. Maddux may disagree with the Charlestown Proponents’
27 interpretation of Section 502(b)(7) and with their calculation of the maximum damages.
28

9. ~~IX.~~

CONFIRMATION AND CONSUMMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm the Charlestown Plan:

1. ~~A.~~ SOLICITATION OF VOTES

In accordance with Sections 1126 and 1129 of the Bankruptcy Code, the following Classes of Claims are impaired, and the Holders of Allowed Claims in each of these Classes are entitled to vote to accept or reject the Charlestown Plan of this Debtor or Debtors against whom they have a claim:

- Classes 10A, 11A, 12A, 13A, 14A, 15A, 16A, 18A, 20A, 21A-1, 22A, 24A, 25A, 26A, 27A-1, 28A-1, 38A-1, 29A-1, 30A-1, 32A-1, 33A-1, 34A-1, 35A-1, 36A-1, 37A-1, 38A-1, 39A-1, 40A-1, 41A-1, 42A-1, 43A-1, 44A-1, 45A-1, 46A-1, 47A-1, 48A-1, 49A-1, 51A-1, 52A-1, 53A-1, and 54A-1 (consisting of Secured Tax Claims against the Debtors);

- Classes 21A-2, 28A-2, 29A-2, 29A-3, 30A-2, 32A-2, 33A-2, 34A-2, 35A-2, 36A-2, 36A-3, 37A-2, 37A-3, 37A-4, 38A-2, 39A-2, 40A-2, 41A-2, 42A-2, 43A-2, 44A-2, 45A-2, 46A-2, 47A-2, 48A-2, 49A-2, 50A-2, 50A-3, 51A-2, 51A-3, 52A-2, 53A-2, 54A-2, and 54A-3 (consisting of the Secured Claims of lenders and other secured creditors);

- Classes 1B, 5B, 32B, 33B, and 36B (consisting of the Priority Unsecured Benefits Claims of present and former employees); and

- Classes 1C-3, 2C-3, 3C, 4C-2, 5C-2, 6C, 7C, 8C-2, 9C-2, 10C-2, 11C-3, 12C-3, 15C-2, 16C-2, 17C, 18C-2, 19C-2, 20C, 21C-3, 22C, 23C, 24C-2, 25C-3, 26C-3, 29C-2, 30C-3, 31C-2, 32C, 33C-3, 34C-3, 35C-2, 36C-3, 37C-2, 38C-3, 39C-3, 42C-2, 43C-2, 44C-2, 45C-2, 46C-2, 47C-2, 48C-2, 49C-2, 50C-2, 51C-2, 52C-3, 53C, and 54C-3 (consisting of the general unsecured Claims against each relevant Debtor);

- Class 1E (the class of Non-Insider Interests in MMPI); and

- Class 1F (the class of Insider Interests in MMPI)

1 The Class of Interests of MMPLP, Class 2E will not retain or receive any property on
2 account of their Interests as a result of the merger of MMPLP and MMPI immediately following the
3 Effective Date.

4 The following Classes of the Charlestown Plan are unimpaired. As a result, Holders of
5 Claims and Interests in those Classes are conclusively presumed to have accepted the Charlestown
6 Plan and the solicitation of acceptances with respect to such Classes is not required under Section
7 1126(f) of the Bankruptcy Code:

8 • Classes 11C-1, 12C-1, 14C-1, 15C-1, 21C-1, 25C-1, 26C-1, 27C-1, 28C-1, 30C-1,
9 32C-1, 33C-1, 34C-1, 35C-3, 36C-1, 37C-1, 38C-1, 39C-1, 40C-1, 43C-3, 44C-3, 46C-1, 48C-3,
10 49C-3, 52C-1 and 54C-1 consisting of the unsecured Claims for security deposits of the Debtors'
11 tenants);

12 • Classes 3E through 54E (consisting of the Interests of MMPLP, MMP Ventures,
13 MM Construction and MM Management, and the Property Level Debtors).

14 As to the Classes of Claims entitled to vote on a Plan, the Bankruptcy Code defines
15 acceptance of a Plan by a Class of creditors as acceptance by Holders of at least two-thirds in dollar
16 amount and more than one-half in number of the Claims of that Class that have timely voted to
17 accept or reject a Plan. A vote may be disregarded if the Bankruptcy Court determines, after notice
18 and a hearing, that acceptance or rejection was not solicited or procured in good faith or in
19 accordance with the provisions of the Bankruptcy Code.

20 Any creditor in an impaired Class: (i) whose Claim has been listed by the Debtors in the
21 Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as
22 disputed, contingent or unliquidated) or (ii) who filed a proof of Claim on or before the Bar Date or
23 any proof of Claim filed within any other applicable period of limitations or with leave of the
24 Bankruptcy Court, which Claim is not the subject of an objection or request for estimation, is
25 entitled to vote on the Charlestown Plan.

26 **2. ~~B.~~ THE CONFIRMATION HEARING**

27 The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation
28 hearing. The Confirmation Hearing in respect of the Charlestown Plan has been scheduled ~~for~~ to

1 commence on January 5, 2010, commencing at ~~[: : .m.] Los Angeles~~9:30 a.m. Pacific Standard
2 Time, before, the Honorable ~~Kathleen Thompson~~Victoria S. Kaufman of the United States
3 Bankruptcy Court, ~~Courtroom 301, 21041 Burbank Blvd., Woodland Hills,~~for the Central District
4 of California 91367. The Confirmation Hearing may be adjourned from time to time by the
5 Bankruptcy Court without further notice except for an announcement of the adjourned date made at
6 the Confirmation Hearing. The Charlestown Plan may be modified by the Debtors pursuant to
7 Section 1127 of the Bankruptcy Code prior to, during or as a result of that hearing, without further
8 notice to parties in interest.

9 Any objection to confirmation must be made in writing and specify in detail the name and
10 address of the objector, all grounds for the objection and the amount of the Claim or number of
11 shares of stock held by the objector. ~~Any such objection must be filed with the Bankruptcy Court~~
12 ~~and served so that it is received by the Bankruptcy Court, the Committee and the Debtors on or~~
13 ~~before _____ 2010 at . . .m. Los Angeles Time.~~ Objections to confirmation of the
14 Charlestown Plan are governed by Bankruptcy Rule 9014.

15 **3. ~~C.~~ CONFIRMATION**

16 At the Confirmation Hearing, the Bankruptcy Court will confirm the Charlestown Plan only
17 if all of the requirements of Section 1129 of the Bankruptcy Code are met. Among the requirements
18 for confirmation of a Plan are that the Charlestown Plan is (i) accepted by all impaired Classes of
19 Claims and Interests or, if rejected by an impaired Class, that the Charlestown Plan "does not
20 discriminate unfairly" and is "fair and equitable" as to such Class, (ii) feasible and (iii) in the "best
21 interests" of creditors and stockholders that are impaired under the Charlestown Plan.

22 **1. Acceptance**

23 The Classes identified above in Section IX.A are impaired and are entitled to vote to accept
24 or reject the Charlestown Plan.

25 The Debtors reserve the right to amend the Charlestown Plan in accordance with the terms
26 of the Charlestown Plan or seek nonconsensual confirmation of the Charlestown Plan under Section
27 1129(b) of the Bankruptcy Code or both with respect to any Class of Claims that is entitled to vote
28 to accept or reject the Charlestown Plan, if such Class rejects the Charlestown Plan.

1 **2. Unfair Discrimination and the Fair and Equitable Tests**

2 Section 1129(b) of the Bankruptcy Code provides that a Plan can be confirmed even if it has
3 not been accepted by all impaired Classes as long as at least one impaired Class of Claims has
4 accepted it. The Bankruptcy Court may confirm the Charlestown Plan as to one or more Debtors at
5 the request of such Debtors notwithstanding the Charlestown Plan's rejection (or deemed rejection)
6 by impaired Classes in the case of such Debtors as long as the Charlestown Plan "does not
7 discriminate unfairly" and is "fair and equitable" as to each impaired Class that has not accepted it.
8 A Plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting Class if the
9 value of the cash and/or securities to be distributed to the nonaccepting Class is equal to, or
10 otherwise fair when compared to, the value of the distributions to other Classes whose legal rights
11 are the same as those of the nonaccepting Class or is otherwise permitted under the circumstances.

12 The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable."
13 The Bankruptcy Code establishes "cramdown" tests for secured creditors, unsecured creditors and
14 equity holders, as follows:

15 • Secured Creditors. Either: (i) each impaired secured creditor retains its liens securing
16 its secured Claim and receives on account of its secured Claim deferred cash payments having a
17 present value equal to the amount of its allowed secured Claim; (ii) each impaired secured creditor
18 realizes the "indubitable equivalent" of its allowed secured Claim; or (iii) the property securing the
19 Claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the
20 treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

21 Unsecured Creditors. Either: (i) each impaired unsecured creditor receives or retains under
22 the Charlestown Plan property of a value equal to the amount of its allowed Claim; or (ii) the
23 Holders of Claims and interests that are junior to the Claims of the dissenting Class will not receive
24 any property under the Charlestown Plan.

25 Interests. Either: (i) each holder of an Interests will receive or retain under the Charlestown
26 Plan property of a value equal to the greater of the fixed liquidation preference to which such holder
27 is entitled, or the fixed redemption price to which such holder is entitled or the value of the interest;
28

1 or (ii) the holder of an interest that is junior to the nonaccepting Class will not receive or retain any
2 property under the Charlestown Plan.

3 **3. Feasibility**

4 To confirm the Charlestown Plan, the Bankruptcy Code must find that confirmation of the
5 Charlestown Plan is not likely to be followed by liquidation or the need for further financial
6 reorganization of the Debtors. This requirement is imposed by Section 1129(a) of the Bankruptcy
7 Code and is referred to as the "feasibility" requirement.

8 There are at least two important aspects of a feasibility analysis. The first aspect considers
9 whether the Reorganized Debtors will have enough cash on hand on the Effective Date of the
10 Charlestown Plan to make the distributions provided under the Charlestown Plan on or near the
11 Effective Date. The other aspect of feasibility considers whether the Reorganized Debtors will
12 generate enough cash – through operations or asset sales -- to make the future payments
13 contemplated under the Charlestown Plan. For purposes of determining whether the Charlestown
14 Plan meets the feasibility requirement, the Charlestown Proponents have analyzed the Reorganized
15 Debtors' ability to meet their obligations under the Charlestown Plan. As part of this analysis, the
16 Charlestown Proponents have prepared projections of the Reorganized Debtors' financial
17 performance for ~~seven~~four years following the Effective Date (the "Projection Period"). These
18 projections, and the assumptions on which they are based, are included in the Shareholder
19 Proponents' Projected Financial Information, annexed hereto as Exhibit "E" and provide a
20 projected Consolidated Statement of Cash Flow for the Reorganized Debtors on a monthly basis for
21 the first two years of the Projection Period and on an annual basis for each of the ~~seven~~four years of
22 the Projection Period. The Projections also provide a projected Cash Flow for each of the Operating
23 Debtors on a monthly basis for the first two years of the Projection Period and on an annual basis
24 for each of the ~~seven~~four years of the Projection Period. Exhibit E also contains a statement of the
25 results of actual operating revenues and expenses for the period April 1, 2009 through March 31,
26 2010.

27 The pro forma financial information and the projections are based on the assumption that the
28 Charlestown Plan will be confirmed by the Bankruptcy Court and, for projection purposes, that the

1 Effective Date under the Charlestown Plan will occur on or about December ~~30~~,31, 2010. Based
2 upon the Charlestown Proponents Projected Financial Information, the Charlestown Proponents
3 believe that the Reorganized Debtors will be able to make all payments required pursuant to the
4 Charlestown Plan and, therefore, that confirmation of the Charlestown Plan is not likely to be
5 followed by liquidation or the need for further reorganization. The Projections show that the
6 Reorganized Debtors will have sufficient funds to meet their Effective Date payment obligations.
7 The Charlestown Plan calls for the repayment of the secured claims within ~~5~~4 years after the
8 Effective Date. The Secured Claims of the Debtors will be repaid during this time period either
9 from the refinancing of the secured Debt post-Effective Date or the sale of the Collateral for such
10 Debt. Upon the sale of such Collateral, the proceeds will be used to pay the costs of sale and any
11 secured claim that is secured by the Collateral to be sold. Excess proceeds would be unencumbered
12 funds available for the Reorganized Debtors use in the operation of their businesses or for the
13 payment of claims as determined by the Reorganized Debtors' in the sound exercise of their
14 business judgment.

15 The Charlestown Proponents have prepared their financial projections with the assistance of
16 their advisors based upon certain assumptions that they believe to be reasonable under the
17 circumstances. Those assumptions considered to be significant are described in Exhibit "E" hereto.
18 The financial projections have not been examined or compiled by independent accountants. The
19 Charlestown Proponents make no representation as to the accuracy of the projections or the
20 Reorganized Debtors' ability to achieve the projected results. Many of the assumptions on which
21 the projections are based are subject to significant uncertainties. Inevitably, some assumptions will
22 not materialize and unanticipated events and circumstances may affect the actual financial results.
23 Therefore, the actual results achieved throughout the Projection Period may vary from the projected
24 results and the variations may be material. All Holders of Claims and Interests that are entitled to
25 vote to accept or reject the Charlestown Plan are urged to examine carefully all of the assumptions
26 on which the financial projections are based in connection with their evaluation of the Charlestown
27 Plan.

28 4. Best Interests Test

1 Even if a plan is accepted by each Class of Holders of Claims and interests, the Bankruptcy
2 Code requires a bankruptcy court to determine that the Charlestown Plan is in the "best interests" of
3 all Holders of Claims and Interests that are impaired by the Charlestown Plan and that have not
4 accepted the Charlestown Plan. The "best interests" test, as set forth in Section 1129(a)(7) of the
5 Bankruptcy Code, requires a Bankruptcy Court to find either that: (i) all members of an impaired
6 Class of Claims or interests have accepted the Charlestown Plan or (ii) the Charlestown Plan will
7 provide a member who has not accepted the Charlestown Plan with a recovery of property of a
8 value, as of the effective date of the Charlestown Plan, that is not less than the amount that such
9 holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code. Once
10 the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority
11 claimants, it must determine the probable distribution to general unsecured creditors and equity
12 security holders from the remaining available proceeds in liquidation. If such probable distribution
13 has a value greater than the distributions to be received by such creditors and equity security
14 holders under a debtor's plan, then such plan is not in the best interests of creditors and equity
15 security holders.

16 To determine what Holders of Claims and Interests in each impaired Class would receive if
17 the Debtors were liquidated under Chapter 7, the Bankruptcy Court must determine the dollar
18 amount that would be generated from the liquidation of the Debtors' assets and properties in the
19 context of a Chapter 7 liquidation case. The Cash amount that would be available for satisfaction of
20 Claims and Interests would consist of the proceeds resulting from the disposition of the
21 unencumbered assets and properties of the Debtors, augmented by the unencumbered Cash held by
22 the Debtors at the time of the commencement of the liquidation case. Such Cash amount would be
23 reduced by the costs and expenses of liquidation and by such additional administrative and priority
24 Claims that might result from the termination of the Debtors' business and the use of Chapter 7 for
25 the purposes of liquidation.

26 The Debtors' costs of liquidation under Chapter 7 would include the fees payable to a trustee
27 in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that
28 such a trustee might engage. In addition, other Claims that might arise in a liquidation case or result

1 from the pending Chapter 11 Cases, including any unpaid expenses incurred by the Debtors during
2 the Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in
3 full from the liquidation proceeds before the balance of those proceeds would be made available to
4 pay general unsecured Claims. Moreover, the costs of liquidation in these cases could be greater
5 due to the fact that there is no guarantee that only one trustee would be appointed for each of the 54
6 related cases. If more than one trustee is appointed, the costs of liquidation will be increased as each
7 such trustee will retain its own professionals to assist it with the case.

8 To determine if the Charlestown Plan is in the best interests of each impaired Class, the
9 present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered
10 assets and properties, after subtracting the amounts attributable to the foregoing Claims, must be
11 compared with the present value of the property offered to such Classes of Claims under the
12 Charlestown Plan.

13 After considering the effects that a Chapter 7 liquidation would have on the ultimate
14 proceeds available for distribution to creditors in the Chapter 11 Cases, including: (i) the increased
15 costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in
16 bankruptcy and professional advisors to such trustee; (ii) the erosion in value of assets in a Chapter
17 7 case in the context of the expeditious liquidation required under Chapter 7 and the "forced sale"
18 atmosphere that would prevail; and (iii) the substantial increases in Claims that would be satisfied
19 on a priority basis or on parity with creditors in the Chapter 11 Cases, the Charlestown Proponents
20 have determined that confirmation of the Charlestown Plan will provide each holder of an Allowed
21 Claim with a recovery that is not less than the recovery such holder would receive pursuant to the
22 liquidation of the Debtors under Chapter 7.

23 The Liquidation Analysis for each of the Property Level Debtors, MMPI and MMPLP, is
24 attached hereto as Exhibit "G." The information set forth in Exhibit G provides a summary of the
25 liquidation values of each of such Debtors' assets, assuming a Chapter 7 liquidation in which a
26 trustee appointed by the Bankruptcy Court would liquidate the assets of the Estates. Reference
27 should be made to the Liquidation Analysis for a complete discussion and presentation of the
28 Liquidation Analysis. Underlying the Liquidation Analysis are a number of estimates and

1 assumptions that, although developed and considered reasonable by the Charlestown Proponents,
2 are inherently subject to significant economic and competitive uncertainties and contingencies. The
3 Liquidation Analysis also is based on assumptions with regard to liquidation decisions that are
4 subject to change. Accordingly, the values reflected might not be realized if the Debtors were, in
5 fact, to undergo such a liquidation. The Chapter 7 liquidation period is assumed to be a period of
6 several years, primarily allowing for the sale of the real property assets of the Debtors.

7 **4. ~~D.~~ CONSUMMATION**

8 The Charlestown Plan will be consummated on the Effective Date. The Effective Date of the
9 Charlestown Plan will occur on the first Business Day on which the conditions precedent to the
10 effectiveness of the Charlestown Plan, as set forth in the Charlestown Plan, have been satisfied or
11 waived by the Charlestown Proponents pursuant to the terms of the Charlestown Plan. For a more
12 detailed discussion of the conditions precedent to the Charlestown Plan and the consequences of the
13 failure to meet such conditions, see Article X of the Charlestown Disclosure Statement. The
14 Charlestown Plan is to be implemented pursuant to its terms, consistent with the provisions of the
15 Bankruptcy Code.

16 **10. ~~X.~~**

17 **CONFIRMATION DATE CONDITIONS**

18 **1. ~~A.~~ CONDITIONS TO CONFIRMATION** The conditions to Confirmation shall
19 **be the following:**

- 20 (1) The satisfaction of the requirements of Section 1129 of the Bankruptcy Code;
- 21 (2) The Confirmation Order shall (i) be acceptable in form and substance to the
22 Charlestown Proponents (in their sole and absolute discretion) and (ii) expressly authorize and
23 direct the Debtors to perform the actions that are conditions to the effectiveness of the Charlestown
24 Plan; and
- 25 (3) Each of the events and actions required by the Charlestown Plan to occur or to be
26 taken prior to Confirmation shall have occurred or have been taken, or the Charlestown Proponents
27 or the party whose obligations are conditioned by such occurrences and/or actions, as applicable,
28 shall have waived such occurrences or actions.

1 **2. ~~B.~~ WAIVER OF CONDITIONS**

2 The Charlestown Proponents may waive any or all of the other conditions set forth in the
3 Charlestown Plan without leave of or order of the Bankruptcy Court and without any formal action.
4 The Charlestown Proponents reserve the right to amend or revoke the Charlestown Plan. Although
5 this Charlestown Plan is styled as a joint Plan, the Charlestown Proponents reserve the right to
6 proceed with Confirmation under this Charlestown Plan for one Debtor, or a combination of
7 Debtors, and not the others.

8 **3. ~~C.~~ EFFECT OF FAILURE OF CONDITIONS**

9 In the event that the Effective Date does not occur, upon notification submitted by the
10 Charlestown Proponents to the Bankruptcy Court: (a) the Confirmation Order shall be vacated, (b)
11 no distributions under the Charlestown Plan shall be made, (c) the Debtors and all Holders of
12 Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the
13 Confirmation Date as though the Confirmation Date had never occurred, and (d) the Debtors'
14 obligations with respect to the Claims and Interests shall remain unchanged and nothing contained
15 in the Charlestown Plan shall constitute or be deemed a waiver or release of any Claims or Interests
16 by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors
17 or any person in any further proceedings involving the Debtors.

18 **4. ~~D.~~ VACATUR OF CONFIRMATION ORDER**

19 If an order denying confirmation of the Charlestown Plan is entered, then the Charlestown
20 Plan shall be null and void in all respects, and nothing contained in the Charlestown Plan shall (a)
21 constitute a waiver or release of any Claims against or Interests in the Debtors; (b) prejudice in any
22 manner the rights of the Holder of any Claim against, or Interest in, the Debtors; (c) prejudice in
23 any manner any right, remedy or Claim of the Debtors; or (d) be deemed an admission against
24 interest by the Debtors.

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11. ~~XI.~~

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Cases after the Effective Date to the full extent permitted by law, including, without limitation, jurisdiction to:

1. (a) *Allow, disallow, determine, liquidate, classify, subordinate, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, the resolution of any objections to the allowance or priority of Claims or Interests and the resolution of any dispute as to the treatment necessary to reinstate a Claim pursuant to the Charlestown Plan;*
2. *Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Charlestown Plan, for periods ending before the Effective Date;*
3. *Resolve any matters related to the assumption or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which the any Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising there from;*
4. *Ensure that distributions to Holders of Allowed Claims or Allowed Interests are accomplished pursuant to the provisions of the Charlestown Plan;*
5. *Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors, Reorganized Debtor or the Chapter 11 Cases that may be pending on the Effective Date;*

- 1 6. *Enter such Orders as may be necessary or appropriate to implement or*
2 *consummate the provisions of the Charlestown Plan and all contracts,*
3 *instruments, releases, indentures and other agreements or documents created in*
4 *connection with the Charlestown Plan, the Disclosure Statement or the*
5 *Confirmation Order, except as otherwise provided herein;*
6
7 7. *Resolve any cases, controversies, suits or disputes that may arise in connection*
8 *with the consummation, interpretation or enforcement of the Charlestown Plan or*
9 *the Confirmation Order, including the release and injunction provisions set forth*
10 *in and contemplated by the Charlestown Plan and the Confirmation Order, or any*
11 *entity's rights arising under or obligations incurred in connection with the*
12 *Charlestown Plan or the Confirmation Order;*
13
14 8. *Subject to any restrictions on modifications provided in any contract, instrument,*
15 *release, indenture or other agreement or document created in connection with the*
16 *Charlestown Plan, modify the Charlestown Plan before or after the Effective Date*
17 *pursuant to Section 1127 of the Bankruptcy Code or modify -the Disclosure*
18 *Statement, the Confirmation Order or any contract, instrument, release, indenture*
19 *or other agreement or document created in connection with the Charlestown Plan,*
20 *the Disclosure Statement or the Confirmation Order; or remedy any defect or*
21 *omission or reconcile any inconsistency in any Court Order, the Charlestown*
22 *Plan, the Disclosure Statement, the Confirmation Order or any contract,*
23 *instrument, release, indenture or other agreement or document created in*
24 *connection with the Charlestown Plan, the Disclosure Statement or the*
25 *Confirmation Order, in such manner as may be necessary or appropriate to*
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27
28

1 consummate the Charlestown Plan, to the extent authorized by the Bankruptcy
2 Code;

3 9. Issue injunctions, enter and implement other Orders or take such other actions as
4 may be necessary or appropriate to restrain interference by any entity with
5 consummation, implementation or enforcement of the Charlestown Plan or the
6 Confirmation Order;

7
8 10. Enter and implement such Orders as are necessary or appropriate if the
9 Confirmation Order is for any reason modified, stayed, reversed, revoked or
10 vacated;

11 11. Determine any other matters that may arise in connection with or relating to the
12 Charlestown Plan, this Disclosure Statement, the Confirmation Order or any
13 contract, instrument, release, indenture or other agreement or document created
14 in connection with the Charlestown Plan, the Disclosure Statement or the
15 Confirmation Order, except as otherwise provided in the Charlestown Plan; and
16 Enter an Order concluding the Chapter 11 Cases.
17

18 The foregoing list is illustrative only and not intended to limit in any way the Bankruptcy
19 Court's exercise of jurisdiction. If the Bankruptcy Court abstains from exercising jurisdiction or is
20 otherwise without jurisdiction over any matter arising out of the Chapter 11 Cases, including
21 without limitation the matters set forth in this Article, this Article shall have no effect upon and
22 shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent
23 jurisdiction with respect to such matter.

24 ~~12.~~ ~~XII.~~

25 **PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE**
26 **CHARLESTOWN PLAN AND TREATMENT OF DISPUTED, CONTINGENT**
27 **AND UNLIQUIDATED CLAIMS AND INTERESTS**

28 **1.** ~~A.~~ **VOTING OF CLAIMS AND INTERESTS**

1 Each Holder of an Allowed Claim or an Allowed Interest in an Impaired Class of Claims or
2 Interests shall be entitled to vote separately to accept or reject the Charlestown Plan as provided in
3 such order as may be entered by the Bankruptcy Court establishing certain procedures with respect
4 to the solicitation and tabulation of votes to accept or reject the Charlestown Plan, or any other
5 order or orders of the Bankruptcy Court.

6 **2. B. METHOD OF DISTRIBUTIONS UNDER THE CHARLESTOWN PLAN**

7 **1. Distributions Under the Charlestown Plan**

8 The Chief Accounting Officer of Reorganized MMPI will serve as Disbursing Agent. The
9 Disbursing Agent will make all distributions of cash and securities required to be distributed under
10 the applicable provisions of the Charlestown Plan. The Disbursing Agent may employ or contract
11 with other entities to assist in or make the distributions required by the Charlestown Plan. The
12 Disbursing Agent will serve without bond, and the Disbursing Agent will not receive additional
13 compensation for distribution services rendered pursuant to the Charlestown Plan.

14 Cash payments made pursuant to the Charlestown Plan will be in U.S. dollars by checks
15 drawn on a bank selected by the Reorganized Debtor, or by wire transfer from a bank, at the option
16 of Reorganized Debtor. Cash payments of \$1,000,000 or more to be made pursuant to the
17 Charlestown Plan will, to the extent requested in writing no later than five days after the
18 Confirmation Date, be made by wire transfer from a bank. Cash payments to foreign creditors, if
19 any, may be made, at the option of the Reorganized Debtor, in such funds and by such means as are
20 necessary or customary in a particular foreign jurisdiction.

21 **2. Timing and Methods of Distribution**

22 ***1. Compliance with Tax Requirements***

23
24 In connection with the Charlestown Plan, to the extent applicable, the Disbursing Agent
25 must comply with all tax withholding and reporting requirements imposed on it by any
26 governmental unit, and all distributions pursuant to the Charlestown Plan will be subject to such
27 withholding and reporting requirements. The Disbursing Agent will be authorized to take any and
28

1 all actions that may be necessary or appropriate to comply with such withholding and reporting
2 requirements.

3 Notwithstanding any other provision of the Charlestown Plan: (i) each Holder of an Allowed
4 Claim or Interest that is to receive a distribution of Cash pursuant to the Charlestown Plan will have
5 sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by
6 any governmental unit, including income, withholding and other tax obligations, on account of such
7 distribution; and (ii) no distribution will be made to or on behalf of such Holder pursuant to the
8 Charlestown Plan unless and until such Holder has made arrangements satisfactory to the
9 Disbursing Agent for the payment and satisfaction of such tax obligations. Any Cash to be
10 distributed pursuant to the Charlestown Plan will, pending the implementation of such
11 arrangements, be treated as an undeliverable distribution pursuant to the Charlestown Plan.

12 2. *Pro Rata Distributions*

13 ~~When~~Except where specifically provided otherwise, when the Charlestown Plan provides
14 for Pro Rata distribution, the property to be distributed under the Charlestown Plan shall be divided
15 Pro Rata among the Holders of Allowed Claims or Allowed Interests of the relevant Class.
16

17 3. *Distributions*

18 Distributions under the Charlestown Plan shall be made by the Disbursing Agent to the
19 Holders of Allowed Administrative Claims and Allowed Claims at the addresses set forth on the
20 Schedules, unless such addresses are superseded by addresses listed on proofs of Claim or transfers
21 of Claims filed pursuant to Bankruptcy Rule 3001, or at the last known address of such Holders if
22 the Debtors or Reorganized Debtor has been notified in writing of a change of address.

23 3. ~~€.~~ **UNDELIVERABLE OR UNCLAIMED DISTRIBUTIONS**

24 Any Person that is entitled to receive a cash distribution under the Charlestown Plan but that
25 fails to cash a check within 90 days of its issuance shall be entitled to receive a reissued check from
26 the Reorganized Debtor for the amount of the original check, without any interest, if such person
27 requests the Disbursing Agent to reissue such check and provides the Disbursing Agent with such
28 documentation as the Disbursing Agent requests to verify that such Person is entitled to such check,

1 prior to the first anniversary of the Effective Date. If a Person fails to cash a check within 90 days
2 of its issuance and fails to request reissuance of such check prior to the first anniversary of the date
3 on which the check is issued, such Person shall not be entitled to receive any further distribution
4 under this Charlestown Plan. If the distribution to any Holder of an Allowed Claim or Allowed
5 Interest is returned to a Disbursing Agent as undeliverable, no further distributions will be made to
6 such Holder unless and until the applicable Disbursing Agent is notified in writing of such Holder's
7 then-current address. Undeliverable distributions will remain in the possession of the Disbursing
8 Agent pursuant to the Charlestown Plan until such time as a distribution becomes deliverable.
9 Undeliverable cash will be held in trust in segregated bank accounts in the name of the Disbursing
10 Agent for the benefit of the potential claimants of such funds, and will be accounted for separately.
11 The Disbursing Agent holding undeliverable cash shall invest such cash in a manner consistent with
12 the Reorganized Debtor's investment and deposit guidelines. Any distribution which is not claimed
13 within thirteen months of the Effective Date shall be deemed property of the Reorganized Debtor.

14 **4. ~~D.~~ DISPUTED CLAIMS AND ESTIMATIONS**

15 **1. Treatment of Disputed Claims**

16 Notwithstanding any other provisions of the Charlestown Plan, no payments or distributions
17 will be made on account of any Claim or Interest until such Claim or Interest becomes an Allowed
18 Claim or Allowed Interest. The Reorganized Debtor may, at any time, request that the Bankruptcy
19 Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy
20 Code, irrespective of whether the Reorganized Debtor previously objected to such Claim or whether
21 the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain
22 jurisdiction to estimate any contingent or unliquidated Claim at any time during litigation
23 concerning any objection to the Claim, including during the pendency of any appeal relating to any
24 such objection. If the Bankruptcy Court estimates any contingent or unliquidated Claim, that
25 estimated amount will constitute either the Allowed Amount of such Claim or a maximum
26 limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount
27 constitutes a maximum limitation on such Claim, the Reorganized Debtor may elect to pursue any
28 supplemental proceedings to object to any ultimate payment on account of such Claim. All of these

1 Claims objection, estimation and resolution procedures are cumulative and not necessarily
2 exclusive of one another. In addition to seeking estimation of Claims as provided in the
3 Charlestown Plan, the Reorganized Debtor may resolve or adjudicate certain Disputed Claims of
4 Holders in Unimpaired Classes in the manner in which the amount of such Claim and the rights of
5 the Holder of such Claim would have been resolved or adjudicated if the Reorganization Cases had
6 not been commenced, subject to any applicable discharge and limitations on amounts of Claims and
7 remedies available under bankruptcy law. Claims may be subsequently compromised, settled,
8 withdrawn or resolved by the Reorganized Debtor.

9 **2. Distribution on Account of Disputed Claims Once They Are Allowed**

10 Thirty days after the date a Disputed Claim becomes an Allowed Claim, the Disbursing
11 Agent will ~~commence making~~ make distributions on account of any Disputed Claim or Disputed
12 Interest that has become an Allowed Claim or Allowed Interest during the preceding calendar
13 quarter. Such distributions will be made pursuant to the provisions of the Charlestown Plan
14 governing the applicable Class. Holders of Disputed Claims or Disputed Interests that are ultimately
15 allowed will also be entitled to receive, on the basis of the amount ultimately allowed, matured and
16 payable interest, if any, at the rate provided for the Class to which such Claim belongs.

17 **3. Allowance of Claims Subject to Bankruptcy Code Section 502(d)**

18 Allowance of Claims shall be in all respects subject to the provisions of Section 502(d) of
19 the Bankruptcy Code.

20 **5. ~~E.~~ SETOFFS**

21 Except with respect to Claims of the Debtors and Reorganized Debtor released pursuant to
22 the Charlestown Plan or any contract, instrument, release, indenture or other agreement or
23 document created in connection with the Charlestown Plan, the Reorganized Debtor may, pursuant
24 to Section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any
25 Allowed Claim and the distributions to be made pursuant to the Charlestown Plan on account of
26 such Claim (before any distribution is made on account of such Claim), the Claims, rights and
27 causes of action of any nature that the Reorganized Debtor may hold against the Holder of such
28 Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance

1 of any Claim hereunder will constitute a waiver or release by Reorganized Debtor of any such
2 Claims, rights and causes of action that the Debtors and the Reorganized Debtor may possess
3 against such Holder.

4 **13. ~~XIII.~~**

5 **CERTAIN RISK FACTORS TO BE CONSIDERED**

6 HOLDERS OF CLAIMS AND INTERESTS IN THE DEBTORS SHOULD READ AND
7 CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER
8 INFORMATION SET FORTH IN THE CHARLESTOWN DISCLOSURE STATEMENT (AND
9 THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY
10 REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE CHARLESTOWN
11 PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS
12 CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE
13 CHARLESTOWN PLAN AND ITS IMPLEMENTATION.

14 **1. ~~A.~~ CERTAIN BANKRUPTCY LAW CONSIDERATIONS**

15 **1. Risk of Non-Confirmation of the Charlestown Plan**

16 Although the Charlestown Proponents believe that the Charlestown Plan will satisfy all
17 requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that
18 the Bankruptcy Court will reach the same conclusion. ~~Moreover~~ Similarly, there can be no assurance
19 that modifications to the Charlestown Plan will not be required for confirmation or that such
20 modifications would not necessitate the re-solicitation of votes.

21 In addition, the Charlestown Proponents – like any plan proponent in any bankruptcy case –
22 may withdraw or modify their plan at any time before confirmation. The Charlestown Proponents
23 plan to conduct commercially reasonable due diligence regarding the assets, operations and
24 financial condition of MMPI prior to confirmation. The Charlestown Proponents may modify or
25 withdraw their plan based on the results of the diligence process.

26 **2. Risk of Non-Occurrence of the Effective Date**

27 Although the Charlestown Proponents believe that the Effective Date will occur ~~soon~~ 30
28 days after the Confirmation Date, there can be no assurance as to the timing of the Effective Date.

1 If the conditions precedent to the Effective Date ~~set forth in Article V of the Charlestown Plan~~ have
2 not occurred or been waived by the Charlestown Proponents within one hundred and twenty (120)
3 days after the Confirmation Date, the Confirmation Order shall be vacated, in which event no
4 distributions under the Charlestown Plan would be made, the Debtors and all Holders of Claims and
5 Interests would be restored to the status quo ante as of the day immediately preceding the
6 Confirmation Date and the Debtors' obligations with respect to Claims and Interests would remain
7 unchanged.

8 **2. ~~B.~~ RISKS TO RECOVERY BY HOLDERS OF CLAIMS**

9 **1. Ability to Service Debt**

10 The Reorganized Debtor's ability to make scheduled payments of principal, to pay the
11 interest on, to refinance its indebtedness will depend on future performance. Future performance is,
12 to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and
13 other factors that are beyond the Reorganized Debtor's control. While no assurance can be provided,
14 based upon the current level of operations and anticipated increases in revenues and cash flow
15 described in the financial projections attached as Exhibit E hereto, the Charlestown Proponents
16 believe that cash flow from operations, available cash, debt refinancings and sales and the
17 Reorganized Debtors' ability to sell assets as necessary to fund its operations, of assets will be
18 adequate to fund the Charlestown Plan and meet their future liquidity needs.

19 **2. Risks of Asset Disposition Delays**

20 The Charlestown Plan relies, in part, on generating proceeds from real estate sales to pay
21 Claims. If sales are delayed due to economic or other factors, the Reorganized Debtors might not be
22 able to meet their obligations under the Charlestown Plan.

23 **3. Projected Financial Information**

24 The financial projections included as Exhibit E hereto are dependent upon the successful
25 implementation of the Charlestown Plan and the validity of the other assumptions contained therein.
26 These projections reflect numerous assumptions, including confirmation and consummation of the
27 Charlestown Plan in accordance with its terms, the anticipated future performance of the
28 Reorganized Debtor, industry performance, general business and economic conditions and other

1 matters, many of which are beyond the control of the Reorganized Debtor. In addition,
2 unanticipated events and circumstances occurring subsequent to the preparation of the projections
3 may affect the actual financial results of the Reorganized Debtors. Although the Charlestown
4 Proponents believe that the projections are reasonably attainable, variations between the actual
5 financial results and those projected may occur and may be material.

6 **4. Failure to Meet Projected Occupancy Rates.**

7 The Charlestown Plan relies, in part, on increasing revenue through increased leasing
8 activities on those developed properties Reorganized MMPI expects to retain throughout the term of
9 the Charlestown Plan. If leasing activity falls below the Charlestown Proponents projections, the
10 Reorganized Debtors' revenue would similarly fall below projections.

11 **5. Failure to Obtain Equity Investment of \$31 Million.**

12 The Charlestown Plan is dependent in part on the issuance of New Equity through the
13 Private Placement and the Rights Offering. There is a risk that the Private Placement and Rights
14 Offering will not be completed. The Charlestown Proponents believe that this risk is minimal
15 because MMPI Acquisition is prepared to purchase the New Equity subject only to the conduct of
16 commercially reasonable due diligence, and the purchase is not subject to a financing contingency.

17 **6. Failure to Confirm One or More of the Debtors' Chapter 11 Plans.**

18 This Charlestown Plan is a joint plan for 54 related debtor entities. The Charlestown
19 Proponents are seeking confirmation of the Charlestown Plan separately for each of the 54 related
20 Chapter 11 Cases. In one or more of the cases, the Charlestown Plan may not be confirmed. If the
21 Charlestown Plan is not confirmed in one or more of the Debtors' cases, the affected Debtors will
22 re-evaluate their options, including without limitation, an alternative plan of reorganization,
23 conversion of the case to chapter 7 or dismissal of the case.

24 If the Charlestown Plan is confirmed at the parent level (i.e., for MMPI and MMPLP), the
25 Charlestown Proponents believe that failure to confirm the Charlestown Plan for one or more of the
26 Property Level Debtors will not prevent implementing of the Charlestown Plan. If, however, the
27 Charlestown Plan cannot be confirmed for the majority of Property Level Debtors, implementation
28 of the Charlestown Plan would be threatened.

1 **7. Change of Management.**

2 The Charlestown Proponents do not intend to retain Richard Meruelo and John Maddux as
3 employees of the Reorganized MMPI. The loss of Mr. Meruelo and Mr. Maddux will result in the
4 loss of significant institutional knowledge. The Charlestown Proponents believe that the impact of
5 this loss on the Reorganized MMPI will be minimal because they intend to retain many of MMPI's
6 other current employees.

7 It is possible that some or all of the current MMPI employees will decline to continue their
8 employment with Reorganized MMPI. The potential loss of institutional knowledge from the
9 departure of these MMPI employees could be significant.

10 **8. Insider Guaranty Claims.**

11 Richard Meruelo, and Belinda Meruelo ~~and Meruelo Chinatown~~ guaranteed certain
12 obligations of the Property Level Debtors in cases where PNL, Berkadia and East West Bank are
13 secured lenders. ~~Richard Meruelo and John Maddux have also agreed to limited continuing~~
14 ~~guaranties where Imperial is the secured lender. These~~ Other Insiders guaranteed certain
15 obligations of Property Level Debtors, but those guarantees have since been released by settlement.

16 Insider guarantors may assert claims for indemnification and/or reimbursement. If the
17 Insider guarantors assert such claims, the Charlestown Proponents believe the impact on
18 Reorganized MMPI is minimal because payments on the guaranties would correspondingly reduce
19 Reorganized MMPI's liability on the underlying obligation. To the extent no payments are made,
20 the claims will be disallowed under Bankruptcy Code Section 502(e) if the claims are still
21 contingent as of the time for allowance or disallowance.

22 **9. Insider Treatment.**

23 The Charlestown Plan classifies Insider Claims and Insider MMPI Interests separately from
24 Non-Insider Claims and Non-Insider MMPI Interests and offers them disparate treatment. The
25 Debtors and certain of the Insiders have objected to the separate classification and the disparate
26 treatment. If the Bankruptcy Court determines that the Charlestown Plan cannot be confirmed
27 unless Insider Claims and Interests are given equal treatment, the Charlestown Proponents will
28 amend the Charlestown Plan to provide for such equal treatment.

1 If Insider Holders of MMPI Interests are permitted to elect a stock distribution rather than a
2 cash distribution on account of their Interests, Reorganized MMPI's cash position would be
3 improved by approximately \$8 million (as compared to the Projections attached as Exhibit E), and
4 Non-Insider Holders' collective percentage ownership of Reorganized MMPI would be reduced to
5 approximately 12.5% (exclusive of shares acquired in the Rights Offering).

6 If Insider Holders elect a stock distribution and elect to participate in the Rights Offering to
7 their maximum pro rata amount, Insider Holders would own at least 24% of the stock in
8 Reorganized MMPI.

9 **14. ~~XIV.~~**

10 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE CHARLESTOWN PLAN**

11 A summary description of certain United States federal income tax consequences of the
12 Charlestown Plan is provided below. This description is for informational purposes only and, due to
13 a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties
14 exist with respect to various tax consequences of the Charlestown Plan as discussed herein. Only
15 the principal United States federal income tax consequences of the Charlestown Plan to the
16 Reorganized Debtors and to holders of Claims who are entitled to vote to accept or reject the
17 Charlestown Plan are described below. No opinion of counsel has been sought or obtained with
18 respect to any tax consequences of the Charlestown Plan. No rulings or determinations of the
19 Internal Revenue Service (the "IRS") or any other tax authorities have been sought or obtained with
20 respect to any tax consequences of the Charlestown Plan, and the discussion below is not binding
21 upon the IRS or such other authorities. No representations are being made regarding the particular
22 tax consequences of the confirmation and consummation of the Charlestown Plan to the Debtors or
23 any holders of Claims. No assurance can be given that the IRS would not assert, or that a court
24 would not sustain, a different position from any discussed herein.

25 The discussion of United States federal income tax consequences below is based on the
26 Internal Revenue Code of 1986, as amended (the "Tax Code") Treasury Regulations, judicial
27 authorities, published positions of the IRS and other applicable authorities, all as in effect on the
28

1 date of this document and all of which are subject to change or differing interpretations (possibly
2 with retroactive effect).

3 The following discussion does not address foreign, state or local tax consequences of the
4 Charlestown Plan, nor does it purport to address the United States federal income tax consequences
5 of the Charlestown Plan to special classes of taxpayers (e.g., persons who are related to the Debtors
6 within the meaning of the Tax Code, banks and certain other financial institutions, insurance
7 companies, tax-exempt organizations, governmental entities, persons that are, or hold their Claims
8 through, pass-through entities, persons whose functional currency is not the United States dollar,
9 foreign persons, dealers in securities or foreign currency, employees, holders of LTIP Units persons
10 who received their Claims pursuant to the exercise of an employee stock option or otherwise as
11 compensation and persons holding Claims that are a hedge against, or that are hedged against,
12 currency risk or that are part of a straddle, constructive sale or conversion transaction).
13 Furthermore, the following discussion does not address United States federal taxes other than
14 income taxes.

15 Each holder is strongly urged to consult its own tax advisor regarding the United States
16 federal, state, and local and any foreign tax consequences of the transactions described herein and in
17 the Charlestown Plan.

18 **IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH**
19 **REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS**
20 **SUMMARY (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE**
21 **USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING**
22 **PENALTIES UNDER THE TAX CODE. ANY TAX ADVICE CONTAINED IN THIS**
23 **SUMMARY (INCLUDING ANY ATTACHMENTS) IS WRITTEN TO SUPPORT THE**
24 **PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY**
25 **THE SUMMARY EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE**
26 **TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX**
27 **ADVISER.**

28

1 **1. ~~A.~~ CERTAIN UNITED STATES FEDERAL INCOME TAX**
2 **CONSEQUENCES TO THE DEBTORS**

3 **1. Net Operating Losses**

4 The Debtors currently have significant net operating loss ("NOL") carryforwards for federal
5 income tax purposes and expect to incur a substantial additional NOL during their current taxable
6 year. The amount of such NOL carryforwards remains subject to adjustment by the IRS.

7 Following the implementation of the Charlestown Plan, any NOLs and carryforwards and
8 possibly certain other tax attributes of the Debtors, allocable to periods prior to the Effective Date,
9 may be subject to the limitations imposed by Section 382 of the Tax Code.

10 Under Section 382 of the Tax Code, if a corporation undergoes an "ownership change" and
11 the corporation does not qualify for (or elects out of) a special bankruptcy exception, the amount of
12 its pre-change losses that may be utilized to offset future taxable income is, in general, subject to an
13 annual limitation. Such limitation also may apply to certain losses or deductions, which are
14 "built-in" (i.e., economically accrued but unrecognized) as of the date of the ownership change that
15 are subsequently recognized.

16 Under the Charlestown Plan, some or all of the existing shares in MMPI may be redeemed
17 for cash. In addition, the Charlestown Plan provides for the issuance of New Equity which will
18 constitute at least 74% of the outstanding equity in Reorganized MMPI. Accordingly, under the
19 Charlestown Plan, MMPI will undergo an ownership change which may significantly limit the use
20 of the Debtors' NOL carryforwards.

21

22 **2. Cancellation of Debt**

23 In general, the Tax Code allows a debtor in a bankruptcy case to exclude from income any
24 cancellation of indebtedness income ("CODI") that is realized, but the debtor must reduce certain of
25 its tax attributes - such as NOL carryforwards, current year NOLs, tax credits and tax basis in assets
26 by the amount of the CODI that is excluded from income. CODI is that amount by which the
27 adjusted issue price (including accrued but unpaid interest) of the indebtedness satisfied exceeds the
28 cash and fair market value of the other property issued therefor, subject to certain statutory or

1 judicial exceptions that can apply to limit the amount of CODI (such as where the payment of the
2 cancelled debt would have given rise to a tax deduction). To the extent the amount of excluded
3 CODI exceeds the tax attributes available for reduction, the remaining CODI is simply forgiven.
4 Any reduction in tax attributes does not effectively occur until the first day of the taxable year
5 following the year the CODI occurs. If advantageous, a debtor could elect to reduce the basis of
6 depreciable property prior to any reduction in its loss carryforwards.

7 8 **3. Merger of MMPLP into MMPI**

9 Pursuant to the Charlestown Plan, MMPLP will merge into MMPI and, accordingly, will
10 distribute its assets to MMPI in complete liquidation. In general, a distribution in liquidation of a
11 partner's interests is tax-free to both the partner and the partnership unless Section 737 or 751(b)
12 applies. Section 737 requires a partner to recognize gain (but not loss) upon the partnership's
13 distribution of property to such partner (other than property previously contributed to the
14 partnership by such partner) within seven (7) years of the date on which such partner contributed
15 appreciated property to such partnership. Section 751(b) generally provides that to the extent that a
16 partner receives a distribution from a partnership (i) Section 751 property (unrealized receivables
17 and inventory items which have appreciated substantially in value) in exchange for relinquishing all
18 or part of its interest in the partnership's non-Section 751 property, or (ii) non-Section 751 property
19 in exchange for relinquishing all or part of its interest in the partnership's Section 751 property, the
20 transaction is recharacterized. The transaction is treated as (1) a deemed distribution to the partner
21 of an interest in the relinquished property followed by (2) a deemed taxable exchange between the
22 partner and the partnership of the relinquished property in exchange for an interest in the property
23 actually distributed by the partnership to the distributee partner.

24 Section 731(b) provides that no gain or loss is recognized by a partnership on a distribution
25 of property to a partner. Section 731(a) provides for (1) the nonrecognition of gain to the partner
26 except to the extent an amount of money is distributed in excess of the partner's tax basis in their
27 partnership interests, and (2) the nonrecognition of loss unless the distribution consists solely of
28 money, unrealized receivables, and inventory. Any gain or loss recognized by the partner is

1 generally treated as gain or loss from the sale or exchange of a capital asset (subject to the
2 exceptions above). Section 732(b) provides that the basis of any distributed property is equal to the
3 partner's tax basis in their partnership interest immediately prior to the distribution, reduced by any
4 cash received. The Debtors do not expect to recognize any gain or loss in connection with the
5 liquidation of MMPLP.

6 **4. Consequences of the Sale and/or Refinance of Assets of the Debtors**

7 Pursuant to the Charlestown Plan, the Reorganized Debtors will sell some of their assets and
8 refinance other assets as necessary during the term of the Charlestown Plan to meet their
9 operational needs and payment obligations under the Charlestown Plan. The sale of real property
10 may cause the Debtors to recognize gain or loss. The gain or loss is measured by the difference
11 between the amount realized (the amount paid by the purchaser) and the adjusted tax basis the
12 Debtors have in the property sold. The amount realized from a sale of real property generally
13 includes the amount of liabilities from which the transferor is discharged as a result of the sale. For
14 purposes of this rule, the sale of real property that secures a nonrecourse liability discharges the
15 transferor from the liability, and the sale of real property that secures a recourse liability discharges
16 the transferor from the liability if another person agrees to pay the liability (whether or not the
17 transferor is in fact released from the liability).

18 Gain or loss recognized from the sale of real property may be characterized as either capital
19 or ordinary. Generally, capital gains and losses are gains or losses from the sale or exchange of a
20 capital asset. A capital asset is any property held by a taxpayer, whether or not connected with a
21 trade or business, but does not include property held by a taxpayer, whether or not connected with a
22 trade or business, but does not include property of a kind which would properly be included in the
23 inventory of the taxpayer if on hand at the close of the taxable year, or property which is held
24 primarily for sale to customers in the ordinary course of its trade or business, or property, used in
25 the taxpayer's trade or business, of a character which is subject to the allowance for depreciation, or
26 real property used in the taxpayer's trade or business.

27 Pursuant to Section 1245, a taxpayer who disposes of Section 1245 property must treat as
28 ordinary income the amount of depreciation recapture computed with respect to that property.

1 Section 1245 property includes limited types of real property which have been depreciable.
2 Depreciation recapture with respect to Section 1245 property is computed by subtracting its
3 adjusted tax basis from the lower of its recomputed basis (adjusted tax basis increased by previous
4 depreciation deductions allowed) or amount realized. Pursuant to Section 1250, a taxpayer who
5 disposes of Section 1250 property must treat as ordinary income the amount of depreciation
6 recapture computed with respect to that property. Section 1250 property is any real property which
7 has been depreciable and that is not Section 1245 property. Generally, for Section 1250 property for
8 which depreciation deductions are computed using the straight-line method for tax purposes, there
9 is no Section 1250 depreciation recapture.

10 Pursuant to Section 1231, Section 1231 gains and losses are treated as capital gains and
11 losses if the Section 1231 gains for the taxable year exceed the Section 1231 losses for that year. A
12 Section 1231 gain or loss is any recognized gain or loss from a Section 1231 transaction. A sale or
13 exchange of property used in a trade or business is a Section 1231 transaction. Real property is
14 considered to be used in a trade or business if it is held for more than one year and is not property of
15 a kind which would properly be includible in the inventory of the taxpayer if on hand at the close of
16 the taxable year or property held by the taxpayer primarily for sale to customers in the ordinary
17 course of its trade or business.

18 Generally, for tax purposes, a refinancing transaction by itself produces no income or
19 deductions as it involves the tax-free receipt of loan proceeds and the nondeductible repayment of a
20 prior loan, assuming the old debt is satisfied in full.

21 **2. B. CONSEQUENCES TO HOLDERS OF CERTAIN CLAIMS**

22 Where gain or loss is recognized by a holder of an Allowed General Unsecured Claim, the
23 character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income
24 or loss will be determined by a number of factors, including the tax status of the holder, whether the
25 Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether
26 the Claim was acquired at a market discount and whether and to what extent the holder had
27 previously claimed a bad debt deduction.

28 **1. Consequences to Holders of Allowed Secured Claims**

1 Pursuant to the Charlestown Plan, a Holder of an Allowed Secured Claim will receive
2 payment in full in cash over approximately four (4) years (collectively herein referred to as the
3 "Secured Deferred Payment Obligation"). The Holder will also receive interest at the rate of five
4 and one-quarter percent (5.25%) per annum. For federal income tax purposes, the Secured Deferred
5 Payment Obligation should be treated (and the following discussion assumes, would be treated) in a
6 similar fashion to the receipt of an actual note amortizable over four (4) years.

7 In general, a holder of an Allowed Secured Claim will recognize gain or loss in an amount
8 equal to the difference between (i) the "amount realized" by the holder in satisfaction of its Claim
9 (other than any Claim for accrued but unpaid interest) and (ii) the holder's adjusted tax basis in its
10 Claim (other than any Claim for accrued but unpaid interest). For a discussion of the treatment of
11 any Claim for accrued but unpaid interest, see "Distribution in Discharge of Accrued Interest"
12 below. The amount realized by a holder will equal the "issue price" of the Secured Deferred
13 Payment Obligation received by such holder. Such issue price should be equal to the stated
14 principal amount of the Secured Deferred Payment Obligation. Each holder of a Secured Claim is
15 urged to consult its tax advisor regarding the specific tax consequences to such holder of the receipt
16 of the Secured Deferred Payment Obligation, including the possible application of (and the ability
17 to elect out of) the "installment method" of reporting any gain that might otherwise be recognized
18 by the holder upon such receipt.

19 Where gain or loss is recognized by a holder of an Allowed Secured Claim, the character of
20 such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be
21 delimited by a number of factors, including the tax status of the holder, whether the Claim
22 constitutes a capital asset in the hands of the holder and how long it has been held, whether the
23 Claim was acquired at a market discount and whether and to what extent the holder had previously
24 claimed a bad debt deduction.

25 **3. ~~C.~~ DISTRIBUTION IN DISCHARGE OF ACCRUED INTEREST**

26 Pursuant to the Charlestown Plan, all distributions in respect of an Allowed Claim will be
27 allocated first to any portion of such Claim for accrued interest, with any excess allocated to the
28

1 principal amount of such Claim to the extent thereof, and then to all other amounts. However, there
2 is no assurance that the IRS will respect such allocation for federal income tax purposes.

3 In general, to the extent that any amount received by a holder of a debt (whether paid in cash
4 or treated for tax purposes as paid with a note) is received in satisfaction of accrued interest during
5 its holding period, such amount will be taxable to the holder as interest income (if not previously
6 included in the holder's gross income). Conversely, a holder generally recognizes a deductible loss
7 to the extent any accrued interest claimed was previously included in its gross income and is not
8 paid in full. Each holder of a Claim is urged to consult its tax advisor regarding the allocation of
9 consideration and the deductibility of unpaid interest for tax purposes.

10 **4. ~~D.~~ INFORMATION REPORTING AND BACKUP WITHHOLDING**

11 Certain payments, including payments in respect of accrued interest or OID, are generally
12 subject to information reporting by the payer to the IRS. Moreover, such reportable payments are
13 subject to backup withholding in certain circumstances. Under the Tax Code's backup withholding
14 rules, a holder of Claims may be subject to backup withholding at the applicable rate with respect to
15 certain distributions or payments pursuant to the Charlestown Plan, unless the holder (a) comes
16 within certain exempt categories (which generally includes corporations) and, when required,
17 demonstrates this fact or (b) provides a correct United States taxpayer identification and certifies
18 under penalty of perjury that the holder is a U.S. person, the taxpayer identification number is
19 correct and that the holder is not subject to backup withholding because of a failure to report all
20 dividend and interest income.

21 **5. ~~E.~~ IMPORTANCE OF OBTAINING PROFESSIONAL TAX ASSISTANCE**

22 THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF
23 CERTAIN INCOME TAX CONSEQUENCES OF THE CHARLESTOWN PLAN AND IS NOT A
24 SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE
25 ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX
26 ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY
27 VARY DEPENDING ON A TAXPAYER'S PARTICULAR CIRCUMSTANCES.
28 ACCORDINGLY, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE STRONGLY

1 URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL,
2 STATE, LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX
3 CONSEQUENCES OF THE CHARLESTOWN PLAN, INCLUDING WITH RESPECT TO TAX
4 REPORTING AND RECORD KEEPING REQUIREMENTS.

5 15. ~~XV.~~

6 MISCELLANEOUS PROVISIONS

7 1. ~~A.~~ **EXEMPTION FROM TRANSFER TAXES**

8 Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of
9 notes or equity securities under the Charlestown Plan, the creation of any mortgage, deed of trust or
10 other security interest, the making or assignment or any lease or sublease, or the making or delivery
11 of any deed or other instrument of transfer under, in furtherance of, or in connection with the
12 Charlestown Plan, including, without limitation, any agreements of consolidation, deeds, bills of
13 sale or assignments executed in connection with any of the transactions contemplated under the
14 Charlestown Plan shall not be subject to any stamp, real estate transfer, mortgage recording, license
15 transfer or other similar tax. For the avoidance of doubt, the transactions contemplated under the
16 Charlestown Plan include, among other things, the transactions and transfers contemplated in
17 Section III of the Charlestown Plan under, in furtherance of, or in connection with the consolidation
18 provided for therein including, without limitation, the transfer of the Debtors' right, title and
19 interest in property of the Estates to the Reorganized Debtor.

20 2. ~~B.~~ **PAYMENT OF STATUTORY FEES**

21 All fees payable on or before the Effective Date pursuant to Section 1930 of Title 28 of the
22 United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be
23 paid on or before the Effective Date.

24 3. ~~C.~~ **MODIFICATION OR WITHDRAWAL OF THE CHARLESTOWN PLAN**

25 The Charlestown Proponents reserve the right, in accordance with the Bankruptcy Code, to
26 amend, modify (subject to Court approval), or withdraw the Charlestown Plan prior to the entry of
27 the Confirmation Order. After the entry of the Confirmation Order, the Charlestown Proponents
28 may amend or modify the Charlestown Plan, or remedy any defect or omission or reconcile any

1 inconsistency in the Charlestown Plan in such a manner as may be necessary to carry out the
2 purpose and intent of the Charlestown Plan.

3 **4. ~~D.~~ GOVERNING LAW**

4 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code
5 and Bankruptcy Rules), the laws of the State of California (without reference to the conflicts of
6 laws provisions thereof) shall govern the construction and implementation of the Charlestown Plan
7 and any agreements, documents and instruments executed in connection with the Charlestown Plan.

8 **5. ~~E.~~ FILING OR EXECUTION OF ADDITIONAL DOCUMENTS**

9 On or before the Effective Date, the Reorganized Debtor shall file with the Bankruptcy
10 Court or execute, as appropriate, such agreements and other documents as may be necessary or
11 appropriate to effectuate and further evidence the terms and conditions of the Charlestown Plan.

12 **6. ~~F.~~ WITHHOLDING AND REPORTING REQUIREMENTS**

13 In connection with the Charlestown Plan and all instruments issued in connection therewith
14 and distributions thereon, the Reorganized Debtor shall comply with all withholding and reporting
15 requirements imposed by any federal, state, local or foreign taxing authority and all distributions
16 there under shall be subject to any such withholding and reporting requirements.

17 **7. ~~G.~~ WAIVER OF RULE 7062 OF THE FEDERAL RULES OF BANKRUPTCY**
18 **PROCEDURE**

19 The Charlestown Proponents may request that the Confirmation Order include (a) a finding
20 the Rule 62(a) of the Federal Rules of Civil Procedure, made applicable by Rule 7062 of the Federal
21 Rules of Bankruptcy Procedure, shall not apply to the Confirmation Order, and (b) authorization for
22 the Debtors to consummate the Charlestown Plan immediately after the entry of the Confirmation
23 Order.

24 **8. ~~H.~~ HEADINGS**

25 Headings used in the Charlestown Plan are for convenience and reference only and shall not
26 constitute a Part of the Charlestown Plan for any purpose.

27 **9. ~~I.~~ EXHIBITS AND SCHEDULES**

28

1 All Exhibits and Schedules to the Charlestown Plan and Disclosure Statement are
2 incorporated into and constitute a part of the Charlestown Plan as if set forth herein.

3 **10. ~~J.~~NOTICES**

4 All notices, requests and demand hereunder to be effective shall be in writing and unless
5 otherwise expressly provided herein, shall be deemed to have been duly given or made when
6 actually delivered by U.S. Mail or email addressed as follows:

7
8 **CHARLESTOWN PROPONENTS**

8 **COUNSEL TO THE CHARLESTOWN
9 PROPONENTS**

9 CHRISTOPHER E. PRINCE
10 cprince@lesnickprince.com
11 MATTHEW A. LESNICK
12 matt@lesnickprince.com
13 Lesnick Prince LLP
14 185 Pier Avenue, Suite 103
15 Santa Monica, CA 90405
16 Facsimile: (310) 396-0963

17
18 **11. ~~K.~~CONFLICT**

19 The terms of this Charlestown Plan shall govern in the event of any inconsistency with the
20 summaries of the Charlestown Plan set forth in the Disclosure Statement.

21
22 **12. ~~L.~~SUCCESSORS AND ASSIGNS**

23 The rights, benefits and obligations of any Person named or referred to in the Charlestown
24 Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator,
25 successor or assign of such Person.

26
27 **13. ~~M.~~SATURDAY, SUNDAY OR LEGAL HOLIDAY**

28 If any payment or act under the Charlestown Plan is required to be made or performed on a
date that is not a Business Day, then the making of such payment or the performance of such act
may be completed on the next succeeding Business Day, but shall be deemed to have been
completed as of the required date.

**14. ~~N.~~POST-EFFECTIVE DATE EFFECT OF EVIDENCES OF CLAIMS OR
INTERESTS**

1 Notes, bonds, stock certificates and other evidences of Claims against or Interests in the
2 Debtors, and all Instruments of the Debtors (in either case, other than those executed and delivered
3 as contemplated hereby in connection with the consummation of the Charlestown Plan), shall,
4 effective upon the Effective Date, represent only the right to participate in the distributions
5 contemplated by the Charlestown Plan.

6 **15. ~~Q.~~ SEVERABILITY OF PLAN PROVISIONS**

7 If, prior to Confirmation, any term or provision of the Charlestown Plan that does not
8 govern the treatment of Claims or Interests provided for herein or the conditions to the Effective
9 Date is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court
10 shall have the power to alter and interpret such term or provision to make it valid or enforceable to
11 the maximum extent practicable, consistent with the original purpose of the term or provision held
12 to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered
13 or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the
14 terms and provisions of the Charlestown Plan will remain in full force and effect and will in no way
15 be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation
16 Order shall constitute a judicial determination, and shall provide, that each term and provision of
17 the Charlestown Plan, as it may have been altered or interpreted in accordance with the foregoing,
18 is valid and enforceable pursuant to its terms.

19 **16. ~~P.~~ BALLOTING**

20 Each Holder of Allowed Claim or an Allowed Interest entitled to vote on the Charlestown
21 Plan will receive a ballot. The ballot will contain two boxes, one indicating acceptance of the
22 Charlestown Plan and the other indicating rejection of the Charlestown Plan. Holders of Allowed
23 Claims or Allowed Interests who elect to vote on the Charlestown Plan must mark one or the other
24 box pursuant to the instructions contained on the ballot. Any executed Ballot that does not indicate
25 acceptance or rejection of the Charlestown Plan will be deemed to constitute an acceptance of the
26 Charlestown Plan.

27 **17. ~~Q.~~ NO ADMISSIONS OR WAIVER OF OBJECTIONS**

28

1 Notwithstanding anything herein to the contrary, nothing contained in the Charlestown Plan
2 shall be deemed as an admission by any Charlestown Proponents with respect to any matter set
3 forth herein including, without limitation, liability on any Claim or the propriety of any Claims
4 classification. The Charlestown Proponents are not bound by any statements herein or in the
5 Disclosure Statement as judicial admissions.

6 **18. ~~R.~~ SURVIVAL OF SETTLEMENTS**

7 All Bankruptcy Court-approved settlements shall survive consummation of the Charlestown
8 Plan, except to the extent that any provision of any such settlement is inconsistent with the
9 Charlestown Plan, in which case the provisions of the Charlestown Plan shall supersede such
10 inconsistent provision of such settlement. Notwithstanding the foregoing, the settlement documents
11 approved by the Bankruptcy Court regarding Imperial, Murakami and PCB, and any other
12 settlement agreement approved prior to the Effective Date that specifically provides that the
13 Charlestown Plan shall not modify the terms of such settlement, shall supersede any inconsistent
14 Plan provisions.

15 **16. ~~XVI.~~**

16 **ALTERNATIVES TO CONFIRMATION AND CONSUMMATION**
17 **OF THE CHARLESTOWN PLAN**

18 The Charlestown Proponents believe that the Charlestown Plan affords Holders of Claims
19 the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests
20 of such Holders. If the Charlestown Plan is not confirmed, however, the theoretical alternatives
21 include: (a) an alternative plan or plans of reorganization; or (b) liquidation of the Debtors under
22 Chapter 7 or Chapter 11 of the Bankruptcy Code.

23 **1. ~~A.~~ ALTERNATIVE PLANS OF REORGANIZATION**

24 The Debtors have proposed a competing plan of reorganization. Their plan contemplates a
25 reorganization and continuation of the Debtors' business.

26 If neither the Debtors' plan, the Charlestown Plan is not confirmed, the Creditors'
27 Committee, or after the expiration of the Debtors' exclusive period in which to propose and solicit a
28 reorganization Plan, any other party in interest in the Chapter 11 Cases, could propose a different

1 Plan or Plans. Such Plans might involve reorganization and continuation of the Debtors' business, or
2 a liquidation of their assets or a combination of both.

3 **2. ~~B.~~ LIQUIDATION UNDER CHAPTER 7**

4 If no Plan is confirmed, the Chapter 11 Cases may be converted to individual cases under
5 Chapter 7 of the Bankruptcy Code. Upon conversion, one or more Chapter 7 trustees will be
6 appointed to liquidate the assets of the Debtors. It is impossible to predict precisely how the
7 proceeds of the liquidation would be distributed to the respective Holders of Claims against the
8 Debtors. A discussion of the effect that a Chapter 7 liquidation would have on the recoveries of
9 Holders of Claims and Interests is set forth in Article IX.C. of the Charlestown Disclosure
10 Statement (Best Interests Test / Liquidity Analysis). The Debtors believe that liquidation under
11 Chapter 7 would result in, among other things: (i) decreased distributions to creditors because of
12 additional administrative expenses attendant to the appointment of one or more trustee's and the
13 trustee's employment of attorneys and other professionals; (ii) increased expenses and Claims, some
14 of which would be entitled to priority, which would be generated during the liquidation and from
15 the rejection of leases and other executory contracts in connection with a cessation of the Debtors'
16 operations; and (iii) the failure to realize the greater, going concern value of the Debtors' assets.

17 In the opinion of the Charlestown Proponents, the recoveries projected to be available in
18 either a Chapter 7 liquidation are not likely to afford Holders of Claims as great a realization
19 potential as does the Charlestown Plan.
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1 17. ~~XVII.~~

2 CONCLUSION AND RECOMMENDATION

3 The Charlestown Plan provides for an equitable distribution to creditors of the Debtors and
4 preserves the value of the business as a going concern. The Charlestown Proponents believe that
5 confirmation and implementation of the Charlestown Plan is preferable to any of the alternatives
6 described above because it will provide the greatest recoveries to Holders of Claims and Interests.

7 ~~FOR THESE REASONS, THE CHARLESTOWN PROPONENTS URGE YOU TO RETURN~~
8 ~~YOUR BALLOT ACCEPTING THE CHARLESTOWN PLAN SO THAT THEY WILL BE~~
9 ~~RECEIVED NO LATER THAN [], LOS ANGELES TIME, ON [], 2010.~~ For these reasons, the
10 Charlestown Proponents urge you to vote to accept the Charlestown Plan.


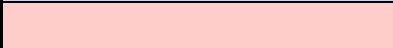

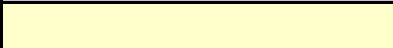

11 Dated: September ~~2,~~15, 2010

LESNICK PRINCE LLP

12
13
14 By: _____ /s/ Christopher E. Prince
15 Christopher E. Prince
16 Attorneys for
17 Charlestown Capital Advisors, LLC
18 and
19 Hartland Asset Management Corporation.
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